Subawards to Foreign Entities – the Department Perspective

Bridging the Bay, UC Berkeley/UC San Francisco/Stanford Collaborative Training
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Overview

- Scope and background – global work at UC and UCSF
- Leadership/Management considerations
- Pre-award considerations
- The award
- Post-award management: subcontracting
- International sub-award monitoring activities & financial oversight
- Monitoring challenges & warning signs
- Resources
### Scope of UC’s work abroad – one lens FY2015

NIH funding to some indicative categories across the UC system

<table>
<thead>
<tr>
<th></th>
<th>Malaria # grants</th>
<th>Malaria $million</th>
<th>TB # grants</th>
<th>TB $million</th>
<th>Emerging ID # grants</th>
<th>Emerging ID $million</th>
<th>Vector borne #</th>
<th>Vector borne $M</th>
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<td>Berkeley</td>
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<td>37</td>
<td>12.5</td>
<td>12</td>
<td>4.2</td>
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<td>1</td>
<td>1</td>
<td>8.3</td>
<td>28</td>
<td>8.3</td>
<td>9</td>
<td>2.8</td>
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<tr>
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<td>1</td>
<td>.3</td>
<td>25</td>
<td>10.3</td>
<td>10</td>
<td>3.1</td>
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<tr>
<td>UCLA</td>
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<td>-</td>
<td>4</td>
<td>.9</td>
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<td>9.5</td>
<td>3</td>
<td>1.5</td>
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<tr>
<td>UCM</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
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<tr>
<td>Riverside</td>
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<td>-</td>
<td>-</td>
<td>6</td>
<td>2</td>
<td>9</td>
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<tr>
<td>UCSB</td>
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<td>-</td>
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<td>1.1</td>
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<td>UCSC</td>
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<td>-</td>
<td>8</td>
<td>2.7</td>
<td>1</td>
<td>.3</td>
</tr>
<tr>
<td>UCSD</td>
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<td>5</td>
<td>2.5</td>
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<td>UCSF</td>
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<td>5.1</td>
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<tr>
<td>totals</td>
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<td>37</td>
<td>12</td>
<td>257</td>
<td>88</td>
<td>91</td>
<td>31</td>
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</table>
Global Projects at UCSF

Maria L. Ekstrand, PhD

<table>
<thead>
<tr>
<th>Project</th>
<th>Sponsor</th>
<th>Location</th>
<th>Topics</th>
<th>Start</th>
<th>End</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homeless Female Offenders Returning to the Community: Improving Hopeful Futures</td>
<td>University of California Los Angeles (UCLA)</td>
<td>United States</td>
<td>Women's Health, Stigma and Discrimination, Substance Abuse, Risk Reduction and Prevention</td>
<td>6/1/14</td>
<td>5/31/17</td>
</tr>
<tr>
<td>Enhancing HIV Treatment Adherence in South India: The Chetana study</td>
<td>NIH National Institute of Mental Health</td>
<td>India</td>
<td>HIV/AIDS, Implementation and Behavioral Science, Treatment Adherence</td>
<td>9/9/11</td>
<td>6/30/17</td>
</tr>
<tr>
<td>Reducing AIDS stigma among health professionals in South India</td>
<td>NIH National Institute of Mental Health</td>
<td>India</td>
<td>HIV/AIDS</td>
<td>7/15/13</td>
<td>6/30/18</td>
</tr>
</tbody>
</table>
Leadership/management considerations

- Priority setting, strategic investments
  - What areas of research does your chair/director consider a priority? Do your faculty align their research to these priorities?
  - Does your leadership restrict global research? How does this impact the research your faculty pursue?

- Create a culture of accountability/compliance
  - Set the expectation that everyone has a part in ensuring research funding is spent responsibly

- Create support/systems that are solutions oriented
  - For every “no you can’t do that” provide options for what you can do
  - Create a partnership so that researchers can rely on their department/institution to support their international activities
Starting: Pre-award considerations

- Due diligence – the who, how, where
  - Review the request for proposal
  - Review the setting
  - Know your partners
    - Perform due diligence on your chosen partner – financial, reputation, legal
  - Consider researcher experience alongside administrator experience
  - Review export/import law issues
  - Capital acquisitions – process, ownership

Emerging issue: Impacts of local laws and regulations (i.e., local labor laws, taxes) to the individual as well as the institution
Starting: Pre-award considerations

- **Budgeting**
  - Start with the basics (does the budget match the scope)
  - Think outside the borders (consider the setting)
  - Exchange rate impacts
  - Don’t forget to ask – what else?

