Grant Subcontract Requisition

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Grant Subcontract Requisition- Getting Started

Who is able to create a grant subcontract requisition?

Users with *Requester* role.

What rules apply to grant subcontract requisitions?

Note*: before creating a subcontract, verify that there has not been a previous subcontract where F&A has already been applied. (Check Commitment Control> Budget Overview)*

F&A is only applied to the first $25,000 of expenses. If grant subcontract is $25,000 or more:

- The first $25,000 of expenses for each sub-recipient must be properly assigned to the correct chart string and category *subcontract $25,000 or less* (typically account 78640) in line 1 of the requisition. F&A applies to first line only.
- Any additional dollars for this contractual agreement must be properly assigned to the correct chart string and category *subcontract greater than $25,000* (account 78650) in line 2 of the requisition. F&A does not apply to 2nd line.
- See F&A Charges on

When should a grant subcontract requisition be created?

Once a subcontract is fully executed, a requisition for the full awarded amount must be created in NUFinancials to process payments to the subcontractor. The fully executed subcontract should be attached to the requisition. A subcontractor in this context is primarily another University doing work related to a grant.

When should a grant subcontract requisition *not* be created?

When spending on a grant or sponsored project is not to a subcontractor (i.e. other University). A grant subcontract requisition should not be created to place orders to suppliers when grants funds will be used to pay for the items or service.

How are payments made on subcontracts?

Subcontractor must send per contracts invoices to ASRSP. ASRSP reviews, adds a certification statement, logs invoice then sends to the department for PI for approval signature. The schools/department Receiver enters a receipt document for the full amount of the invoice on the correct line item. By selecting the appropriate lines to receive on, F&A will automatically be generated by the F&A process. PI reviews, signs, and emails a scanned copy back to ASRSP.

Additional Resources

Accounting Services for Research and Sponsored Projects 847-491-3385

Grant Subcontract checklist:

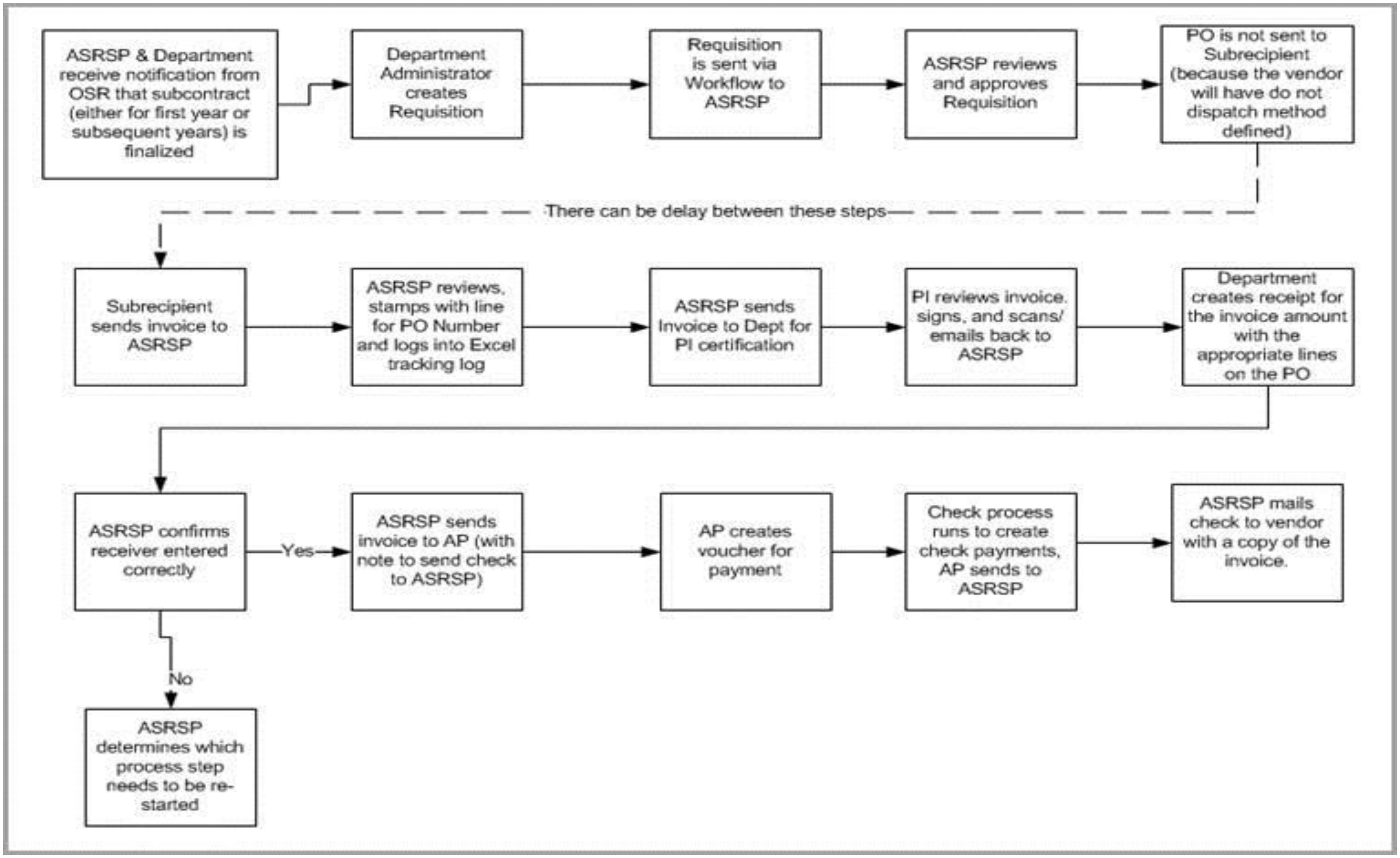
Do you have the following?

