



## Research Administration Practices (RAP) Sessions

# Subaward Pre-Award Process

Sharon Ray, Associate Director, Research Administration Services, RAS

Victoria Grafflin, Manager, Research Subawards, RAS

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# Agenda

RAP Sessions: Targeted skills based educational offerings open to the Research Administration community at MIT. Information gathered and shared with attendees can be taken back to their desks and applied immediately.

- Getting ahead of potential concerns
- Determining is Subawardee, Vendor, Independent Contractor
- Subaward organizations - risk level and risk management
  - Request new organization for KC
  - Complexities: International, Private Sector, Non-Profit
  - New Entity Questionnaire
  - Subaward Indirect Cost Rate
- Individual Subaward Project Considerations
  - Project Specific Questionnaire
  - Distinct SoW, Budget (reasonable, allowable) <50% total project cost
  - PI responsibility, certification
- Is It A Subaward? (interactive)

# Getting ahead of potential concerns

- Ability of a Subrecipient to manage sponsored funds
- Subrecipient has sufficient cash flow to accept cost reimbursable award
- Subrecipient's ability to comply with Terms and Conditions
- Rates included in proposal that cannot be awarded by MIT
- Perceived or apparent Conflict of Interest needing mitigation
- Entity inaccurately classified as a Subrecipient

Subaward is a binding legal agreement between MIT and the Subrecipient

# How to Determine the Relationship

## SUBAWARD? VENDOR? CONSULTANT?

### Subaward

- ✓ Research Collaborator;
- ✓ Contributes Significantly to Project;
- ✓ PI is named;
- ✓ Keeps IP they Develop;
- ✓ Responsible for Sponsor Requirements;
- ✓ Independent Decision Making
- ✓ Work Measured by Project Results
- ✓ Publish or Co-author

### Vendor

- ✓ Provides similar services to a range of clients;
- ✓ Operates in competitive environment;
- ✓ No PI identified;
- ✓ Not collaborating in research design;
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### Consultant

- ✓ Paid for hourly work
- ✓ Considered “work for hire”
- ✓ Resulting IP goes to MIT

# Uniform Guidance and MIT Policy

MIT policy follows the Federal Regulations Uniform Guidance (CFR 200).

## §200.330 Subrecipient and contractor determinations.

- The non-Federal entity may concurrently receive Federal awards as a recipient, a subrecipient, and a contractor, depending on the substance of its agreements with Federal awarding agencies and pass-through entities. Therefore, **a pass-through entity must make case-by-case determinations whether each agreement it makes for the disbursement of Federal program funds casts the party receiving the funds in the role of a subrecipient or a contractor.** The Federal awarding agency may supply and require recipients to comply with additional guidance to support these determinations provided such guidance does not conflict with this section.

**(a) Subrecipients. A subaward is for the purpose of carrying out a portion of a Federal award and creates a Federal assistance relationship with the subrecipient. See §200.92 Subaward. Characteristics which support the classification of the non-Federal entity as a subrecipient include when the non-Federal entity:**

- (1) Determines who is eligible to receive what Federal assistance;
- (2) Has its performance measured in relation to whether objectives of a Federal program were met;
- (3) Has responsibility for programmatic decision making;
- (4) Is responsible for adherence to applicable Federal program requirements specified in the Federal award; and
- (5) In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity.

