All the (not so) Small Things: Cost Share, Equipment, and Subawards

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Cost Share: Definitions & Principles

- Mandatory vs. voluntary vs. third-party cost share
- UCCS discourages voluntary committed cost share unless required
- Requirements for documentation and tracking

Pre-Award Cost Share

- A Cost Share Addendum Form must be filed with OSPRI before your project can be submitted .
- PI's, with department support, must complete the Cost Share Addendum Form.
- Before routing the form, send a copy of the sponsor guidelines and budget to all required signatories
- Speedtypes are required for UCCS committed funds.
- All signatures must be obtained prior to the deadline.
  - INCOMPLETE FORMS WILL NOT BE ACCEPTED.
- Upload the Cost Share Addendum Form to Cayuse

Cost Share Allowability

- Must be allowable, allocable, reasonable and verifiable in accordance with the main award
- Must conform to sponsor, 2 CFR 200 and UCCS policy
- Requires as much tracking and documentation as your main project
- Changes in cost share require prior approval for federal awards
- Budgeted program income can be used to meet cost share requirement

Cost Share Management

- Clearly document cost share commitments
  - ***Cost share addendum should only be for the required cost share amount, do not obligate more funds than are required***
  - ***Admin should be included in cost share addendum process (provide accurate funding ST, provide accurate budget)***
- Track cost share monthly to ensure obligation will be met by end of the award period

Cost Share Management

- Document third-party cost share thoroughly
  - ***Collect signed letters, invoices, etc.***
  - ***These are set up as their own project and require the same level of monitoring as any other project***
- Monitor committed effort

"Cost share: all the small things… that magically become enormous during an audit."



SPA and Cost Share

- SPA creates Fund 22 for funds flowing from a Fund 10, 72, 29 and a Fund 32 for funds flowing from a Fund 34
- SPA performs quarterly check on cost share speedtypes to ensure progress towards meeting obligation

Equipment

- Federal definition: tangible, non-expendable personal property with useful life of greater than a year and cost of $5K or greater
- University capitalization rules
- Distinguish equipment from materials and supplies
- Title vests upon acquisition in the non-federal entity (unless otherwise stated in contract)

Equipment vs Supplies

Category	Definition	Useful Life	Cost Threshold	Capitalized?	Typical Account Code	Examples
Capitalized Equipment	Standalone asset meeting capitalization rules	≥ 1 year	≥ $5,000	Yes	810100	Servers, spectrometer ,freezer
Fabricated Equipment	Constructed from multiple components into 1 asset	≥ 1 year	Total ≥ $5,000	Yes	810700	Custom-built instruments
Non-Capitalized Equipment	Standalone equipment below capitalized threshold	> 1 year	< $5,000	No	537600	Printers, small lab instruments, small tools
Supplies	Consumables used up within a year	< 1 year	No threshold	No	Various supply accounts	Gloves, pipette tips, lab consumables

Priority of Use

- When no longer needed for the original project, the equipment may be used in other projects supports by the Federal awarding agency
  - ***(i) Activities under a Federal award from the Federal awarding agency which funded the original project, then***
  - ***(ii) Activities under Federal awards from other Federal awarding agencies***

Equipment Disposition

- If no longer needed the non-federal entity must request disposition instructions from the Federal awarding agency if required by the terms of the award
- Unit fair market value of $5,000 or less may be retained, sold or otherwise disposed of with not further obligation to the Federal awarding agency
  - ***The Uniform Guidance/2 CFR 200 amended the equipment threshold from $5K to $10K in Oct of 2024. The $10K threshold cannot be used until we have an updated F&A rate agreement in FY29***

Fabricated Equipment

- Defined as complex, multi-component equipment assembled into a single functional unit costing more than $5K
- Entire unit is capitalized as one asset
- Must have a useful life of greater than one year
- All components must function as a single unit

Fabrication Allowability

- **Allowable**
  - Installation, essential materials
  - Non-salary services (shop charges)
  - Shipping
- **Unallowable**
  - Maintenance after completion
  - Consumables unless essential to functionality
  - Labor (to be capitalized, not on the project)
  - Administrative costs

Fabrication Workflow

- Pre-award requirements: budget, proposal, fabrication justification
- SPA: Communicate fabrication account code
- Department: Proper account use, 810700, tracking, coordination with Property Accountant
- Monthly allocation and CIP (Construction in Progress)

Fabricated Equipment Procedure

Subawards

- **Subawards/subcontracts allow UCCS to partner with external organizations (subrecipients) to carry out a portion of a sponsored project's programmatic work**
  - Require oversight to ensure costs are allowable, work is completed as proposed, and federal requirements are met
  - UCCS, as the pass-through entity, is responsible for monitoring subrecipients' performance and fiscal stewardship

Definitions

- A **subaward** is issued when part of a sponsored project's programmatic work is carried out by another institution or organization
  - ***Performs significant/scientific/programmatic work***
- The **subcontract** is often used interchangeable with *subaward*
- The **subrecipient** is the organization or entity receiving a subaward
- A **vendor** (or contractor) provides goods or routine services that support the project but do not constitute programmatic work

Subawards Cont.

