



# **Procedures for the Administration of Sponsored Projects Subawards**

**Office of Research Administration  
University of Maryland, College Park**

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## I. INTRODUCTION

The procedures in this manual lay out the processes established by the Office of Research Administration for requesting, monitoring, and closing out **Subawards** issued in support of research, development and/or training awards funded by an outside sponsor and performed under a proposal submitted by the University of Maryland College Park (UMD or University). The campus official authorized to execute **Subawards** on behalf of UMD is the **Assistant Vice President, Office of Research Administration** or their designees within the Office of Research Administration (ORA).

Responsibilities at various stages of the process are shared by the Project Director / Principal Investigator (PD/PI), the administering academic unit, ORA, the Office of the Comptroller, and Procurement & Business Services.

UMD's policies governing **Subawards** and related subrecipient or subaward forms are posted at [Subawards | Office of Research Administration](#). Questions concerning any of the information contained herein may be directed to [orasubaward@umd.edu](mailto:orasubaward@umd.edu).

The UMD **Procedures for the Administration of Sponsored Projects Subcontracts** separately documents the requesting, monitoring, and closing out of **Subcontracts** issued under federal prime contracts. Subcontracts under federal contracts are for the purpose of acquiring goods or services that directly benefit the federal government. The procedures and requirements for **Subcontracts** issued under federal contracts is detailed in the Federal Acquisition Regulation (FAR), which includes rules about competition and cost.

## II. BACKGROUND

Federal regulations require that the applicable terms and conditions of a Prime Award be flowed down to first-tier subrecipients and include provisions for further flow-down to any lower-tier subrecipients. Federal financial assistance grants and cooperative agreements are governed by the Federal Grant and Cooperative Agreement Act and the Office of Management and Budget (OMB) Uniform Guidance (2 CFR). In contrast, federal contracts and other procurement mechanisms are governed by the Federal Acquisition Regulations (48 CFR).

A subrecipient agreement under a federal grant supports a distinct entity in carrying out a portion of the federal program's objectives and is governed by the terms, conditions, and compliance requirements of the recipient institution. Although competition is generally required for vendor contracts under federal grants, competitive procurement is not required for subrecipient relationships. Federal **Subawards**, however, remain subject to legal and regulatory requirements as well as sponsor-specific conditions. *Appendix 1* provides an overview of the federal legal framework for financial assistance awards and the distinctions between assistance and procurement actions.

Subrecipient agreements issued under non-federal funding sources, such as state and local government awards, private foundations, or industry sponsors, are not subject to the Uniform Guidance (2 CFR 200) or the Federal Acquisition Regulation (FAR) unless those requirements are expressly included by the sponsor or required by institutional policy. These type of *Subawards* are instead governed by the Prime Award terms, applicable state or local laws, institutional policies, and any sponsor-specific requirements; however, institutions often apply select Uniform Guidance principles, such as defined scope of work, financial accountability, and risk-based monitoring to these non-federal subrecipient agreements for consistency, effective management, and responsible stewardship of funds, without converting the agreement into a federal award.

#### A. SUBRECEIPIENT VS. CONTRACTOR DETERMINATION

The OMB Uniform Guidance at **2 CFR § 200.331 (Subrecipient and Contractor Determinations)** outlines the factors a pass-through entity (PTE) must consider before entering into a subaward or procurement relationship. The PTE is responsible for making case-by-case determinations as to whether an entity receiving pass-through federal funding should be classified as a subrecipient or a contractor (see Appendix 2).

Proper classification begins during the proposal development process. When an entity is a collaborative partner integral to the research and meets the criteria of a subrecipient under §200.331, its involvement is justified through proposal submission or through a post-award request to, and approval from the Prime Sponsor, to initiate a new subaward. When the entity is a vendor providing routine goods or services, competitive bidding requirements will later apply during award implementation.

Federal agencies may also require the pass-through entity to follow additional guidance when making these determinations, provided such requirements do not conflict with the Uniform Guidance. While there is no direct legal relationship between the federal sponsor and subrecipients or contractors at any tier, the sponsor is responsible for monitoring the pass-through entity's oversight of its first-tier subrecipients.

### III. DEFINITION OF TERMS

**AUTHORIZED ORGANIZATIONAL REPRESENTATIVE (AOR)** is an individual designated by an institution, business, or organization who has the legal authority to submit proposals, make certifications and assurances, enter into binding agreements, and commit institutional resources on behalf of the organization.

**FEDERAL DEMONSTRATION PARTNERSHIP (FDP)** is a consortium of federal funding agencies and grant recipient organizations. Its mission is to streamline the administration of federally sponsored research and create resources available to the research enterprise. The co-equal goals are maintaining the highest standards of accountability and compliance while reducing administrative burden, all in service of moving research forward.

**FINANCIAL ASSISTANCE AWARD** refers to a formal document issued by the Sponsor to the UMD that outlines the terms, conditions, and funding provisions under which the sponsored program will be conducted.

