



**GOVERNOR'S OFFICE OF
FEDERAL ASSISTANCE**

NEVADA'S FEDERAL GRANT RESOURCE

Governor Joe Lombardo
Director Kristen Stout

775.684.0156
grants@ofa.nv.gov
ofa.nv.gov

Success as a Pass-Through Entity

Nevada Governor's Office of Federal Assistance

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Purpose

The purpose of this guide is to ensure that a Pass-Through Entity (PTE) has the knowledge, resources, and tools to successfully award and administer pass-through dollars to a subrecipient. Acting as a PTE can seem intimidating and feel overwhelming but with proper planning and organization a prime recipient can delegate programmatic responsibilities to partners and successfully collaborate to meet the goals of federal programs.

When a non-federal entity is awarded a federal grant, they may decide to use those awarded dollars to either contract with a non-federal entity or to develop a prime-to-subrecipient relationship with another non-federal entity. A non-federal entity may be a state, local government, Indian Tribe, institution of higher education, or nonprofit organization.

Guidance provided within this document is primarily directed towards state agencies acting as pass-through entities; however, the information presented can also be utilized by non-state entities for best practice methods in establishing procedures in their organization. The document is to serve as support and is not all-inclusive. Always refer to 2 CFR 200 for federal rules and regulations and be aware of any local or organizational regulation that may be more restrictive.

The Pass-through Relationship

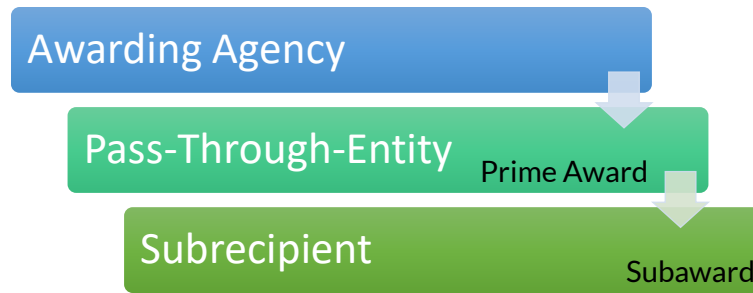
When a non-federal entity establishes a prime recipient to subrecipient relationship, the prime recipient is then considered a Pass-Through Entity (PTE) and is responsible for ensuring compliance with that federal grant award. The PTE is responsible for monitoring each of the subrecipients to ensure compliance with all federal requirements including the terms and conditions of a subaward agreement.

Relationship	2 CFR 200.1 Definition
Contractor	Any entity that receives a contract
Federal Agency	Any agency as defined under 5 USC 55(1) and further clarified under 5 USC 552(f)
Non-federal Entity	A state, local government, Indian Tribe, institution of higher education, or nonprofit organization that carries out a federal award as a recipient or subrecipient
Pass-Through Entity	A non-federal entity that provides a subaward to a subrecipient to carry out part of a federal program
Recipient	An entity, generally a non-federal entity, that receives a federal award directly from a federal awarding agency
Subrecipients	An entity, generally a non-federal entity, that receives a subaward from a Pass-Through Entity to carry out part of a federal award

What is a PTE?

A PTE, or Pass-Through Entity, is a non-federal entity that provides a subaward to a subrecipient to carry out all or part of a federal program. Funds issued by a federal agency to a state agency that are then transferred to other state agencies, local governments, or other eligible partner(s) as prescribed within award eligibility terms, are considered pass-through funding. The prime recipient as a PTE establishes program goals and objectives in response to the Notice of Funding Opportunity (NOFO) published by the federal awarding agency and then creates a Request for Proposal (RFP), for potential subrecipients to submit a proposal.

An RFP is a simplified version of an awarding agency's guidance directed to a potential subrecipient. The PTE has significant responsibilities and must determine, establish, and document a subaward relationship and ensure that subrecipients are in compliance with all federal grant requirements (2 CFR 200.332).



What is a Subrecipient and a Subaward?

Per 2 CFR 200.1, a subrecipient is a “non-federal entity that receives a subaward from a Pass-Through Entity to carry out part of a federal program; but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other federal awards directly from a federal awarding agency.”

A PTE awards federal funds through a subaward so that a subrecipient is able to conduct portions of the federal program and the grant requirements and regulations established by the federal agency in the award for the PTE are passed through to the subrecipient. Note, under federal regulations, a subrecipient is not required to be competitively solicited when issuing a subaward.

What is a Contractor and a Contract?

A contract can be awarded by a recipient or subrecipient to a contractor. A contract is a legal instrument by which a non-federal entity purchases property or services needed to carry out the project or program under a federal award. A contract establishes a procurement relationship with a contractor.

Procurement standards are set forth in Appendix II, Part 200 Contract Provisions for Non-Federal Entity Contracts Under Federal Awards and within [Nevada Revised Statute 333—Purchasing: State](#) and [State Administrative Manual \(SAM\) 0338 Solicitation Requirements](#). Visit <https://purchasing.nv.gov> to learn more about services, policies, and requirements regarding purchasing and procurement.

Nevada Revised Statutes, NRS, requires that procurement is done in a manner which ensures open and competitive competition and protects taxpayers from abuse and fraud. In alignment with the Code of Federal Regulations, CFR, Title 2, “when procuring property, services, and goods under a federal award, a state must follow the same policies and procedures it uses for procurements from its non-Federal funds” (2 CFR 200.317).

Determination

It is important to identify and distinguish between a subrecipient and a contractor early in the grant lifecycle. The nature of the relationship may not always be immediately evident and distinguishing between a subrecipient or a contractor can be challenging, especially when a non-federal entity exhibits characteristics that align with both categories.