- **Clarity on deliverables (especially difficult with multi-party agreements)**
  - Scope & accountability
  - Timelines/deadlines

**Emerging issue:** Uniform guidance – how is it impacting international research and subcontract monitoring
An award is made – now what?

- **Contracting language**
  - Governing law
  - Intellectual property
  - Data sharing/privacy
  - Indemnification

- **Compliance**
  - Human subjects clearance
  - Conflict of interest

**Emerging issue:** Proliferation of agencies funding international research
Post-award management: Subcontracting

- **Know your local partners**
  - Level of experience
  - Capacity to implement the research
  - Capacity to manage research funds
  - Language differences

- **Monitoring**
  - Research conduct
  - Financial compliance
  - Effort reporting
  - Local contracting language

**Emerging issue:** Developing country partners as prime subcontracting to UC
International sub-award monitoring activities

Risk assessment considerations

- Develop a sub-recipient monitoring plan that:
  - Ensures funding is used only for authorized purposes
  - Is in compliance with applicable statutes, regulations, policies
  - Achieves performance goals

- Risk considerations
  - Prior/past experience with sub-recipient
  - Previous audit results (if available)
  - Evaluation of infrastructure and available personnel and/or systems
  - Extent and results of any federal award agency monitoring (if available)
International sub-award monitoring activities (cont.)

Monitoring plan

- Activities should include:
  
  - Review of financial and programmatic reports
  
  - Monthly review of invoices (prior to payment) - reconcile sub-recipient’s budgeted expenditures to actual
  
  - Request back-up documentation (general ledger and/or receipts)
  
  - For larger subawards budget and plan for the following:
    - On-site visit to subrecipient to review financial and programmatic records and observe operations
    - External audit
International sub-award financial oversight

- Provide sub-recipient with invoice templates with clear instructions
  - Include a check list to ensure you have the information you need for review (a sample checklist on the next slide)

- Establish clear, regular communications with appropriate sub-recipient personnel responsible for financial oversight
  - If you’re working with a new partner, start with a planning meeting to establish guidelines, expectations, points of contact, training needs, etc. Remember this is a shared responsibility and a partnership
  - If you’re working with an established partner, be consistent. It bears repeating – this is a shared responsibility and a partnership

- Work with your faculty and program staff to build a culture of shared fiscal responsibility
Sample checklist (GHS uses)

Monthly Subaward Invoice Checklist

☐ 1) Invoice with the following information:
   • Name of organization and headquarters site (main office)
   • Wire transfer payment instructions
   • Subagreement number (See face page of the UCSF subagreement document)
   • Date of report
   • Period covered in the report (month, year)
   • Expenditures for the month (listed by approved budget line items)
   • Cumulative expenditures to date (listed by approved budget line items)
   • Budget balance

☐ 2) General Ledger:
   • The line-item general ledger should provide details of all expenses over the past month. The line items should be in agreement with the subagreement budget categories.

☐ 3) Time and Effort Reports

☐ 4) Copy of Bank Statement with proof of currency conversion rate used
   • The subawardee is required to calculate the Weighted Average exchange rate based upon transfer transactions of US Dollars to local currency – See Appendix 1.

☐ 5) Scans of receipts or proof of payment for all expenses

☐ 6) Price quotations if applicable:
   • Price quotations obtained if equipment was purchased and/or if payments were made to cover large costs including venues and services for costs over $2,500

☐ 7) VAT tracking log if applicable
International Subaward Monitoring Challenges

• Subaward advance payment tracking

• Establishment of separate bank account for project

• Verification of actual vs. projected expenses for cost-reimbursable awards

• Currency conversion calculation and documentation

• Timesheets and effort reporting

• HR, Finance and Procurement policies

• VAT reporting for federally-funded projects
International subaward financial oversight for large subawards