**FINANCIAL CONFLICT OF INTEREST (FCOI)** refers to a Significant Financial Interest (SFI) that affects, or could appear to affect, the design, conduct, or reporting of Research.

**FIXED AMOUNT SUBAWARD** refers to a type of grant or cooperative agreement pursuant to which the Federal agency or pass-through entity provides a specific amount of funding without regard to actual costs incurred under the Federal award. This type of Federal award reduces some of the administrative burden and record-keeping requirements for both the recipient or subrecipient and the Federal agency or pass-through entity. Accountability is based primarily on performance and results. See Uniform Guidance sections: 200.102(c), 200.101(b), 200.201(b), and 200.333

**PASS-THROUGH / PRIME ENTITY (PTE)** refers to an organization that is the direct recipient of federal financial assistance funding and provides a subaward to a subrecipient (including lower-tier subrecipients) to carry out part of a federal program.

**PRIME SPONSOR** refers to the entity with the original source of funding, typically a governmental agency or other organization, that issues a financial assistance award directly to the UMD, establishing the terms under which the sponsored program will be conducted.

**PROJECT DIRECTOR/PRINCIPAL INVESTIGATOR (PD/PI)** – the individual designated by UMD in the proposal who is responsible for the direction and management of the project.

**SIGNIFICANT FINANCIAL INTEREST (SFI)** refers to any financial benefit received by a researcher (or their spouse or dependent children) that reasonably appears related to their institutional responsibilities and meets or exceeds the thresholds defined in the UMD's *Procedures on Financial Conflicts of Interest in Public Health Service – Funded Research*. This includes income, equity, or other payments from an external entity except when specifically excluded by the policy.

**SUBAWARD** refers to an award provided by a pass-through entity to a subrecipient to contribute to the programmatic goals and objectives of the pass-through entity's sponsored award. A subaward does not include payments to a contractor, beneficiary, or participant.

**SUBCONTRACT** refers to a contract, as defined in FAR Subpart 2.1, entered into by a subcontractor to furnish supplies or services for performance of a prime contract or another subcontract.

**SUBRECIPIENT** refers to an entity that receives a subaward from a pass-through entity to carry out part of a federal award. The term subrecipient does not include a beneficiary or participant. A subrecipient may also receive other Federal awards directly from a Federal Agency. (2 CFR 200.1)

## **IV. AGREEMENT TYPES & TEMPLATES**

### **A. SUBAWARD AGREEMENT TYPES**

UMD issues subawards under two primary agreement types: Cost Reimbursement and Fixed Amount. While many formats exist, all subaward agreements fall into one of these two categories.

#### **i. Cost Reimbursable Subawards**

Cost reimbursement is the most common agreement type used by UMD. Under this structure, the subrecipient is reimbursed for actual, allowable, and allocable costs incurred in performing the statement of work. Most federal sponsors require or expect cost-reimbursement arrangements for subawards issued under research grants.

#### **ii. Fixed Amount Subawards**

Fixed Amount subawards provide a predetermined funding amount that is paid based on the completion of defined milestones or performance outcomes rather than the reimbursement of actual costs. Under the Uniform Guidance (2 CFR 200), Fixed Amount subawards require prior written approval from the prime sponsor, including for subawards up to \$500,000 (2 CFR 200.333). UMD strongly recommends obtaining this approval at the proposal stage whenever possible, as sponsors may require an alternate or milestone-based budget to justify the fixed-amount structure.

UMD may use Fixed Amount subawards for certain higher-risk entities—such as for-profit or foreign subrecipients—where this structure can support clearer deliverables and more straightforward monitoring. Fixed Amount subawards may also be appropriate when issuing a second-tier subaward under a prime award that is itself a Fixed Amount arrangement.

### **B. SUBAWARD TEMPLATES**

UMD uses different subaward templates depending on the type of sponsor and the nature of the funding mechanism.

#### **i. FDP Templates (Federal Grants)**

As a participating institution in the Federal Demonstration Partnership (FDP), UMD uses the FDP Subaward Templates for subawards issued under federal grants. These templates are developed collaboratively by research institutions and federal agencies to provide a standardized, compliant, and widely accepted set of terms and conditions.

FDP templates:

- incorporate all required federal flow-down provisions, including those in 2 CFR 200;
  - include agency-specific clauses for federal sponsors such as NIH, NSF, ONR, NASA, USDA, DHS, ARO, EPA, and AFOSR;
  - streamline negotiation and reduce administrative burden; and
  - may be adapted for non-FDP federal agencies (e.g., DOE) by selecting “Other” and specifying the awarding agency.
- UMD uses FDP templates without modification to maintain compliance, transparency, and consistency across collaborating research institutions.

Subaward amendments under federal grants are issued using the FDP Subaward Amendment Template.

**ii. UMD Long-Form Templates (Non-Federal Sponsors)**

FDP templates are not appropriate for subawards issued under non-federal sponsors such as private foundations, corporations, state agencies, or local governments. For these sponsors, UMD uses its **Long Form Subagreement**.