# Uniform Guidance and MIT Policy

**(b) Contractors. A contract is for the purpose of obtaining goods and services for the non-Federal entity's own use and creates a procurement relationship with the contractor. See §200.22 Contract. Characteristics indicative of a procurement relationship between the non-Federal entity and a contractor are when the contractor:**

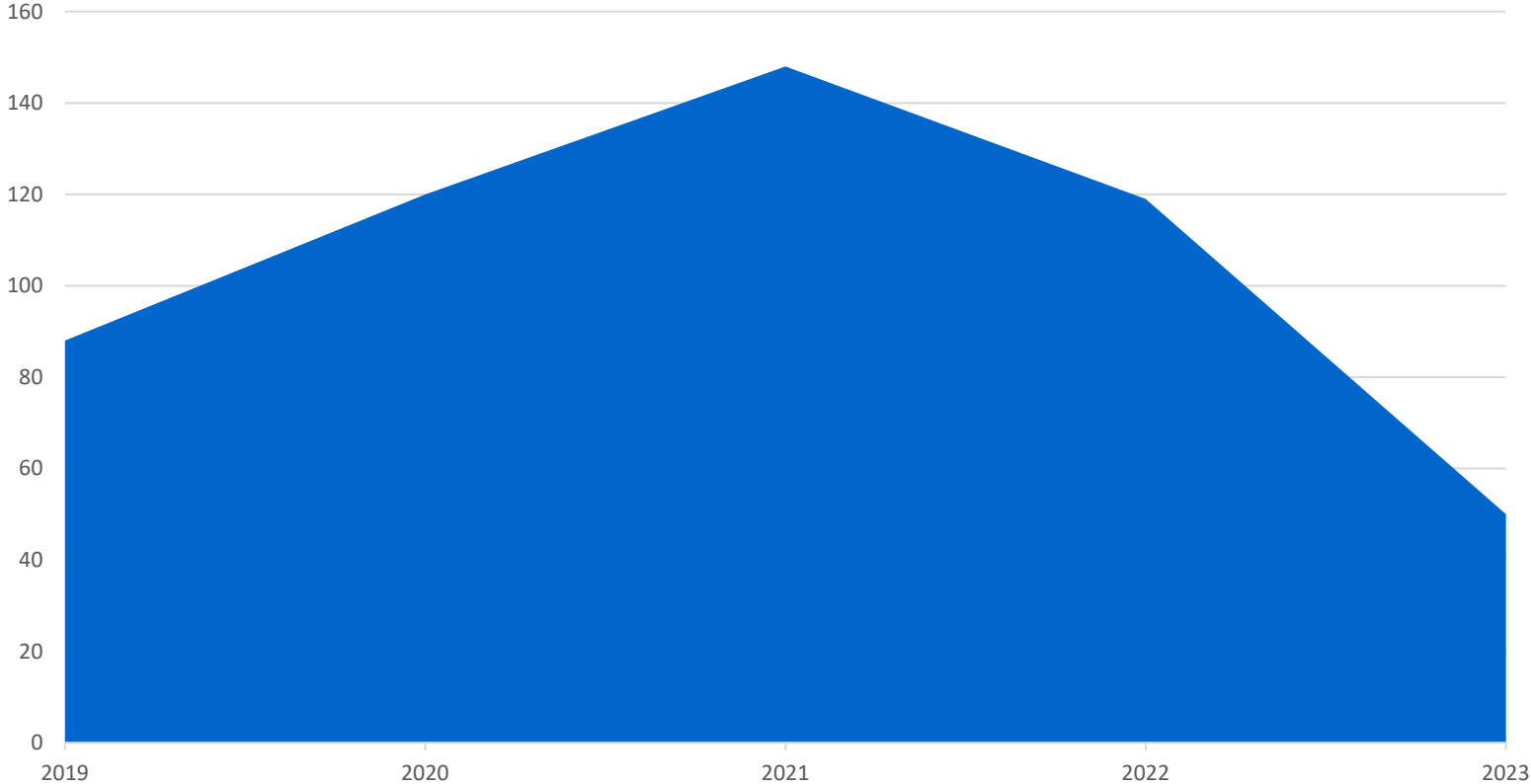
- (1) Provides the goods and services within normal business operations;
- (2) Provides similar goods or services to many different purchasers;
- (3) Normally operates in a competitive environment;
- (4) Provides goods or services that are ancillary to the operation of the Federal program; and
- (5) Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons.