- Federal updates that affect subaward management, including subrecipient invoice certification requirement under 2 CFR 200.415(b)
- Risk-based monitoring expectations and what reviewers should look for
- Key terms and requirements found in UCCS subaward agreements
- Practical steps to ensure compliance, accuracy and proper documentation

Pre-Award Subawards

What if the PI has a subaward on their grant?

- **That is known as an Outgoing Subaward**

- An outgoing **subaward** is an agreement with a third-party organization performing a significant portion of a UCCS research project or program. The terms of the relationship (subgrant/subcontract) are determined by the prime award received by UCCS. A subrecipient works collaboratively with the prime award recipient to carry out a significant portion of the prime award's scope of work.

Subawards vs. Vendors/Consultant

Is it a subaward or a vendor?

- Just because another entity is involved in a sponsored project does not mean that a subrecipient relationship exists. It is sometimes difficult to tell the difference between a subrecipient and a vendor and may be easy to confuse the two.

- *Misclassifying the type of relationship can lead to problems managing a sponsored project so it is important to ascertain if the work to be carried out meets the definition of a "subaward" at the proposal stage.*

Incoming Subaward

What if the PI is on another institution's grant submission as a sub?

- If UCCS is a subcontractor on another institution's grant, the PI must indicate this in Cayuse and promptly coordinate with OSPRI

- Example: UCCS receives a subaward from University of Michigan, that received an award from the National Science Foundation (NSF). In this scenario, University of Michigan is UCCS's direct sponsor, and NSF is UCCS's prime sponsor.

2024 OMB Amendment: Required Subrecipient Invoice Certification

- **Mandatory Certification**
  - Requires a formal, written certification for financial reporting, fund applications, and payment requests.
- **Specific Language Requirement**
  - The update ensures the certification statement warns against submitting false, fictitious, or fraudulent information, including referencing specific U.S. Code violations.

2024 OMB Amendment: Required Subrecipient Invoice Certification

- **Tiered Application**
  - The certification requirement applies across all levels of subrecipients, not just the primary recipient for projects starting 10/1/24 and later

2 CFR 200.415(b)

(b) Subrecipients under the Federal award must certify to the pass-through entity whenever applying for funds, requesting payment, and submitting financial reports: "I certify to the best of my knowledge and belief that the information provided herein is true, complete, and accurate. I am aware that the provision of false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil, or administrative consequences including, but not limited to violations of U.S. Code Title 18, Sections 2, 1001, 1343 and Title 31, Sections 3729-3730 and 3801-3812." Each such certification must be maintained pursuant to the requirements of § 200.334. This paragraph applies to all tiers of subrecipients.

Risk-Based Indicators

- **CFR 200.332 (b):**
  - Must evaluate subrecipients risk of non-compliance with Federal statutes, regulations, and terms and conditions of the subaward to determine the appropriate subrecipient monitoring
- **High Risk**
  - Frequent invoicing (monthly), required on-site visits, expenditure reports attached to invoices
- **Low Risk**
  - At minimum quarterly invoicing and desk reviews

Subaward Management

- Upon receipt of signed subaward, admin should set up PO in Marketplace
  - ***Upon receipt of future mods for additional funds or time, PO should be adjusted promptly***
  - ***Use appropriate sub account codes for each sub, if multiple, and for under vs over $25K***

492600 494999 -- SPONSORED PROGRAMS SUBCONTRACT
492600 -- SUBCONTRACT 0 - 1ST $25000
492601 -- SUBCONTRACT 0 - > $25000
492602 -- SUBCONTRACT 0 - 1ST $50,000
492603 -- SUBCONTRACT 0 - > $50,000
492610 -- SUBCONTRACT 1 - 1ST $25000
492611 -- SUBCONTRACT 1 - > $25000
492620 -- SUBCONTRACT 2 - 1ST $25000
492621 -- SUBCONTRACT 2 - > $25000
492630 -- SUBCONTRACT 3 - 1ST $25000
492631 -- SUBCONTRACT 3 - > $25000

- Review subaward documents thoroughly for invoice requirements based on risk level of subrecipient
  - ***Special Terms & Conditions***
  - ***Additional Information section***

Chart of Accounts 1/26/26

Subaward Management

- Monitor subrecipient invoices
  - ***Ensure the subrecipient Invoice Approval Form is attached to invoices***
  - ***Confirm required language from 2 CFR 200.415(b) is included and unaltered***
  - ***Subrecipient Invoice Approval***
  - ***Subrecipient Invoice Review Guidelines***

"Work sucks, I know… especially when your subrecipient sends an invoice with the wrong F&A rate."



Subaward Management

- Process final invoices in a timely manner
  - ***Federal sponsors require FFRs (Federal Financial Reports) 90-120 days after project ends and final draws can be made no later than 120 days without special approval***
  - ***Final FFRs do not allow unliquidated obligations on line 10f of report***
    - Unliquidated obligations are financial commitments for goods or services that have been ordered or received but not yet paid or disbursed

Annual Subrecipient Reviews

- **Goals:**
  - Verify subrecipients have audits (SPA)
  - Ensure award is functioning within the overall SOW
  - Ensure invoicing is within compliance
  - Ensure financial and programmatic reports are being received and reviewed
  - Notes are made for follow up to ensure sub takes appropriate action on all deficiencies pertaining to the contract from UCCS



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