The Long Form provides flexibility to include:

- sponsor-specific requirements not addressed in FDP templates (e.g., publication review, confidentiality, intellectual property, or data ownership terms);
- provisions required under state law or university policy to protect UMD and the State of Maryland;
- custom invoicing, reporting, or deliverable schedules that differ from federal expectations; and
- unique terms required by foundations, corporate sponsors, or governmental entities.

**iii. Alignment Between Agreement Type and Template Selection**

- Cost reimbursement subawards under federal grants → *FDP Templates*
- Fixed amount subawards (with sponsor approval when required) → *FDP Templates* for federal awards, or *UMD Long Form* for non-federal sponsors
- Subawards under non-federal sponsors → *UMD Long Form Subagreement*

## **V. OVERVIEW OF SUBAWARD PROCEDURES**

The following section summarizes ORA’s subaward lifecycle process for complying with Uniform Guidance requirements. This process ensures that subawards are accurately established, administered, monitored, and ultimately closed out in accordance with federal and sponsor regulations. It also ensures that each subaward is properly recorded for tracking purposes and fully executed by an AOR before any federal funding is disbursed to the

subrecipient. More detailed guidance on each stage of the subaward lifecycle is provided later in this document.

## **Subaward Lifecycle Steps**

### **1. Proposal and Award Initiation**

- a. Subawards are typically included in the grant application submitted to the prime sponsor.
- b. After receiving the prime award, ORA, through Kualu Research (KR), notifies Departments and PD/PIs of official award setup.
- c. If the subaward was not included in the grant application, ORA works with the PD/PI and Department designee to submit a prior approval request to the prime sponsor.

### **2. Subaward Request Submission**

- d. Departments and PD/PIs complete the **ORA Subaward Request Form** and submit it to the ORA subaward team. Required components include (but are not limited to):
  - Subrecipient's Letter of Intent or **ORA Subrecipient Commitment Form**
  - Period of performance (must fall within the University's award period)
  - Statement of work
  - Budget (including cost share, if applicable)
  - Budget justification
  - Federally Negotiated Indirect Cost Rate Agreement (if applicable)
  - Payment terms and schedule
  - Technical and financial reporting requirements
  - Verification of IRB, IACUC, Export, and IBC compliance (as applicable)
  - Subrecipient contact information
  - Approval for carryforward of funds (if allowed by the prime award)

### **3. Review, Risk Assessment, and Agreement Preparation**

- e. Subaward Administrators review the **Subaward Request Form** and attachments for completeness and consistency with the terms and conditions of the prime award.
- f. If applicable, the Compliance Coordinator completes the initial Risk Assessment, then assists with documenting monitoring requirements.
- g. Subaward Administrators draft, including flowing down required sponsor terms and conditions; process; and/or negotiate the subaward agreement.

### **4. Execution and System Setup**

- h. AORs of both institutions execute the subaward agreement.
- i. Workday supplier contract is processed.
- j. The fully executed agreement is uploaded to KR.

### **5. Subaward Performance and Monitoring**

- k. The subrecipient completes the approved scope of work.
- l. The PD/PI oversees technical performance in accordance with the statement of work.
- m. Invoices are received, reviewed, approved, and paid.

### **6. Closeout**

- n. The subaward is formally closed out.

## **VI. PRE-AWARD SUBAWARD PROCEDURES**

### **A. SUBAWARD DETERMINATION**

Consistent with the criteria outlined in Section II.A., the PTE must determine whether a collaborating organization constitutes a subaward or a contractor (vendor) relationship. For guidance in making this determination, refer to Appendix 2, *Subaward v Contract Decision Matrix*.

Once the collaborating organization is classified as a subrecipient, the steps outlined below apply.

### **B. SUBAWARD SELECTION**

The UMD process for selecting subrecipients under grants does not follow procurement procedures and does not require competitive bidding or sole source justification because it is not a procurement action (see VIII-3.10(A) University of Maryland Procurement Policy).

Subrecipients are selected by the Principal Investigator (PI) for their technical expertise to carry out a portion of the project. Other considerations may include fiscal responsibility; prior collaboration history; unique factors, such as publications and patent and/or licensing considerations; and accessibility to technical and other necessary resources.

In most cases, subrecipients are identified in the proposal submitted to the sponsor. The PI, consistent with the Uniform Guidance, determines that the collaborating organization is appropriately classified as a subrecipient based on its substantive programmatic role in the proposed scope of work. However, with prior sponsor review and approval (if required), additional subrecipients may be added after an award has been issued. UMD's process is consistent with Uniform Guidance, award terms and conditions, and standard practices of other institutions of higher education, while also providing appropriate sponsor oversight.

#### **i. Subawards Incorporated into the Sponsor Proposal**

When a subrecipient is named in the proposal and the project is subsequently funded, the sponsor's review and approval of the proposal, including peer or scientific review when applicable, constitutes approval of both the subrecipient and the associated costs as reasonable and necessary to perform the proposed scope of work.

The subrecipient selection is therefore considered justified through the initial proposal submission. Consistent with federal and sponsor regulations, the sponsor's issuance of an award that includes the proposed subaward affirms approval of the subrecipient's role and authorizes the University to proceed with issuing the subaward.