**(c) Use of judgment in making determination. In determining whether an agreement between a pass-through entity and another non-Federal entity casts the latter as a subrecipient or a contractor, the substance of the relationship is more important than the form of the agreement. All of the characteristics listed above may not be present in all cases, and the pass-through entity must use judgment in classifying each agreement as a subaward or a procurement contract.**

**[78 FR 78608, Dec. 26, 2013, as amended at 80 FR 54409, Sept. 10, 2015]**

# Increase in New Subaward Org Requests

Est. Requests for New Subaward Organizations -  
Calendar Year



- ✓ **Heavy start to 2023**
- ✓ **Added Complexity**
  - ✓ **Added Risk**
- ✓ **Increased Admin Support**
- ✓ **ALL** Requiring Initial Assessment

# New Subaward Organizations: Complexity

- ✓ **Entity verification** (UEI, legal name and address)
  - ✓ Required for all subrecipients (full SAM for Federal)
  - ✓ Increased research for assessments (D&B Hoovers)
    - ✓ Financial Stability
    - ✓ Connection to foreign government or parent organization
    - ✓ New tools are identifying MIT data errors requiring correction



# New Subaward Organizations: Complexity

## ✓ Private Sector:

- ✓ 10% De minimis can be an issue
  - ✓ MIT does not negotiate IDC Rates directly with subrecipients
- ✓ Vendor status preferred
- ✓ Extended negotiations – IP, COI
- ✓ Potential COI needing to be managed

# New Subaward Organizations: Complexity

## ✓ **International:**

- ✓ Currency/budget

- ✓ Infrastructure

- ✓ Extended negotiations

  - ✓ Language, jurisdiction, legal and tax issues, specific terms

## ✓ **Non-Profit:**

- ✓ Internal controls and financial stability

- ✓ Ability to meet flow down terms – COI

- ✓ Payment terms

# Special Requests

- “Rapid Response”: USAID (less than 4 weeks); MIT not equipped
- Indirect Rates
- Understanding of Subaward (not just an invoice)
- Advanced Payments: DLCI will need to guarantee payments
- DLCI expectations (negotiations may take time)

**Reach out to RAS Subaward Team ([subawards@mit.edu](mailto:subawards@mit.edu))  
with any questions**

# KC Risk Level

The screenshot displays the 'Organizations & Locations' section of a web application. The 'Other Organizations' tab is selected, showing a table with the following data:

Organization Name	Address	Risk
Harvard University		▲ Low Risk

The 'Risk' column for 'Harvard University' contains a green triangle icon followed by the text 'Low Risk'. This icon and text are circled in red, and an arrow points to it from a text box below. The text box contains the following bullet point:

- Flag showing risk level will be here

The interface also includes a sidebar with navigation options like 'Basics', 'Key Personnel', and 'Compliance'. At the bottom, there are 'Back' and 'Close' buttons.

# Risk Level Assigned to Each Organization



## Low Risk

- May be included in proposal.



## Risk Undetermined

- New organization or assessment has not been completed.  
**Contact Subaward Team** for more details **before including this organization in the proposal.**



## High Risk

- **Contact the Subaward Team** for details **before including this organization in the proposal.**



## Organization is not in KC

- Submit a request using [Request a New Subaward Organization](#) web form or OST .

# New Subaward Organization

**MIT** Office of the Vice President for Research  
MIT Kualii Coeus

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Home / Forms & Requests / Request a New Subaward Organization

## Request a New Subaward Organization

The preferred way to request a new Sponsor, new Address Book Entry/Non-MIT Employee, or new Subaward Organization is to create a ticket in [RAS Service Tracker](#) (OST: <https://ost.mit.edu>).

In OST, simply click "Create", enter a Subject title for the request, and select the request "Type" (New Sponsor, Address Book, or Subaward Organization).

Enter the requested contact information in the text box and hit "Submit" to forward your request to the Post-award Operations team for processing.