Begin by identifying the substance of the relationship and reference 2 CFR 200.331 for guidance. Remember, labeling an organization as a subrecipient or contractor does not dictate how they will be treated by the federal awarding agency and that the burden lies with the Pass-Through Entity to identify and distribute federal funds using the most appropriate mechanism.

The responsibilities shared within the established relationship varies dependent on the identified funding mechanism, either a subaward or a contract. This affects the level of oversight that must occur by the Pass-Through Entity to best manage risk and ensure the integrity and overall success of the project.

The relationship determining the funding mechanism and characteristics of each relationship may crossover in some cases. The PTE will need to use judgement in classifying each agreement. For more details, reference the *Nevada Grant Policy Manual*.



Characteristics: Subrecipient vs Contractor

Subrecipient	Contractor
Programmatic decision-making responsibilities	Provides goods and services as part of normal business
Performance is measured against program objectives	Goods and services that are necessary to support to programmatic activities
Responsible for federal compliance requirements	Operates in a competitive environment
Awarded via a subaward	Awarded via a contract or purchase order

Tips to Spot a Subrecipient

Is performance measured against program objectives? Subrecipients contribute to the successful implementation and completion of the federal award and program objectives and are responsible for the success of the federal grant.

Do they make programmatic decisions? Subrecipients usually have responsibility for programmatic decision-making related to their work.

What regulations are they required to comply with? Subrecipients must comply with Uniform Guidance as well as agency specific rules and their award terms and conditions.

Are federal funds being used to carry out program work? Funds awarded to subrecipients are used to carry out and complete objectives of the grant and do not only provide goods and services.

If you find that the relationship funding mechanism is not a subaward but instead warrants a contract, contact the [Nevada State Purchasing Division](#) for further support. You may also want to reference the [Contracting Toolbox](#) which provides information on classes and workshops, contract administration, the Contract Entry and Tracking System (CETS), forms and templates for use, and an overview of the state contracting process.

Pass-Through Entity Responsibilities

Uniform Guidance, 2 CFR 200.332 provides guidance to ensure subrecipients expend a subaward in accordance with all federal and program guidelines, and direction as to the oversight of the day-to-day operations of subrecipients to ensure performance achievement is on schedule and within budget.



Internal Controls and Financial Management Systems

Per 2 CFR 200.1 a non-federal entity must establish and maintain effective internal controls to account for all funds, property, and other assets (see 2 CFR 200.302(b)(4)). Proper internal controls and financial management practices promote the advancement of an organization, support staff in exercising judgement and skilled decision-making, prevent fraud and waste, ensure accurate assessments of risk, and create a separation of duties to mitigate conflicts and any audit finding.



Internal controls allow for an organization to demonstrate integrity and a commitment to ethical values through the implementation of thorough and thoughtful practices. Components of internal controls include:

- Identification of an organizational structure that is clearly defined
- Expressed and clearly stated responsibilities.
- A separation of duties.
- Appropriately delegated authority to achieve goals.
- A leadership and management model to develop and retain an environment where performance and accountability is upheld.

Nevada Revised Statute (NRS) 353A.025 requires that each state agency periodically review its system of internal controls. Conduct an internal control monitoring self-assessment questionnaire, the Nevada Governor's Finance Office (GFO) provides a template to conduct this review on their website, [Complete SAQs.docx \(live.com\)](#).

The State of Nevada also has developed state accounting policies and procedures that meet federal requirements; those can be found on the GFO (Governor's Finance Office) website at [State of Nevada \(nv.gov\)](#). The GFO also provides training on internal controls and development of those practices; a PowerPoint presentation can be found at [Microsoft PowerPoint - Internal Controls Training Master PP.pptx \(nv.gov\)](#).

For reference, 2CFR 200.302 identified financial and accounting process and procedures all subrecipients must have in place, prior to receipt of federal funds, including at a minimum:

1. Accurate, current, and complete disclosure of the financial status of each subgrant and subrecipient(s).
2. Records which identify the source and application of funds for subgrant-supported activities, information pertaining to subgrant awards, obligations, unobligated balances, assets, liabilities, outlays, and income.
3. Effective control over, and accountability for all subgrant funds, property, and other assets.
4. Comparison of actual expenditures with reported costs and budgets cost for each cost category and work activity.
5. Procedures to ensure that subgrants will be expended and obligated within the effective dates of the subgrant period.
6. Procedures for determining that the cost is allowable and that it may be allocated to an activity.
7. Procedures to ensure that each expense paid from a subgrant was authorized in the budget of the subgrant charged with the expense.
8. Accounting records that are supported by source or backup documentation.
9. Audits which analyze the fiscal integrity of the subgrantee.
10. A systematic method to assure timely and appropriate resolution of findings identified in audits or management reviews.

Pre-Award Phase

Because there is no direct agreement between a subrecipient and the federal government, the PTE is responsible for ensuring that their subrecipients stay in compliance with applicable federal regulations and requirements and that these are clearly stated and incorporated within their subaward. Subaward requirements must be clearly identified, both for competitive and non-competitive awards, to a subrecipient.

A Request for Proposal or Notice of Funding Opportunity

A Notice of Funding Opportunity (NOFO) normally refers to a published notice by a federal awarding agency. The State also uses this term when discussing funding opportunities published by state agencies providing federal dollars to a subrecipient through a Request for Funding Proposal (RFP). Note the terms may be used interchangeably. This guidance will use the term NOFO to establish a prime-to-subrecipient relationship.

There are two options available to a state agency acting as a PTE when subawarding. Either an agency may distribute funds through a non-competitive process, or the agency may distribute funds in a competitive manner.



Non-Competitive Subaward

Non-competitive subawards are identified within the prime recipient's approved budget and scope of work and are part of the federal-to-prime relationship approved scope of work and budget. Once a prime recipient receives the Federal Notice of Grant Award (NOGA) they may draft their Subaward Agreements per guidance in the *Nevada State Grant Policy Manual*, "Issuing a Subaward Agreement, Policy 008-009." A Subrecipient Risk Assessment and registration of the subrecipient as a vendor must still be completed. It is the responsibility of the prime as a PTE to ensure that all dollars are awarded and expended in compliance with federal and state rules and regulations.