#### **ii. Subawards Not Incorporated into the Sponsor Proposal**

If a subrecipient was **not** identified in the original proposal, prior sponsor approval may be required before a subaward can be issued. Sponsor requirements vary, but requests for approval typically must include:

- the subrecipient’s statement of work,
- a detailed budget and budget justification, and
- an explanation of how UMD will rebudget the award and adjust the project scope to incorporate the new subaward.

Once the sponsor grants the required approval, either by an authorizing notification or award modification, the subrecipient is authorized to be initiated, and the University may proceed with subaward development and execution in accordance with institutional policies and the terms and conditions of the Prime Award.

### C. SUBAWARD PROPOSAL

The Subrecipient’s proposal format should align with UMD’s proposal format to the Prime Sponsor and will be reviewed as part of the overall UMD submission. At a minimum, the Subrecipient’s proposal must include:

- **Letter of Commitment / Subrecipient Commitment Form**
  - A Letter of Commitment signed by an AOR and/or a Subrecipient Commitment Form.
  - UMD provides a sample Subrecipient Commitment Form; however, subrecipients may use their own institutional forms.
- **Budget and Budget Justification**
  - Must include an itemized breakdown of expenses necessary to complete the proposed work, such as salaries, wages, fringe benefits, materials, supplies, equipment, travel, and other direct costs.
  - Indirect Costs should be calculated using the Subrecipient’s current negotiated indirect cost rate(s).
  - The subaward budget total is incorporated into UMD’s overall proposal budget as a direct cost line item.
  - **Fixed Amount Subawards:** In accordance with 2 CFR 200.201, fixed amount awards must have a project scope with measurable goals and objectives; and accurate costs, historical, or unit pricing data to establish a fixed budget based on a reasonable estimate of actual costs.
- **Statement of Work (SOW)**
  - Should clearly describe the subrecipient’s specific role in the project.
  - Must outline tasks, deliverables, timelines, and key personnel, as appropriate.
- **Indirect Cost Rate Documentation**
  - Provide a copy of, or hyperlink to, the Subrecipient’s Federally Negotiated Indirect Cost Rate Agreement or equivalent documentation.
  - Subrecipients without a current negotiated (including provisional) rate may elect to charge a de minimis indirect cost rate of up to 15% of Modified Total Direct Costs (MTDC), as defined in 2 CFR 200.414(f).

- Note that some federal agencies may have additional requirements or restrictions; always consult the specific agency's guidelines.

## **VII. POST-AWARD SUBAWARD PROCEDURES**

### **A. SUBRECIPIENT MONITORING AND OVERSIGHT COMMITTEE REVIEW (SMOCR)**

A SMOCR is required for any Subrecipient with no prior history of receiving a subaward from UMD. Questions may sometimes arise as to a potential Subrecipient's ability to properly perform the work or to provide adequate financial management. Audit and financial information are requested directly from the Subrecipient. In addition, UMD ensures the entity is in good standing and does not appear on the SAM.gov Excluded Parties List (entities debarred or suspended from receiving federal funds) and reviews the annual audit report to verify that it indicates no significant or material negative findings. If significant or material negative findings are reported, a close review of the audit and prior findings is conducted by the appropriate parties at UMD.

- a. Each Subrecipient is given an overall risk rating of Low or High through completion of the FDP's Risk Assessment Questionnaire. Entities that fall into a High-Risk category based on the applicable risk factors require the development and implementation of a risk mitigation plan to reduce potential financial, compliance, or performance risk to UMD. The mitigation plan is tailored to the specific risk(s) identified and may include, but is not limited to, enhanced technical and/or financial reporting requirements during the project period, modified invoicing or payment terms, increased monitoring or review of deliverables, utilizing a firm fixed price agreement type, or other appropriate controls designed to ensure proper stewardship of project funds and satisfactory performance.
- b. If, in connection with the Annual Audit Certification required under the Uniform Guidance, the Subrecipient reports that it has a material finding in its audit report, the decision of whether to continue with the execution of the subaward by UMD will be made on a case-by-case basis. The subaward may be executed pending the correction of deficiencies; however, the subaward may be terminated if the Subrecipient fails to correct the deficiencies in a manner acceptable to UMD.

UMD's complete procedures for risk assessment and ongoing monitoring—such as documentation reviews, export control checks, site visits, and annual reevaluation—are outlined in the **Subrecipient Monitoring Oversight Committee Review (SMOCR) Procedures**, maintained by the ORA.

#### **i. Foreign Subrecipients and Risk Considerations**

Foreign subrecipients present unique risks and therefore require oversight beyond the standard subaward process. UMD's Research Security Office must review and clear each foreign entity to ensure the organization is not debarred, suspended, or otherwise restricted from doing

business with the U.S. government. Foreign subrecipients are treated as having heightened risk under UMD's FDP Risk Assessment and SMOCR procedures; however, this does not automatically result in a "High-Risk" designation.

