

North Dakota State University

Policy Manual

SECTION 811 ALLOWABLE COST POLICIES – SUBAWARDS

SOURCE: NDSU President

1. A Subaward is a formal written agreement issued by NDSU for the performance of a portion of an NDSU sponsored project which will be performed by the subrecipient's personnel utilizing its own resources and facilities. A Subaward is only issued for the performance of Programmatic Work. A Subaward can be issued to another educational institution, a laboratory, or a private entity, either for-profit or non-profit.
2. Programmatic Work is a portion of the sponsored project's activities in which the subrecipient has responsibility for decision making and contributes to the scholarly/scientific conduct of the sponsored project. NDSU will not issue a Subaward for routine service work or for goods or services which are commonly provided in the course of the third-party organization's operations.
3. Under federal guidelines, none of the project activities under a grant, contract or cooperative agreement may be subawarded or contracted to a third-party without prior approval of the federal sponsoring agency.
4. Under non-federal sponsored projects, NDSU's prime award and the sponsor's guidelines must be reviewed to determine whether a Subaward can be issued for any Programmatic Work.
5. All arrangements for the conduct of Programmatic Work shall be formalized in a written agreement between NDSU and the third-party. The agreement must identify the federal or prime award under which the funding originates, state the activities to be performed (Statement of Work), the budget period, the federal or prime award's terms and conditions that are applicable to the subrecipient, the maximum amount of funding obligated by NDSU, the cost principles which will be used in determining allowable costs (for cost reimbursable contracts), and any other appropriate terms, including those required under 2 CFR §200.332(a), as applicable.
6. No NDSU employee, officer, or agent shall participate in the selection, award, or administration of a Subaward in which there is any potential or actual conflict of interest unless such conflict is disclosed and managed pursuant to NDSU Policy 151.1.
7. Subrecipients shall be selected based upon its ability to perform successfully under the terms and conditions of the prime award, including an analysis of the entity's financial condition; the entity's integrity; its history of past performance; its financial and technical resources; and its accessibility to other necessary resources.
 - a. Subrecipients will be evaluated and given a risk rating of low, moderate, or high. The risk evaluation is outlined in the Grant & Contract Accounting Procedure Subaward & Subrecipient Monitoring section.
8. The Office of Sponsored Programs Administration will assist the investigator in preparing the documentation necessary for any subaward proposal submission and negotiate and execute all Subawards.

9. When budgeting for a Subaward in a proposal, the investigator shall include the Subaward value as a single line item of direct cost. The subrecipient's budget should be attached to the total proposal budget along with a separate budget justification, a Statement of Work, and a letter documenting the proposed subrecipient's commitment to the project.
10. All invoices for payments under Subawards should be submitted to ndsu.gca@ndsu.edu. The Office of Grant and Contract Accounting will review the invoice for compliance with the terms of the Subaward and prepare an Accounts Payable Voucher. The Accounts Payable Voucher will then be sent to the Principal Investigator for certification of the work performed as set forth below. The Accounts Payable Voucher should then follow the applicable electronic approval workflow.
 - a. The evaluated risk level identified in section 7.a. above will determine the documentation requirements that must accompany a submitted invoice. These details are outlined in the Grant & Contract Accounting Procedure Subaward & Subrecipient Monitoring section.
11. All Accounts Payable Vouchers for Subaward payments will include a certification statement to be signed by the investigator verifying as follows:

"I certify that any required programmatic reports have been received and have found the work performed to be satisfactory and in accordance with the established policies of the contract agreement."
12. The initial \$25,000 of payments under a subaward agreement should be coded in accordance with the Grant & Contract Accounting Procedure Subaward & Subrecipient Monitoring section.

HISTORY:

New	July 1990
Amended	April 1992
Amended	August 2007
Amended	October 2007
Amended	May 1, 2012
Amended	January 5, 2023
Amended	March 17, 2023