Competitive Subaward Process

For a competitive subaward process, a notice of funding opportunity (NOFO) must be published and made available. A NOFO discloses grant opportunity information to help potential applicants understand the opportunity and determine their eligibility as well as provide directions as to how to submit an application for consideration. This NOFO is a simplified version of the federal awarding agencies guidance to a prime. A NOFO should include, at minimum:

1. The funding authority for the grant
2. A description of the grant program
3. Goals and priorities
4. Eligibility requirements
5. A statement on partner and collaboration requirements, if any
6. Grant outcome expectations
7. Reporting requirements
8. Detailed information of the template and formatting requirements of an application
9. Timelines and deadlines for each step in the subaward process
10. Award amount and intended use
11. Competitive selection criteria and weight
12. General information on the review process and composition of the review committee
13. Information about special conditions or specific requirements from the state or federal program
14. Expected date for award

Non-federal entities may use the NOFO template to help develop the funding opportunity announcement(s). Remember, the funding announcement provides a:

Funding Description

Provides information regarding the authority of where the grant originates from as well as the purpose and expectations, outcomes, and activities, of the available funding.

Award Information

Provides information on the type of award, the funding available, and the period of performance.

Eligibility Information

Describes the entities and organizations that are eligible to submit an application for consideration.

Application and Submission Information

Establishes information necessary for submission of an application for consideration.

Application Review Information

Provides information related to the scoring and evaluation of an application.

Award Administration Information



Advises an applicant as to what will be necessary if an award is granted, including information on compliance and required reporting.

Agency Contact Information

Provides contact information for questions relating to the funding announcement.

Notice of Funding Opportunity to Governor's Office of Federal Assistance

A state agency must submit the NOFO to the Office of Federal Assistance (OFA) via the [online NOFO form](#). Once submitted the notice will be published on OFA's website and made available to the public.

The NOFO should also be shared or published, at a minimum, on the agency's website. Other options for publishing include an existing email listserv, regular mail, webinars, or workshops for potential grantseekers. Note, you need to verify that a federal program does not have specific publication of a subaward requirements, as some also require posting of a notice in the local newspaper(s).

Award Phase

The award phase in subgranting allows time for the Pass-Through Entity to establish and identify all expectations for the subrecipient and clarify and answer any questions the subrecipient may have prior to receiving any funds and completing any work. Proposals need to be scored by reviewers who are vetted by the Pass-Through Entity to avoid conflicts of interest in the process and to allow for a fair and impartial review and awarding of the grant. A risk assessment must also be done prior to issuing any final subaward agreement or notice of award.

Conflicts of Interest

When evaluating competitive subaward applications evaluators must disclose any conflict of interest—whether potential or perceived—on the part of the individual reviewer or the organization represented by the reviewer. A conflict of interest exists when an individual involved with the awarding process has a direct interest or an immediate family member has a significant financial interest in the project, affecting their ability to objectively score, determine an award, or complete program work.

Non-competitive awards also require a completed disclosure of a conflict of interest if a person determining final distribution or participating individuals has a potential or perceived conflict of interest.

In general, notification of a potential conflict of interest serves to:

1. Avoid and address conflict of interest, whether potential, actual, or perceived,
2. Ensure successful federal audits of state programs,
3. Maintain a status with federal agencies as a low-risk recipient of federal funds, and
4. Ensure compliance with federal, state, and local rules and regulations.

Competitive Reviews

Once proposals are received, they must be reviewed and scored by the awarding organization. A competitive review allows an awarding organization to impartially allocate funds to a subrecipient. The process should be transparent and documented. The intent is to demonstrate that an organization provides a comprehensive, impartial, and objective review of a proposal based on the criteria which was established within the NOFO. These reviews should be done by individuals with no conflicts of interest in respect to the proposals.

Having a standardized procedure within an organization allows for reviewers to score proposals with impartiality and fairness, and also allows for applicants to develop proposals in alignment with goals set forth by the Pass-Through Entity. Proposals should be scored on the basis of alignment to the NOFO as well as with consideration given to the level of risk a contractor might pose based on past performance. Proposals should then be ranked, which should determine funding.



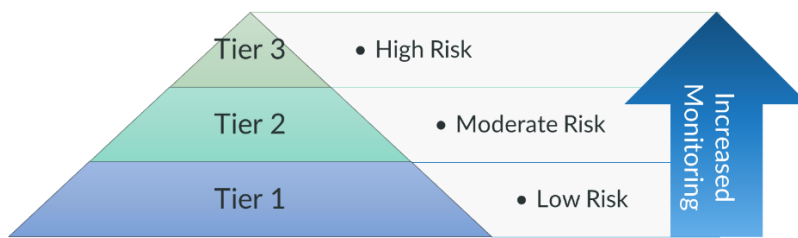
Remember, an organization should have a plan prior to the NOFO, including how proposals will be evaluated and selected for funding. Screen proposals for completeness, whether they were submitted in time, budget adequacy, merit, i.e., both technical aspects of the proposal but also for potential impact of the project, and risk.

Select reviewers or evaluators for each NOFO and have them sign and return a Conflict-of-Interest form prior to their engagement in the review process. It is important to identify any potential conflict prior to scoring contractor proposals. All information exchanged with evaluators should be kept confidential unless otherwise specified, the evaluator should not directly contact a contractor regarding any aspect of their proposal.