A foreign entity may be classified as high risk if any of the following conditions apply:

- The entity is not subject to a Single Audit under 2 CFR 200.501.
- The entity requires cash advances to undertake activities.
- The entity lacks prior experience managing sponsored programs, particularly federally funded awards.
- The entity is located (or the work will occur) in an area under a U.S. Department of State Travel Warning or Travel Alert (<https://travel.state.gov/content/passports/en/alertswarnings.html>).
- The entity is located (or the work will occur) in a region subject to U.S. Department of the Treasury sanctions (<https://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx>).
- The funding amount is disproportionate to the entity's historical financial activity.
- Disbursements must be handled in cash or otherwise require special handling.

Additional risk-monitoring measures may be required to ensure compliance with federal regulations and the terms of the subaward. To address these considerations, UMD maintains a **Foreign Long Form Subagreement Template** with regulatory terms specific to international organizations and may also use the **FDP Foreign Subrecipient Template** when appropriate.

## **B. SUBAWARD REQUEST FORM**

Upon receipt of a **Subaward Request Form**, ORA initiates the preparation, negotiation, and execution of the subaward agreement. Although key elements of the subrecipient's role and budget are typically submitted to ORA to include in UMD's proposal, the following documentation must be provided to ORA to support issuance of a new subaward:

- A statement of work that aligns with the effort(s) proposed under UMD's prime award
- A period of performance that falls within the prime award period
- A budget that matches what was included in the sponsored proposal and is fair and reasonable
- All required certifications and compliance documents
- Applicable sponsor terms, conditions, and flow-down requirements are identified and incorporated
- Whether sponsor prior approval is required before issuing the subaward

Once the **Subaward Request Form** and supporting documentation are received, ORA conducts an initial review to ensure compliance with federal, sponsor, and institutional requirements. This review includes the following actions:

**1. Risk and Compliance Screening**

- The Subaward Coordinator reviews the Form for any Conflict of Interest (COI) concerns and (if applicable) conducts the initial risk assessment (SMOCR) in accordance with 2 CFR 200.332.

**NOTE:** Subrecipients who do not have a COI Policy, or whose policy is not consistent with the Prime Sponsor COI policies, must opt to follow UMD's COI policy to ensure compliance. The subrecipient is required to complete COI training, including obtaining a completion certificate, and the COI disclosure form. The certificate of completion and disclosure form are submitted to UMD's Disclosure Office (interp@umd.edu) with a cc to the Subaward Team. The Disclosure Office will verify that all required information is complete and review for any conflicts of interest. If no conflicts are identified, the Disclosure Office will finalize the disclosure with a memo and notify the Discloser and the UMD Subaward Team via email to proceed with the subaward. If a conflict is found, the Disclosure Office will instruct the Subawards Team to hold off on signing the sub until a Management Plan is developed. The Disclosure Office will create the Management Plan, which will then be routed for approval. If there are any disclosed foreign entities or relationships, an additional review by the University's Research Security Office is required.

**2. Internal Processing and Assignment**

- The subaward request is logged into KR and assigned to a Subaward Administrator responsible for drafting the subaward agreement.

**3. Review of Sponsor Award and Applicable Requirements**

The Subaward Administrator reviews the sponsor's award document to confirm:

- **Budget alignment:**
  - That the UMD proposal budget is included the subaward; and
  - That the subaward amount is within the scope and funding level authorized by the sponsor, consistent with applicable prior approval requirements under 2 CFR 200.308.
- **Applicability of sponsor terms and conditions:**
  - Identification of general provisions, flow-down clauses, and any terms required to protect the interests of UMD and/or the sponsor.
- **Sponsor approval requirements:**
  - Whether prior written approval from the sponsor is required before issuing the subaward.

**4. Compliance Validation**

Before drafting the subaward agreement, ORA completes a final compliance validation to ensure that the subrecipient is eligible to receive funding and that all regulatory and institutional requirements are satisfied. This includes:

- Verification of subrecipient eligibility to receive federal funding
- Review of the subrecipient's Indirect Cost Rate Agreement
- Confirmation of COI documentation, including:
  - Verification that subrecipients following UMD's COI policy have completed training and submitted the required disclosure
- Verification of IRB, IACUC, IBC, or other compliance approvals, as applicable
- Coordination with other UMD offices (e.g., Export Control, Compliance, PD/PI) when specialized review or approval is required.

**NOTE:** A subaward will not be issued, nor payments to a subrecipient authorized, before UMD accepts a notice of award or a fully executed award agreement from the prime sponsor. A UMD PD/PI or designee may not authorize a subrecipient to begin working without a fully executed subaward agreement. Proposed subrecipients who commence work without a fully signed subaward agreement from UMD do so at their own risk and have no assurance of payment from UMD. Once a subaward is in place (typically for a year at a time), additional increments of time and funding will not be issued until UMD receives the new budget period funding from the sponsor.