Most requests will be processed within 24 hours. Contact your RAS Contract Administrator if you need expedited processing. If your Department does not use OST, you may also submit the request through the web form on this page.

All subaward organizations are required to complete the [Subrecipient Profile Questionnaire](#). Please direct questions regarding the form or subrecipient requirements in general to [subawards@mit.edu](mailto:subawards@mit.edu).

Requestor Name \*

Requestor Email \*

Organization Name \*

Organization Address \*

City, State, and ZIP Code \*

Request a New Subaward Organization \*

Is this organization for a proposed subaward? \*

Yes  
 No

**MIT** CLEAR FORM

## SUBRECIPIENT PROFILE QUESTIONNAIRE

This form is intended to be completed and signed by an organization participating on a MIT project as a Subrecipient

Legal Name of Institution/Organization ("Subrecipient"):

Name: \_\_\_\_\_ Fiscal Year Start: \_\_\_\_\_ End: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ ZipCode +4: \_\_\_\_\_

Subcontractor Organization Type: For-profit Organization (other than small business) Employees \_\_\_\_\_

UEI No: \_\_\_\_\_ Registered in SAM?  Yes  No SAM Reg Expiration date: \_\_\_\_\_

### SECTION A - Certifications

1. **Facilities and Administration Rates** were calculated based on:

Our federally-negotiated F&A rates for this type of work, or a reduced F&A rate that we hereby agree to accept. (If this box is checked, please attach a copy of your F&A rate agreement or provide a URL link to the agreement here \_\_\_\_\_.)

The de minimis rate of 10% of modified total direct costs (MTDC) as described in 2CFR200.414

2. **Fringe Benefit Rates** were calculated based on:

Rates consistent with or lower than current/applicable federally-negotiated rates

5. Does your organization have an accounting system that provides for:

Proper segregation of direct costs from indirect costs?  Yes  No

Identification and accumulation of direct costs by contract?  Yes  No

Accumulation of costs under general ledger control?  Yes  No

**Subrecipient Profile Questionnaire:**

- Use at proposal stage if MIT will issue a subaward (required at award stage)
- Use if MIT will be a subrecipient on a proposal

*Questionnaire will be updated shortly*

# Questionnaire

## ✓ **Project Specific:**

- ✓ Recommended to be used with all proposals that include a subaward
- ✓ FDP Clearinghouse members may use their own
- ✓ MIT may use as our institutional commitment when MIT is a sub

## ✓ **New Subrecipient Entities:**

- ✓ Recommended at proposal – required to request sub
- ✓ Sub Team available for questions

**DLCI and CA are responsible for confirming the allowability of a proposed subrecipient's IDC rate prior to proposal submission regardless of receipt of questionnaire**

# Subaward IDC Rate

## Must confirm allowability at Proposal Stage

- Federally Negotiated Rate
- 10% de minimus MTDC rate
- Other approved rates – reach out to Subawards Team





# How to Determine the Relationship

## SUBAWARD? VENDOR? CONSULTANT?

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# #1: Is it A Subaward?

## Scope of the Agreement:

“This Agreement between Organization X and MIT, is to provide access to observing time at the Organization X site to do observations as part of the MIT Program candidate follow-up program lead by Dr. X.”

# #2: Is it A Subaward?

## Anonymous Award Budget Justification

Anonymous Center, in conjunction with Anonymous Fund, have agreed under the Anonymous Program Group to support the development of the MIT Something Or Other Project into a commercial project and it's testing and evaluation within the MIT community. The MIT team will work with Company X Technologies, Anytown MA, to transfer their technical know-how, hardware designs, prototype software code, and recommended testing.

Based on this work, 100 production prototype Widgits will be produced by Company X Technologies for distribution and evaluation by Some kind of Specialists in Massachusetts. MIT will assist Company X with Some Kind of testing to tune the controls. Then MIT and Company X will together conduct a follow-up assessment of the use of the units after testing in Some kind of Place. In support of the assessment of field trial data and production design modifications, MIT will make available a 1 month FTE research scientist.