Selection and the process of selecting reviewers is an organization-specific process. An organization may have a standing committee that periodically reviews proposals or select reviewers on an as-needed basis based on subject matter expertise. It is at the discretion of the organization to select reviewers. The Office of Federal Assistance provides guidance and a template for both rubric development and conflict of interest forms to support the proposal reviews process.

Risk Assessment

Prior to issuing a subaward agreement a Pass-Through Entity (PTE) must perform a risk assessment of the potential subrecipient as required by 2 CFR 200.331(b). A risk assessment is a systematic process of evaluating the potential risks that may be involved in awarding a grant to a subrecipient. It is an important step in award determination and informs monitoring expectations which should be documented in the final subaward agreement.



Use the pre-award risk assessment form 088-GP 11 as you conduct your assessment. Once a score is tallied, a determination can be made as to the level or tier of risk posed by a contractor (acting as a subrecipient). A low-risk contractor is one who has a history of high-quality programmatic performance with little to no significant audit or monitoring findings and complies with terms and conditions of subaward agreements. This includes timely and accurate reporting and exceptional financial management.

A high-risk contractor poses risk due to a history of unsatisfactory past programmatic performance, or is unable to meet the subaward agreement terms, or has failed to adhere to them in the past and has demonstrated poor financial management practices with previous audit or monitoring findings.

A moderate-risk contractor could have the attributes of both a low- and high-risk contractor but those in the low-risk criteria outweigh those of the high-risk. Monitoring for moderate-risk watches for indications of change in risk level and identifies areas for improvement, and those contractors considered high-risk should have monitoring schedules that are much more regular and preferably scheduled until there is evidence of improvement and risk is reduced.

An awarding organization should be available to provide technical assistance and support to subrecipients to guarantee that funds are being managed well and in compliance with federal and state regulations. It is the responsibility of the PTE to continually identify areas of improvement and create work plans with a subrecipient to resolve concerns in a timely manner.

Federal Awardee Performance and Integrity Information System

Remember any contractor, including a subrecipient, must be reviewed for debarment. Reference the provided Unique Entity Identifier number, or UEI, review within [SAM.gov](https://sam.gov) to determine if the subrecipient is eligible to receive federal funds. This check should be part of the risk assessment.



State Controller's Office

Prior to a subaward a subrecipient must be registered with the State Controller as a vendor. Registration of the subrecipient with the Controller as a vendor is necessary to perform and track fiscal transactions and a payment may not be made without registration.

See the Controller Vendor Services for the most current vendor registration process at [Vendor services \(nv.gov\)](https://www.nv.gov). Per NRS 227 all payments are electronic. You may reference the *Nevada State Grant Manual*, "Methods of Payments to Subrecipients" for further detailed information.

Notice of Award or Subaward Agreement

Once accepted, the non-federal entity or subrecipient, must have administrative, financial, and programmatic capacity to carry out the activities in the subaward agreement. They are responsible for meeting all post-award and allowability requirements as set forth in Uniform Guidance as well as additional program requirements, terms and conditions set forth in the subaward. Note that a subrecipient may not expend awarded funds prior to having a completed subaward agreement that is signed and fully executed.

A subrecipient must be issued a Notice of Award which is their subaward agreement and accept all the terms and conditions set forth within that subaward agreement.

If a subrecipient does not accept a subaward, they should submit a notice of intent to reject that award so that the PTE may move on to the next eligible applicant.

A Subaward Agreement must include the following information:

1. Federal award identification
2. Subrecipient name (which must match the name associated with its unique entity identifier (UEI))
3. Subrecipient's UEI
4. Federal Award Identification Number (FAIN)
5. Federal Award Date (2 CFR 200.1) of award to the recipient (prime) by the federal agency
6. Subaward period of performance start and end date
7. Subaward budget period start and end date
8. Amount of federal funds obligated, from PTE to subrecipient
9. Total amount of federal funds obligated to the subrecipient by the PTE, including the current obligation
10. Total amount of the federal award committed to the subrecipient by the PTE
11. Federal award project description, as required to be responsible to Federal Funding Accountability and Transparency Act (FFATA)
12. Name of federal awarding agency, PTE, and contact information for awarding contact of the PTE
13. Assistance Listings number and Title; the PTE must identify the dollar amount made available under each federal award and the Assistance Listings number at time of disbursement
14. Identification of whether the award is Research and Development (R&D)
15. Indirect cost rate for the federal award, including if the *de minimis* rate is charged per 2 CFR 200.414
16. All requirements approved by the PTE on the subrecipient to ensure that federal awards are issued in accordance with federal statutes, regulations, and the terms and conditions of the federal award
17. Any additional requirements that the PTE imposes
18. Identification of any required financial and performance reporting requirements
19. Any approved federally recognized indirect cost rate negotiated between the subrecipient and the federal government (if no approved rate exists, the PTE must determine the appropriate rate in collaboration with the subrecipient, which is either, (1) the negotiated indirect cost rate between the PTE and subrecipient, (2) a negotiated indirect cost rate between a different PTE and the same subrecipient, or (3) the *de minimis* indirect cost rate)



20. The PTE must not require use of a *de minimis* indirect cost rate if the subrecipient has a federally approved rate (2 CFR 200.414)
21. Appropriate terms and conditions concerning closeout of the subaward

If any information is not available, the PTE must provide the best information it possesses to describe both the federal award and the subaward. All conditions of a subaward must be clearly communicated. Note that all applicable information must be incorporated into a subaward for state funds which are legislatively mandated and not from a federal stream. For example, if there is no Federal Award Date, the date of award from state-mandated funds should be provided.

Use the Subaward Agreement Packet to pull together the final notice of award and verify that all components of the agreement are included and provided to the subrecipient. An agreement is not finalized until fully executed or signed by all designated individuals.