### **C. DRAFTING, NEGOTIATING, AND EXECUTING THE SUBAGREEMENT**

1. The ORA Subaward Administrator or other designated ORA personnel prepares a subaward using the appropriate agreement template, in accordance with the requirements of the prime award. Subaward numbers are assigned by the Subaward Administrators, in accordance with established guidelines, and Workday will automatically assign a Supplier Contract Number to each subaward when the action is entered into the system. The Supplier Contract Number will then be assigned and documented in the subaward.
2. If the agreement between UMD and the Prime Sponsor requires prior approval before a subaward can be issued, a copy of the subaward agreement is sent to the Prime Sponsor by the appropriate Contract Administrator in ORA to obtain prior approval.
3. Copies of the subaward are sent to the Subrecipient for signature. Original or electronic signature copies are to be returned to UMD. Any flow-down terms and conditions will accompany the subaward created and forwarded to the Subrecipient for signature. Scanned or electronic signature may be accepted as a final copy of the subaward if both UMD and Subrecipient mutually agree.
4. During the approval or Subrecipient acceptance process, changes may need to be negotiated or clarifications provided in the subaward. ORA will negotiate all changes to the subaward in close coordination with, and upon receiving input from the PI and the Subrecipient, as appropriate.
5. Upon receipt of a signed document from the Subrecipient and receipt of prime sponsor approval, if required, the subaward is signed by the Assistant Vice President, Office of Research Administration or their designee on behalf of UMD.

6. After the subaward has been executed by UMD, ORA will transmit one fully executed copy of the subaward to the Subrecipient and make a copy available internally to the appropriate Department or College business officer in the KR Subaward module. All supporting documentation for the issuance and negotiation of the subaward will be maintained in ORA.

#### D. SUBAWARD AMENDMENTS

All formal subaward actions are processed through the ORA Subaward Team ([orasubaward@umd.edu](mailto:orasubaward@umd.edu)). Departments and PD/PIs may request modifications to an existing subaward—including no-cost extensions, incremental funding, budget revisions, or other changes—by completing the **ORA Subaward Modification Request Form** and submitting it to the Subaward Team.

Upon receipt, the Subaward Team reviews the request and prepares a formal subaward modification for bilateral signature, as required. The team is responsible for updating the KR Subaward module, the system of record for subaward agreements. Entries made in KR, including adjustments to performance periods or funding amounts, drive corresponding updates in Workday. For example, when additional funding is added to a subaward in KR, the overnight system feed moves the authorized funds from the parent GR line to the subaward GR line in Workday. After the modification is fully executed, the Subaward Team finalizes the associated subaward supplier contract in Workday.

**NOTE:** A subaward modification in KR updates the *current amount* of funding available but does **not** update the Workday budget. Budget adjustments are made by the ORA Award Administrator at initial award setup or when new funding is received. If a department identifies a budget error, corrections may be requested through the **Post-Award Management Request Form** in Quali Build (KB).

#### E. SUBAWARD TERMINATION

If performance or compliance issues arise with a subrecipient, the PD/PI or department designee must first work with the subrecipient to attempt resolution, including developing a corrective action plan when feasible. If corrective action is not possible or is unsuccessful, the PD/PI or department designee may formally request termination by submitting the **ORA Subaward Modification Request Form** and selecting “termination.”

- **Review and Initiation of Termination**

Upon receipt of a termination request, the Subaward Administrator—consulting with their supervisor—will initiate formal termination procedures in accordance with the terms of the subaward agreement. Most subawards allow termination with **30 days’ written notice** and require submission of a **final invoice, closeout documentation, and/or a final expenditure report.**

- **Termination for Cause**

When termination is requested for cause (e.g., material noncompliance, mismanagement of funds, failure to perform), ORA will coordinate with the PD/PI or department designee, ORA leadership, the Office of General Counsel, and applicable compliance offices to develop a unified approach. This may include:

- documenting deficiencies,
  - issuing formal notice and an opportunity to cure,
  - outlining interim reporting obligations, and
  - identifying any required repayment, data transfer, or record retention requirements before termination.
- **Issuance of Formal Termination Notice**

ORA will issue the official termination modification to the subrecipient. Termination notices must clearly identify:

    - the **effective date of termination**,
    - required **final technical and financial reports**,
    - deadlines for **final invoices**, and
    - all **closeout requirements imposed by the sponsor**, including any obligations related to deliverables, equipment disposition, records retention, or data transfer.

ORA will coordinate all actions with the PD/PI and department designee to ensure compliance with sponsor and federal requirements.
  - **Federal Reporting Requirements (FFATA)**

ORA will complete all reporting required under the Federal Funding Accountability and Transparency Act (FFATA) for subawards of \$30,000 or more, including when a subaward ends early due to termination.

## VIII. ONGOING SUBRECIPIENT MONITORING

### A. TECHNICAL MONITORING

As the prime award recipient, UMD assumes ultimate responsibility for the conduct and completion of the project. However, the PD/PI is directly responsible for monitoring the subrecipient's performance to ensure that project goals and sponsor requirements are met. This includes thoroughly reviewing subrecipient progress reports submitted with invoices, following up as needed, and addressing any performance concerns in a timely manner. Subrecipient progress updates are typically incorporated into the progress report that UMD submits to the sponsor.