<u>Budget</u>	USD
Total Award Amount:	200,000
MIT research personnel at Company X for simulator testing	17,476
Subaward to Company X	182,524
50.6% OH on first 25K	12,650
Total to Company X:	169,874
Net Per unit cost / 100:	1,698.74

# #3: Is It a Subaward

March 3, 2023

Cambridge, MA 02139-4307

Re:

Dear-

██████████ is pleased to submit this letter of intent and a **firm-fixed-price (FFP) budget estimate for continued assistance** in developing water quality and supply indicators, testing the Water Management and Quality Model framework, and analysis of numerical experimentation results, **in response to MIT's email request** dated February 21, 2023.

XXXXXX proposed FFP budget is ██████████ provided as Attachment 1. XXXXXX confirms that it has **been paid** the proposed hourly rates (or higher) **by multiple clients** in 2023. Rates for subsequent years were calculated by applying a 6% escalation rate annually. XXXXXX budget assumes that this work will continue until XXXXXX, XX, XXXX, at an approximate price of \$XX,000 per year (please refer to Attachment 1 for the exact yearly prices that we intend to invoice on an annual basis).

██████████ is authorized to negotiate on behalf of XXXXXX and to bind the firm contractually. We look forward to the prospect of **providing support to MIT on this important project**

Sincerely,

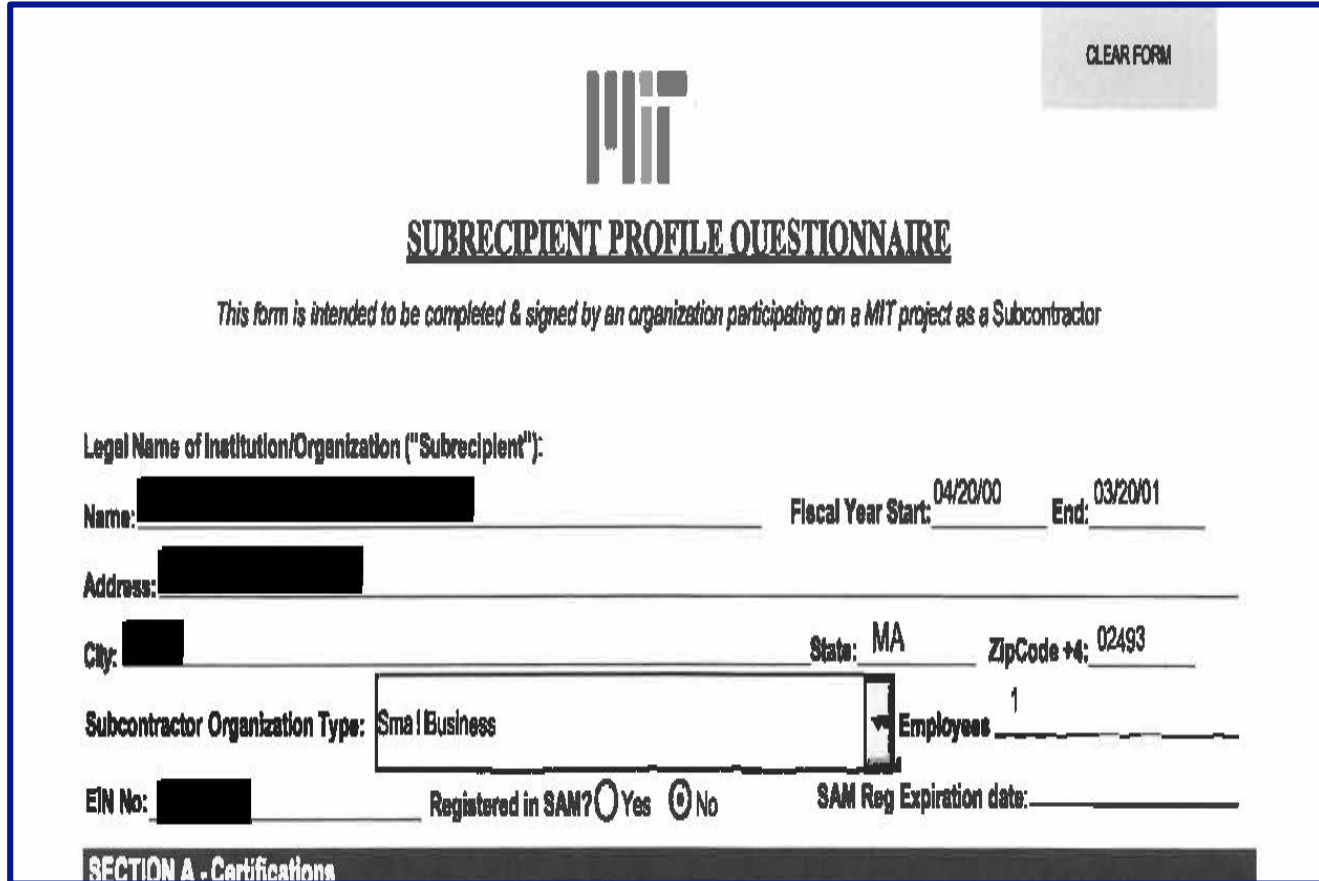
██████████

# Explanation

## **FROM PROPOSAL BUDGET:**

“3. Consultant Services: \$25,000 in each year for Company X for continued assistance in developing water quality and supply indicators, testing the Water Management and Quality Model framework, and analysis of numerical experimentation results. Cost estimate based on existing contract, assuming 150 hours (modeler rate \$138/hr) and associated computer usage and administrative support cost.”