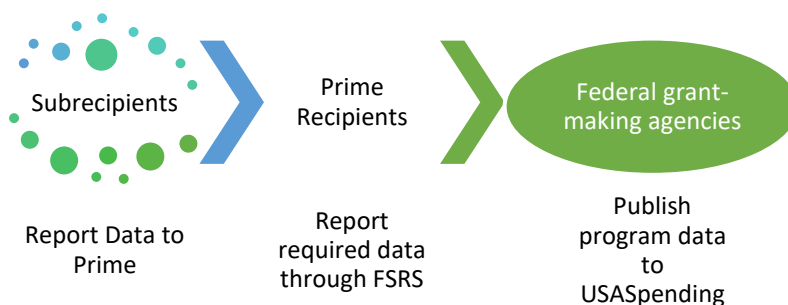
Post-Award Phase

Once a Notice of Award or Subaward Agreement has been provided to the subrecipient and fully executed, meaning all designated parties have signed the agreement, the subrecipient can begin to work. A subrecipient should not begin work until a fully executed subaward agreement is on file.

Reporting

Reporting generally consists of financial information, i.e., expenses paid for with federal funds, compliance information to enforce federal and state regulations, and project information which details whether progress is being towards deliverables. Through reporting, grant-making agencies can measure the success of their programs and initiatives.

Reporting expectations should be explained within the subaward agreement or notice of award provided to the subrecipient.



Federal Funding Accountability and Transparency Act (FFATA)

The Federal Funding Accountability and Transparency Act (FFATA) was signed on September 26, 2006. The idea is to hold government accountable for its spending and to reduce wasteful spending. The Act requires that information on federal awards be made available to the public in a centralized website (www.USASpending.gov). Information on this website includes an entity's name, the amount of a grant, the funding agency and location as well as other information as published by a grant-making agency.

A federal award recipient or prime awardee or recipient files progress reports via the FFATA Sub-award Reporting System, or FSRS. Subrecipients, or entities that receive a subgrant from a prime recipient, submit their data to the prime and if their subaward exceeds the reporting threshold, it must then be reported by the prime through FSRS.



In accordance with 2 CFR Chapter 1, Part 170, *Reporting Subaward and Executive Compensation Information*, prime recipients awarded a federal grant or order that is subject to Federal Acquisition Regulation clause 52.204-10 are required to submit a FFATA subaward report by the end of the month following the month in which the prime awardee awards any subgrant equal to or greater than \$30,000. Reporting requirements are as follows:

1. For both mandatory and discretionary grants awarded on or after October 1, 2010.
2. All subaward information must be reported by the prime awarding agency.
3. For any new federal grants on or after October 1, 2010, if the initial award is equal to or over \$30,000, reporting of subaward data is required.
4. If the initial award is below \$30,000 but subsequent grant modifications result in a total award equal to or more than \$30,000, the award will be subject to the reporting requirements, as of that date.
5. If the initial award equals or exceeds \$30,000 but funding is subsequently de-obligated such that the total award amount falls below \$30,000, the award continues to be subject to the reporting requirements.

For the policy and procedures reference Policy Number 088-010 in the *Nevada Grant Policy and Procedure Manual*. All state agencies should establish a procedure to ensure timely and correct reporting under the FFATA.

For more on the FFATA reporting requirement and to register on their Federal Subaward Reporting System visit FSRS.gov and review the [Nevada Grant Manual](#) (beginning on page 40).

Methods of Payment

In a subaward, an agency must specify the method and schedule of payments to the subrecipient. Payments may not be issued until the subaward agreement is fully executed and funds are encumbered. There are two methods of payment that may be used when making grant payments. State agencies may refer to the *Nevada Grant Manual*, “Methods of Payment to Subrecipients” for further information. Prime recipients may also use the Request for Reimbursement (RFR) template and provide this to subrecipients to request payment.

Reimbursement Payments

Reimbursement payments are the preferred process for grant payments on subaward agreements. A subrecipient will submit a request for reimbursement that is reflective of the approved grant budget. Requests for reimbursements (RFR) must include source documentation for all expenditures. All RFRs should be reviewed to determine if expenditures are allowable, allocable, and reasonable as well as in alignment with the approved budget. Subawards with past due performance reports must have a written extension in place from the PTE before further payments are authorized.

Advance Payments

A PTE may pay a subrecipient for costs associated with a subaward before the subrecipient incurs any expense. Although not recommended, it may be necessary at times. If a PTE uses this method of payment, a risk assessment should demonstrate

the ability of the subrecipient to comply with the terms of the subaward agreement and be accountable for the funds. Advance payments require the submission of source documentation and a review of expenditures as well as backup documentation for expenditures which must demonstrate that expenditures were within the subaward period of performance. All advanced payments require documented justification.

The Governor’s Office of Federal Assistance recommends that a PTE always:

1. Maintain a copy of the fully executed justification in the subaward file.
2. Develop a policy and procedure to establish the maximum amount of an advance payment.
3. Complete a risk assessment and evaluation of past performance.
4. Develop a timeline for reconciliation.
5. Identify a financial management representative to assist in the advanced payment process.



Processing a Payment

If the Pass-Through Entity is a state agency, in order to process a payment to a subrecipient a payment voucher (PV) needs to be completed and processed through the state Advantage Financial System. Guidance for the proper coding of payments and details on payment vouchers can be found with the Nevada State Controller within their accounting policies and procedures and financial user manuals [State of Nevada \(nv.gov\)](http://State of Nevada (nv.gov)).

Processing payments can take time. To mitigate any delays in payment, take the time to gather appropriate documentation and provide information to the Pass-Through Entity in its entirety. For non-state agencies who are subrecipients of either federal or state dollars from a state agency, keep in mind that a state agency must submit and have a request for reimbursement approved by designated leads. For those who are prime or subrecipients that do not submit or receive funds from a state agency, make sure that your organization reviews and documents all payments and draw-down requests and that information is reported and retained in compliance with federal rules and regulations.