A recommended practice is to require subrecipient reports that both effectively monitor progress and support UMD's sponsor reporting obligations. For example, when an award requires annual and final progress reports, the UMD PD/PI should consider requiring the subrecipient to provide corresponding annual and final reports covering their portion of the project. These reports must be submitted far enough in advance to allow the PD/PI to review the information and incorporate it into UMD's sponsor report.

PD/PIs should be mindful that requesting additional reporting increases their administrative responsibilities, and those of their departments and that PD/PIs are accountable for ensuring that all required reports are received, reviewed for acceptability, and appropriately documented.

For foreign subrecipients, NIH requires the provision of all lab notebooks, data, and documentation supporting research outcomes described in the subrecipient's progress reports. These supporting materials must be submitted to the prime recipient with each scientific update, no less than once every three months, and in accordance with the timelines established in the subaward agreement.

## **B. FINANCIAL MONITORING**

In accordance with the payment terms outlined in the subaward agreement, subrecipient invoices are submitted to UMD's Accounts Payable Office. The invoice review process involves programmatic, financial, and administrative oversight to ensure that charges are allowable, allocable, reasonable, and consistent with the subaward's scope of work and applicable regulations. The [Review and Approve \(Subaward\) Supplier Invoice Workday Job Aid](#) provides detailed guidance on invoice processing in Workday.

Additional information on subaward processing can be found in the [Subawards Reference Guide](#), which offers clarification on how subawards function in Workday, recommended practices for invoice documentation and approvals, and other operational guidance. The reference guide is updated regularly to incorporate new procedures and best practices.

## **C. ANNUAL AUDIT REPORTING**

As the prime recipient of federal funds, UMD is responsible for ensuring that subrecipients remain eligible to receive federal funding and are able to carry out their portion of the project. This includes verifying that each subrecipient meets its applicable annual audit requirements and reviewing audit reports for any findings that may affect performance or compliance under UMD awards. UMD's responsibilities as a pass-through entity continue throughout the life of the subaward; for all active subrecipients, UMD conducts an annual risk assessment to confirm ongoing compliance and identify any changes in risk level. These periodic reviews support the implementation of appropriate monitoring strategies in accordance with 2 CFR § 200.332(d) and (e).

# **IX. SUBAWARD CLOSEOUT REQUIREMENTS**

## **A. CLOSEOUT NOTICES**

UMD is responsible for ensuring that the subrecipient has submitted all required final deliverables and documentation at the conclusion of the subaward. Within **90 days** of the subaward's expiration or termination, ORA Compliance initiates the closeout process by sending the **Subaward Closeout Form** to the subrecipient and the **Subaward Closeout**

**Authorization Form** to the UMD Principal Investigator. Signatures from the subrecipient's Authorized Organizational Representative (AOR) and the UMD PI confirm that all required final reports, the final invoice, and any property or invention disclosures have been submitted to the appropriate campus offices. Completed certifications are uploaded into Kual Research (KR).

Although sponsor requirements vary, ORA will make reasonable efforts to complete the closeout process within **90 days** of subaward expiration and will follow up as needed to ensure compliance with both sponsor and University requirements.

**Required Closeout Documentation:**

- Final Technical Report
- Final Invoice
- Subcontractor's Final Property Report (if applicable)
- Final Report of Subcontractor Inventions (if applicable)
- Subaward Closeout Form

These documents ensure that project deliverables are completed, costs are properly accounted for, and all compliance obligations are satisfied before final payment is issued.

**B. INVENTION REPORTING REQUIREMENTS**

For federally funded subawards, the subrecipient must notify UMD's Administrative Contact of any inventions in accordance with **37 CFR 401.14**. Notification must occur within **60 days** after the subrecipient's inventor discloses the invention internally. When required, a **negative invention report** must be submitted (see the University of Maryland System Policy on Patents).

**C. PROPERTY REPORTING REQUIREMENTS**

If a subrecipient has purchased or fabricated property under the subaward, a **Final Property Report** may be required at closeout. The report must identify all items acquired with subaward funds and include item descriptions, serial numbers, acquisition costs, and current condition. UMD's Sponsored Programs Accounting and Compliance (SPAC) office will review the report to determine the appropriate property disposition in accordance with sponsor regulations, the terms of the prime award, and University policy.

**D. PRINCIPAL INVESTIGATOR'S SUBAWARD CLOSEOUT AUTHORIZATION**

By signing the Principal Investigator's **Subaward Closeout Authorization Form** (<https://ora.umd.edu/forms/umd-forms>), the Principal Investigator indicates that all deliverables are received and satisfactory, and all costs have been submitted, reviewed and approved, including cost sharing requirements.

## E. FINAL INVOICE

When the final invoice has been received and routed in Workday, departments must follow the review and approval procedures outlined in the applicable Workday job aid.

If the subaward was issued as a **fixed-amount** agreement, the **Subrecipient's Certification of Completion** must be submitted to ORA along with the final invoice.