# #4: Is it A Subaward?



The image shows a screenshot of a web-based form titled "SUBRECIPIENT PROFILE QUESTIONNAIRE" with the MIT logo at the top. A "CLEAR FORM" button is in the top right. The form includes fields for Name, Address, City, State (MA), Zip Code (+4: 02493), Fiscal Year Start (04/20/00), End (03/20/01), Subcontractor Organization Type (Small Business), Employees (1), EIN No., Registered in SAM? (Yes/No), and SAM Reg Expiration date. A section header "SECTION A - Certifications" is visible at the bottom left.

**MIT**

**CLEAR FORM**

**SUBRECIPIENT PROFILE QUESTIONNAIRE**

*This form is intended to be completed & signed by an organization participating on a MIT project as a Subcontractor*

Legal Name of Institution/Organization ("Subrecipient"):  
Name: [REDACTED] Fiscal Year Start: 04/20/00 End: 03/20/01

Address: [REDACTED]

City: [REDACTED] State: MA ZipCode +4: 02493

Subcontractor Organization Type: Small Business Employees 1

EIN No: [REDACTED] Registered in SAM?  Yes  No SAM Reg Expiration date: \_\_\_\_\_

**SECTION A - Certifications**

## Statement of Work:

Small Business A will lead the aircraft measurements of ionospheric potential and coordinate the work on the DC global circuit. He will monitor the weather and make decisions about what days each month are favorable for flying. He will process the electric field soundings and obtain best values for ionospheric potential, and also obtain vertical profiles of air-earth current and evaluate the columnar resistance.

# Help and Resources

## — Resources —

RAS: Subawards Overview

Subawards in Proposals

## — Contact for Help —

RAS Subaward Administrator - [Department Assignments](#)

Subaward team email - [subawards@mit.edu](mailto:subawards@mit.edu)

Research Administration Help - [RA-help@mit.edu](mailto:RA-help@mit.edu)

Your DLCI [RAS Contract Administrator](#) | COI - [coi-help@mit.edu](mailto:coi-help@mit.edu)