Source & Backup Documentation

When reviewing requests for reimbursement verify that expenses are allowable and approved within the existing subaward agreement. Below are examples of source or back-up documentation to support an expense. It is important to note that expenses must be incurred within the period of performance stated within the subaward agreement.

Grant Revenue or Expenditure Category	Example Source and Backup Documentation
Federal, State	Identification of the source of funds, i.e., signed subgrant agreement, cash receipts journal, validated deposit slips
Personnel	Payroll with dates and amounts, payment receipts, detailed summaries
Salaries and Fringe Benefits	IRS W-4 Form, I-9 Form, company summaries of fringe and medical deductions, Workers' Comp, etc.
Travel	Mileage logs with origin and destination, receipts, i.e., airline ticket, itineraries
Operating	Rent, lease, utilities, operating cost receipts, invoices, proof of payment

Subrecipient Monitoring

The purpose of monitoring is to review the activities and to verify that a subrecipient is meeting the terms and conditions that were established within the subaward agreement. Monitoring will usually focus on the administrative, programmatic, and fiscal activities of a subrecipient as they work through the funded project. The information shared here should be used to develop your organizations subgrant monitoring procedures.

Monitoring should:

1. Verify that funds are being spent in accordance with the subgrant agreement and in compliance with federal and state rules.
2. Ensure that subrecipients are in compliance with federal and state requirements and restrictions.
3. Identify problems or areas of concern so that a Corrective Action Plan may be developed and implemented.
4. Encourage quality improvement practices and identify any required technical assistance.

Monitoring can take time and should be done in consideration of both the pass-through entities and subrecipients' availability. A PTE is encouraged to notify subrecipients of an upcoming monitoring visit at least 30 days prior to the planned visit to determine a mutually acceptable date and time.

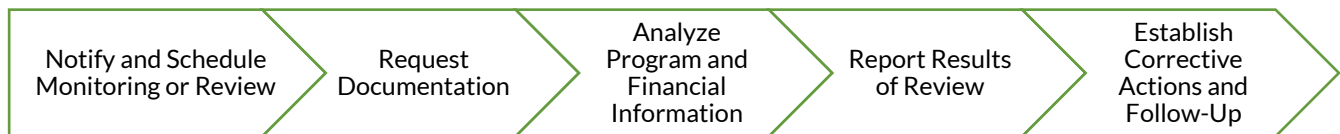
Always explain the purpose for the visit, the expectations, identify those who will be in attendance including their names and titles, and identify which documents will be reviewed either on-site or collected prior to the visit. Note that if monitoring is being done virtually, clarify how documents should be shared with monitoring staff. It is best to send a formal communication



to the subrecipient, such as an attached PDF notice on letterhead, notifying them of the visit with documentation related to the monitoring.

Prior to a visit conduct an entrance meeting in preparation of an onsite visit. Identify those who should participate in the first meeting including the PTE program administrator or contact, the fiscal representative, and all those who will be actively involved in the monitoring process. Topics that should be addressed include introductions, a review of roles, an explanation as to the purpose of the visit and process, identification of documents that will be reviewed, staff who will be interviewed, and scheduling of the exit interview.

Verify that all staff who will be involved in the monitoring process, prior to the visit, have read and are familiar with the program and subrecipient's subaward agreement, and have reviewed the subrecipients conditions of award, scope of work, and approved budget. The monitoring form that will be used during the visit should be shared with the subrecipient prior to the visit and will then be used to draft and complete a monitoring report.



Subrecipient Corrective Action & Troubleshooting

After the visit, meet with the subrecipient for an exit interview to discuss the findings of the visit and to ask any final questions, including clarifying when and how to respond to any findings. During the exit interview discussion should be conducted regarding any corrective action, compliance concerns, and subrecipients' responsibilities in addressing concerns and by when they should be addressed. Upon completion of the exit interview all information discussed and any planned activities for corrective measures must be documented in the final monitoring report which should include a formal Corrective Action Plan, sometimes referred to as a CAP.

Single Audit

All subaward agreements must include a request for audit information. In accordance with 2 CFR 200.501(a) all non-federal entities that expend \$750,000 or more in total federal awards are required to have a single or program-specific audit that is conducted for that year. The subaward agreement should include the notice requesting whether or not the subrecipient has expended more than the \$750,000 threshold, the date of the end of the fiscal year, the name of the organization, when it was last audited, frequency of audits and who conducted the audit. Reference the *Single Audit Information Request Form* (attached to this document) which can be used by any non-federal entity to meet this reporting requirement.

Closeout

Prior to a prime recipient closeout, all subawards must be closed. This is usually completed at the end of the period of performance set in the subaward agreement at the completion of the program activities. The prime recipient acting as the Pass-Through Entity must determine that the subrecipient has completed all applicable administrative actions and should include a reconciliation of all fiscal reports. Once all reporting has been completed and reconciled the PTE issues a formal communication to the subrecipient that closeout has been completed and provides record retention requirements for that subaward.

2 CFR 200.344 provides guidance on differences between prime and subrecipient closeout. Allow sufficient time to closeout subrecipient awards, and note that as a prime, all information and required reporting for closeout must be submitted within 120 calendar days after the end of the period of performance for that federal grant. A PTE must require close out from its subrecipients within 90 calendar days after the end of the subaward agreement period of performance dates.



Subrecipient Expectations

It is vital for the successful completion of subawards that all those involved to effectively communicate with one another. It is the Pass-Through Entity’s responsibility to communicate expectations to the subrecipient and to provide the subrecipient with support and technical assistance so that they are able to effectively spend grant dollars and meet identified program outcomes. It is equally important that a subrecipient remain transparent and communicative with the Pass-Through Entity and share any anticipated delays, questions, concerns, issues with any contracts, or barriers or challenges they may experience as they work through the subaward.