Once all required closeout documents have been received and approved, ORA finalizes the **Subaward Closeout Package** and records the closeout in the KR Subaward module. The subaward status is then updated from *Closeout in Progress* to *Closed*. This update feeds to Workday and changes the subaward funding line status to *Closed*, thereby preventing any further payments.

If required closeout documentation is not received within **120 days** of the subaward end date, UMD may proceed with an **Administrative Closeout**. Administrative closeout is used in place of a formal audit unless an audit is warranted due to the program's nature, the level of funding, or concerns identified through the subrecipient's Single Audit or other financial reviews.

Once the subrecipient's work is completed, closeout activities are finalized, and all final payments have been processed, departments should use the **Post-Award Management Request Form** in KB to **de-obligate any remaining subaward funds**, releasing them back to the parent GR line when permitted under sponsor terms.

## **X. APPENDICES**

### **Appendix 1**

#### **Key Statutes and Regulations Governing Research Grants:**

##### **The Federal Grant and Cooperative Agreement Act (31 U.S.C. § 6301-6308):**

- This statute distinguishes between grants and contracts and provides the legal foundation for when an agency should use a grant or a contract.
- Section 6302 specifies that research grants are used when the purpose is to fund scientific or technical research, with the intention of advancing knowledge or discovering new insights, rather than for commercial or transactional purposes.

##### **Guidance for Federal Financial Assistance (Uniform Guidance or UG):**

- This set of regulations is one of the most essential governing grants and agreements, as it includes Federal Government-wide general administrative rules for federal awards and applies to both direct grants and subgrants.
- In addition to the guidelines on allowable costs, audit requirements, and financial and administrative management, it includes the procurement standards for procurements issued under assistance awards.

##### **Agency-Specific Regulations:**

- The 26 major federal grant-making agencies have agency-specific supplemental regulations that govern how they issue and manage research grants. Key examples are:
  - National Institutes of Health (NIH): NIH grants are governed by the NIH Grants Policy Statement and other specific NIH regulations.
  - National Science Foundation (NSF): NSF grants are governed by the **NSF Proposal & Award Policies & Procedures Guide (PAPPG)**
  - Department of Energy (DOE): DOE has its own set of regulations for grants that fund scientific research, such as the DOE Financial Assistance Regulations.

### **Research Contracts:**

Research contracts are structured agreements between a sponsor (public agency or private foundation) and a contractor to perform specific services or deliverables **for the benefit of the federal agency**. These contracts are subject to a competitive bidding process outlined in the federal procurement regulations, specifying the oversight, performance metrics, and regulations sponsors employ.

### **Key Statutes and Regulations Governing Research Contracts:**

#### **Federal Acquisition Regulation (FAR):**

- FAR (48 CFR Chapter 1) is the primary regulation governing procurement contracts with the federal government, including research contracts. FAR covers a wide range of procurement policies and requirements, including:
  - Solicitation procedures for research contracts.
  - Contract clauses and payment terms for contractors.
  - Performance metrics and delivery schedules.
  - Cost accounting and audits.
- It applies specifically to the purchase of goods or services and is used for contracts where the sponsor has more control over the research process.

#### **Defense Federal Acquisition Regulation Supplement (DFARS):**

- For contracts related to defense research, the DFARS supplements the FAR and provides additional requirements specific to contracts with the Department of Defense (DoD). This includes additional compliance and reporting requirements for research contractors.

#### **Other Agency-Specific Regulations:**

- Agencies like the Department of Energy (DOE) and the National Aeronautics and Space Administration (NASA) have agency-specific regulations and supplements to the FAR that govern their research contracts.

## Appendix 2

### Subaward v Contractor Decision Matrix

<b>Subaward</b>	<b>Contractor (Vendor)</b>
Subrecipient collaborations are uniquely designed in response to each project and are not provided commercially.	Contractor provides the goods or services within normal business operations, and to many different purchasers.
Subrecipient PD/PI is usually a scientific collaborator or even a PD/PI on the overall project.	Contractor operates in a competitive environment.
Subrecipient retains rights to intellectual property.	Contractor retains no rights to intellectual property.
Subrecipient participates in the development and execution of the statement of work.	Contractor provides the goods or services ancillary to the operation of the federal program.
Subrecipient results are likely to be published in scientific literature, and/or the Subrecipient PD/PI will likely be a publications co-author.	
If not originally included in the proposal, the subaward usually requires the sponsor's prior approval (depending on the prime award's T&Cs).	Generally does not require prior approval of the sponsor, subject to rebudgeting restrictions imposed on the particular category of cost.
<p>Indirect costs are assessed only on the first \$25,000 of a subaward on each approved funding cycle.</p> <p>Effective July 1, 2026, indirect costs are assessed on the first \$50,000 of a subaward on each approved funding cycle.</p>	Indirect costs are assessed on the entire amount.
Is exempt from sole-source justification or open-bid requirements (unless issued under a federal contract).	Is subject to sole-source documentation or open-bid requirements.

Is subject to federal subrecipient monitoring requirements.	Is not subject to federal subrecipient monitoring requirements.
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