

Subaward FAQs

Hopefully these FAQs provide answers to your Subaward questions. If you don't find your answer here, please feel free to contact me directly at 994-2381 or by email at subawards@montana.edu.

How do I know if I need a subaward?

Many sponsor agencies are now encouraging collaboration in research. If a grant is issued to MSU and work is to be performed at another institution, a subaward may need to be issued. Subaward agreements must to be handled by the Office of Sponsored Programs and cannot be executed by the MSU PI or department.

When should I determine if there will be a subaward?

The determination of the potential need for collaboration is normally made at the grant proposal stage.

What if I determine I need a subcontract after the grant has been awarded?

If you become aware of the need for collaboration after your grant has been awarded, your sponsoring agency will need to be contacted for authorization to proceed.

What information do I provide to the sponsor agency?

The sponsor needs to approve the scope of work and the budget of the collaborator. Depending on the sponsor and the project, additional information may be necessary.

Subaward, Subcontract, Consultant, Vendor: How to Tell Them Apart?

Review the descriptions of each relationship in order to make your determination. As separate legal relationships, Subaward agreements must to be handled by the Office of Sponsored Programs and cannot be executed by the MSU PI or department.

My grant will use a consultant, does this require a Subaward?

Review the description of a consultant. If you determine this is a consultant relationship a Subaward is not required. Work with the MSU Purchasing department since it may be covered by a Contracted Service Agreement.

My grant will pay for web-design work. Does this require a Subaward?

Review the description of a vendor. If you determine this is a vendor relationship, a Subaward is not required. Work with the MSU Purchasing department since it may be covered by a Contracted Service Agreement.

How is a subaward set up?

Complete the checklist, Subaward Request Form, to gather the necessary information and send it to OSP.

My grant has been extended and/or provided additional funds for another year. Will my collaborator's subaward automatically be extended?

No, subawards are not automatically extended. The Principal Investigator, in accordance with their grant terms and conditions, determines if and when a subaward is modified. Use the Modification Request form to communicate this information to the Office of Sponsored Programs.

I've decided I want to spend my grant funds differently and want to eliminate or change my subaward budget. Can I do this?

Discuss this question with your prime grant fiscal manager in OSP. If your grant sponsor agrees to this change in scope, your subaward will need to be modified. Use the Modification Request form to communicate any changes to the Office of Sponsored Programs. Since a subaward is a legally binding agreement, this process will take time. Clear communication between the MSU PI and the Collaborator is essential.

Can subrecipients receive Indirect Costs (IDCs)?

Indirect Cost terms flow down from the prime award. If the prime grant collects IDCs at MSU's federally negotiated rate (i.e. 44% modified total direct costs) then the subrecipient is allowed to collect at their federally negotiated IDC rate. If there are any restrictions, such as a reduced IDC rate, on the prime grant, this same restriction flows down to the subrecipient. A copy of the recipient's federally negotiated IDC rate agreement is required.

How are IDCs (Indirect Costs) calculated on subaward expenses?

MSU's federally negotiated rate agreement allows us to collect IDC's up to the first \$25,000 of each subaward expense. Prime awards may have other allowable rates that affect the amount of IDCs that MSU collects. This information is usually clearly stated in the solicitation and award that the MSU PI receives.

Are subawards paid in full when the award is signed?

No, subawards are cash reimbursable and not paid in advance. The MSU Principal Investigator is responsible for the monitoring of the technical performance of the subrecipient as well as the approval of all expenses submitted for payment. The subrecipient must submit invoices to the PI or designated department representative for review, approval, and processing of the BPA's.

What information is required on a subrecipient invoice?

Invoices can be submitted using the subrecipient's standard invoice, but at a minimum must include current and cumulative costs (including cost sharing), time period that the expenses occurred, the subaward number, and certification as to truth and accuracy of invoice.

Which account code should be used on the BPA?

Because of the way Banner calculates IDCs, two account codes are necessary for subaward expenses. Any cumulative payments up to \$25,000 should use the account code 621471 unless otherwise specified. Once the

cumulative payments on a subaward exceed \$25,000, account code 621472 should be utilized.

Examples

Invoice #1: \$20,000 use account code 621471

Invoice #2: \$5,000 use account code 621472 for \$750 since cumulative payments are over \$25,000

Invoice #3: \$7,000 use account code 621472