Below are identified best practices in communication and in measuring the readiness of a non-federal entity in applying and administering any projects that are grant-funded.

Amendments of Project Change Requests

A subrecipient award agreement must include information on allowability for changes to be made to an existing subaward agreement. All changes must be documented and fully executed prior to being implemented. A subrecipient is expected to manage a subaward in such a manner that changes can be anticipated in time to manage program outcomes and to effectively spend all grant dollars in a timely manner. Amendments include a request for a no-cost extension, these must be submitted and communicated to the Pass-Through Entity as soon as possible to avoid any reversion of federal dollars to the prime recipient as well as appropriate reporting from the prime to the federal grantor. ;

Grant Fit Check

As a subrecipient it is important to consider various indicators when applying for a grant opportunity and to consider the capacity and ability to successfully manage a federal grant program. There are various guiding questions that can be asked to begin this conversation and to conduct a “grant fit check.” Below is an example of how an organization can utilize a rubric for an opportunity under consideration.

With 11 indicators and a max score of 110, a score of about 75 would indicate that the rubriced grant is a partial fit. Anything below 50 should be taken into special consideration and may require additional research. Those scoring between 50 and 75 merit consideration of timelines and determine whether submission can be done in a timely and efficient manner.

Note that indicators can be altered to reflect those specific to an organization’s needs, mission, vision, and goals. Take into consideration an organization’s existing relationships, potential collaborators, level of external and internal support, capacity of an organization to both apply and implement programs if awarded, as well alignment to existing work, sustainability, and availability of resources.

Rubric

Indicators		Score Criteria											Score
		0	1	2	3	4	5	6	7	8	9	10	
1	Previous relationship or connection with the funder?	No previous relationship			Existing relationship with funder, unknown level of support				Existing and positive relationship with funder with some level of support				
2	Support: is there support by stakeholders and/or the governing body for the grant program, internal processes, and coordination timing?	Limited support			Varying support identified with partial documentation				Documented support from stakeholders (i.e., letters of support, resolutions, meeting minutes, etc.)				
3	Does the opportunity fit the organization’s current mission and priorities?	No alignment, low priority, and impact			Moderate alignment, related to priority and moderate impact				High alignment, high priority and impact				
4	Does this opportunity fit a need? (Clearly documented community or internal need)	Anecdotal, qualitative information			Some documented data				Multiple qualitative and quantitative data				



5	Administrative capacity: what is the level of staff experience?	No experience	Some experience	Extensive experience	
6	Partnerships: are there existing relationships or partners being funded by the same funder?	No identified partners	Potential partners or collaborators identified	Existing and identified relationships with partners and collaborators	
7	Staff time and commitment: does the organization have administrative and program capacity to effectively oversee grant related activities?	No time	Minimal time, requires reallocation of staff and resources to support grant activities	Adequate time to effectively oversee and complete grant activities	
8	Sustainability: is this program sustainable once awarded funding is exhausted?	No generation of revenue or future funding identified	Potential sources of future funding identified to cover some costs	Future sources of funding identified to cover all costs	
9	Organizational resources: what is the investment of resources, i.e., matching funds, space, and staff?	Requires significant investment of resources	Requires some investment of resources	Requires minimal or no matching funds or investment of resources	
10	Operational versus programmatic: does this support organizational advancement and align with goals?	No support to general operating processes	Provides mix support	Provides mix support with organizational advancement	
11	Timing: can the organization meet the grant application deadline with a successful proposal for grant funding?	No time	Responding requires realigning priorities and staff time	Adequate time	
Notes				Total Score	



Definitions

The definitions listed below are intended to clarify commonly used terms.

Advance payment: a payment that a federal awarding agency or Pass-Through Entity makes by any appropriate payment mechanism including a predetermined payment schedule before the non-federal entity disburses the funds for program purposes

Allocation: the process of assigning a cost, or a group of costs, to one or more cost objective(s)

Auditee: any non-federal entity that expends federal awards which must be audited under subpart F of 2 CFR 200

Auditor: an auditor who is a public accountant or a federal, state, local government, or Indian tribe audit organization, which meets the general standards specified for external auditors. The term auditor does not include internal auditors of nonprofit organizations

CFR: Code of Federal Regulations covers rules published in the Federal Register and is the official legal print publication containing codification of the general and permanent rules by the departments and agencies of the Federal Government. The Electronic Code of Federal Regulations, or eCFR is a continuously updated online version of the CFR and not an official legal edition of the CFR

Close-Out: the process by which the federal awarding agency or Pass-Through Entity determines that all applicable administrative actions and all required work of the federal award have been completed and takes actions as described in 2 CFR 200.344

Conflict of Interest: when an individual or a non-federal entity is unable, or appears to be unable, to be impartial in conducting their responsibilities to the public in compliance with the requirements associated with a federal award

Contract: for the purpose of federal financial assistance, a legal instrument by which a recipient or subrecipient purchases property or services needed to carry out the project or program under a federal award.