- **On-site monitoring**
  - Plan annual site visit that includes financial and programmatic review
    - Use a compliance review that includes financial and program activities (two samples follow); share this with your partner before you go
    - Include research administration capacity building activities
  - If you have on-the-ground presence, include financial monitoring as part of the program personnel activities

- **External audit**
  - Plan and include annual audits as a direct cost in your budget
  - Vet and solicit bids from local accounting firms with international audit experience
## Sample compliance review forms (GHS uses)

### Subcontractee Name:

### Time Period covered in Review:

### Date:

### Name of UCSF Reviewer(s):

<table>
<thead>
<tr>
<th>OBJECTIVE</th>
<th>REVIEW</th>
<th>FINDINGS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Purchases</td>
<td></td>
<td></td>
</tr>
<tr>
<td>To obtain satisfaction that purchases were done in accordance with the subcontractee, funder and UCSF policies and procedures</td>
<td>Select a sample and check</td>
<td></td>
</tr>
<tr>
<td>1. Competitive bidding, evaluation of bids was done</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Necessary prior approvals (from UCSF, funder etc.), when required, were obtained</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Matching of Order, Invoice, Delivery Note</td>
<td></td>
<td></td>
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</table>

| 2. Financial Reporting | | |
| To confirm that reports are submitted on time | Select a sample of reports and verify that each has been submitted by the XX day of the month (for monthly reports) or XX day of the reporting cycle (for quarterly reports) | | |
| To confirm authenticity of the financial reports | Select a sample of items from each report and verify that they are properly supported and accurately recorded in the report | | |

| 3. Check Register (use items that are applicable) | | |
| Controlling blank checks and voided checks | Check whether all blank checks are locked up at all times | | |
| To ensure that all checks are properly accounted for | Obtain a sample of voided checks and ensure that they have been properly inspected the checkbook currently in use and check that signatures have not pre- | | |
| To ensure all disbursements are valid | Obtain a sample of payments and check that the necessary documentation - invoices, purchase orders, list of participants for training etc – accompany the checks to be signed and they have been | | |

### Program

<table>
<thead>
<tr>
<th>Compliance Areas</th>
<th>Findings/Comments</th>
<th>Action Plan &amp; Deadlines</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Reports: Done monthly and on file?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Activities: Are they being done in accordance with the agreed work plan?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1. Is there any activity behind schedule? Reasons?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.2. Was any activity abandoned? Reasons?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.3. Was any activity implemented with UCSF</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
International sub-award oversight – other considerations

- Be sure you are considering the changes in laws and regulations of the countries you are working in – these can have a significant impact on your activities

- Partner with your central campus services (controller, risk management, legal, etc.), sister campuses and UCOP for support

- Partner with your funder – they can surprise you (there is an increased awareness and need to build capacity in research administration in resource constrained settings)

- If you aren't already doing this, budget for monitoring and financial oversight of your international subawards
Warning Signs

• Partner taking University concerns too casually
• Appearances of conflict of interest
• Lack of transparency
• Negotiating parties changing multiple times – lack of consistency
• Undue pressure to complete agreement from the school, department, faculty, others
• Foreign Corrupt Practices Act (FCPA)
  • No payments to foreign government officials to assist in obtaining or retaining business – no bribes or gifts that could be construed to be bribes
• Know where the money is coming from.... Who’s paying whom?
Resources

Useful websites/information for international sub-recipient monitoring and financial management
Welcome

UCGO provides information and resources in support of global health research across the UC system

Researchers

Learners, Trainees, & Graduate Students

Program Staff

International Collaborators

The University of California is a growing force in the area of global health research. To continue on this trajectory of innovation and implementation, efficiencies across all of the university campuses are necessary, not only focusing on research agendas but also on global operation practices. This website is designed as a constant 'work in progress' where new materials and guidelines that are general to all UCs are available for use by researchers, administrators, program staff, and students. Building and sharing tools across all ten campuses is a streamlined, cost-effective approach to support global health research.

If you have any questions or would like to participate in this project, please contact us

We are surveying users for ease of use and content.

SURVEY
National Institute of Allergy and Infectious Diseases/NIH
Foreign Organization System (FOS) Review

1. Grantee Organization:
   Address:
   Telephone:

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THANK YOU

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