Contractor: an entity that receives a contract; see definition for contract

Corrective Action: action taken by the auditee that, (1) corrects identified deficiencies, (2) produces recommended improvements, or (3) demonstrates that audit findings are either invalid or do not warrant auditee action

Central Services Cost Allocation Plan (CAP): also referred to as a CAP, the documentation identifying accumulating, and allocating or developing billing rates based on the allowable costs of services provided by a state or local government or Indian tribe on a centralized basis to its departments and agencies

Disallowed costs: those charges to a federal award that the Federal awarding agency or Pass-Through Entity determines to be unallowable, in accordance with the applicable Federal statutes, regulations, or the terms and conditions of the Federal award

Expenditures: charges made by a non-federal entity to a project or program for which a federal award was received. The charges may be reported on a cash or accrual basis if the methodology is disclosed and is consistently applied

Federal Award: assistance that a non-federal entity receives directly from a federal awarding agency or indirectly from a Pass-Through Entity; see 2 CFR 200.101

Federal Funding Accountability and Transparency Act (FFATA): Signed into law September of 2006, the intent is to hold government accountable for each spending decision. The FFATA Subaward Reporting System (FSRS) reporting tool is a requirement to capture and report subaward and executive compensation; see <https://www.fsrs.gov>



Grant Agreement: a legal instrument of financial assistance between a federal awarding agency or Pass-Through Entity and a non-federal entity that, consistent with [31 U.S.C. 6302, 6304](#): (1) Is used to enter into a relationship the principal purpose of which is to transfer anything of value to carry out a public purpose authorized by a law of the United States (see [31 U.S.C. 6101\(3\)](#)); and not to acquire property or services for the federal awarding agency or Pass-Through Entity's direct benefit or use; (2) Is distinguished from a cooperative agreement in that it does not provide for substantial involvement of the federal awarding agency in carrying out the activity contemplated by the federal award; (3) Does not include an agreement that provides only: (i) Direct United States Government cash assistance to an individual; (ii) A subsidy; (iii) A loan; (vi) A loan guarantee; or (v) Insurance

Indirect (facilities & administrative cost): costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. To facilitate equitable distribution of indirect expenses to the cost objectives served, it may be necessary to establish a number of pools of indirect (F&A) costs. Indirect (F&A) cost pools must be distributed to benefitted cost objectives on bases that will produce an equitable result in consideration of relative benefits derived

Internal Controls: for non-federal entities: (1) Processes designed and implemented by non-federal entities to provide reasonable assurance regarding the achievement of objectives in the following categories: (i) Effectiveness and efficiency of operations; (ii) Reliability of reporting for internal and external use; and (iii) Compliance with applicable laws and regulations. (2) Federal awarding agencies are required to follow internal control compliance requirements in OMB Circular No. A-123, Management's Responsibility for Enterprise Risk Management and Internal Control

Non-federal Entity: a state or local government, Indian tribe, Institution of Higher Education (IHE), or nonprofit organization that carries out a federal award as a recipient or subrecipient

Nonprofit organization: any corporation, trust, association, cooperative, or other organization, not including IHEs, that: (1) Is operated primarily for scientific, educational, service, charitable, or similar purposes in the public interest; (2) Is not organized primarily for profit; and (3) Uses net proceeds to maintain, improve, or expand the operations of the organization

Notice of Grant Award (NOGA): the document issued to the grantee that indicates a federal grant award has been made and funds may be requested to be used, and reported on in the approved manner. It is sometimes called a Notice of Award (NOA).

Notice of Funding Opportunity (NOFO): a formal announcement of the availability of federal funding through a financial assistance program from a federal awarding agency. The notice of funding opportunity provides information on the award, who is eligible to apply, the evaluation criteria for selection of an awardee, required components of an application, and how to submit the application. The notice of funding opportunity is any paper or electronic issuance that an agency uses to announce a funding opportunity, whether it is called a "program announcement," "notice of funding availability," "broad agency announcement," "research announcement," "solicitation," or some other term

Pass-Through Entity (PTE): a non-federal entity that provides a subaward to a contractor or subrecipient to carry out all or part of a federal program

Prime recipient: the non-federal entity that received the award directly from a federal agency. Also known as the awardee, main recipient, or primary awardee

Request for Proposal (RFP): a document that announces a project, describes it, and solicits bids from qualified contractors or potential subrecipients to complete a project(s)

Request for Reimbursement (RFR): a financial request, with proper back-up documentation, to be reimbursed for expenditures against an approved project. The expenditures are evaluated for compliance and eligibility prior to payment



Risk Assessment: a systematic process of evaluating the potential risks that may be involved in awarding a grant to non-federal entity

Rubric: a system that standardizes and simplifies a scoring process

Subaward: an award provided by a Pass-Through Entity to a subrecipient for the subrecipient to carry out part of a federal award received by the Pass-Through Entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a federal program. A subaward may be provided through any form of legal agreement, including an agreement that the Pass-Through Entity considers a contract

Subrecipient: an entity, usually but not limited to non-federal entities, that receives a subaward from a Pass-Through Entity to carry out part of a federal award; but does not include an individual that is a beneficiary of such award. A subrecipient may also be a recipient of other federal awards directly from a federal awarding agency

Uniform Guidance: short for the “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” it is a government-wide framework for grants management and provides rules and requirements for federal awards

Unique Entity Identifier (UEI): a unique number assigned to all entities (public and private companies, individuals, institutions, or organizations) who register to do business with the federal government; visit [SAM.gov](https://sam.gov)

Forms, Templates & Guidance Documents

- 088-GP 02 Evaluator Conflict of Interest Disclosure Form
- 088-GP 02A State Employee Conflict of Interest Disclosure Form
- 088-GP 03 Proposal Evaluation Rubric
- 088-GP 07 Relationship Checklist, Contract or Subaward Determination
- 088-GO 11 Risk Assessment
- Budget Narrative and Budget Summary Excel Template
- Controller’s Office Accounting Policies and Procedures
- Financial Management Risk Assessment
- General Assurances
- Guidance for Federal Spending Transparency: Subaward and Executive Compensation Data Reporting Requirements for FFATA Implementation
- Notice of Funding Opportunity Announcement Template
- Request for Reimbursement Excel Template
- Single Audit Information Request Form
- State of Nevada Single Audit Certification Form (SAC)
- State of Nevada Single Audit Certification Form (SAC) Instructions
- Structure of a Funding Announcement
- Subaward Agreement Packet
- Subaward Closeout Checklist
- Subrecipient Manual Template