1. Fully Executed Agreement (FEA) as a PDF from OSR.
2. Completed Single Source Justification (SSJ) form.
3. Confirm the supplier Remit To address is current and active in NUFinancials.
4. The chart string for the subcontract.

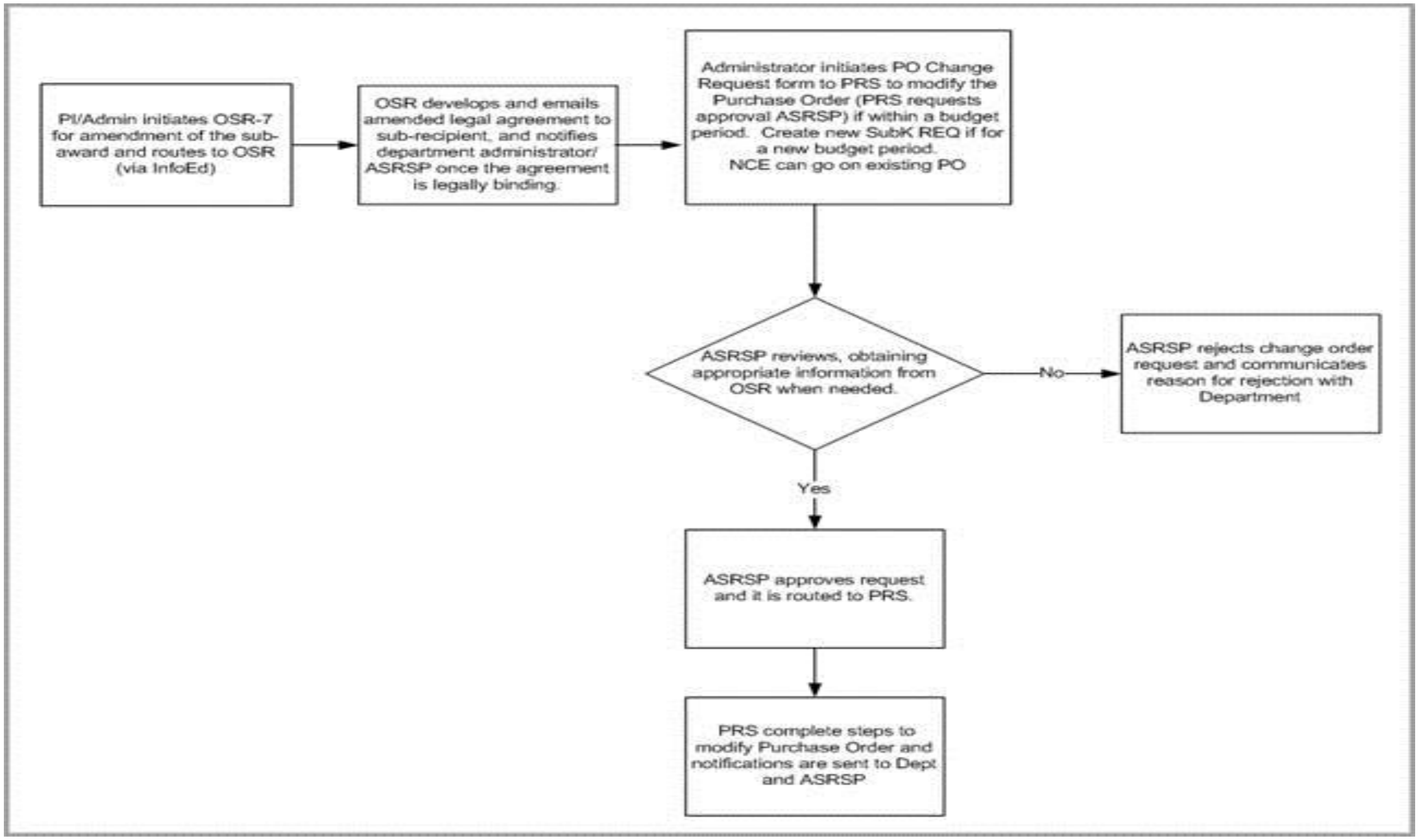
Hot Tip! *Make sure you enter the same supplier ID (Supplier ID and Address line) on both lines to ensure only 1 PO is created for the subcontract. Have the FEA (Fully executed agreement) in hand to reference the supplier when creating the subcontract requisition to reference the correct supplier address for payments. If you don't see the correct address listed, then submit a Modify Supplier Request to add the correct address to the supplier record.*

Hot Tip! *Before you begin, remember to check to see if there was a previous Subcontract Requisition for this contract that may have already captured F&A.*

Subcontract Workflow for First and Subsequent Years



Subcontract Workflow for Amendments to Existing Purchase Orders

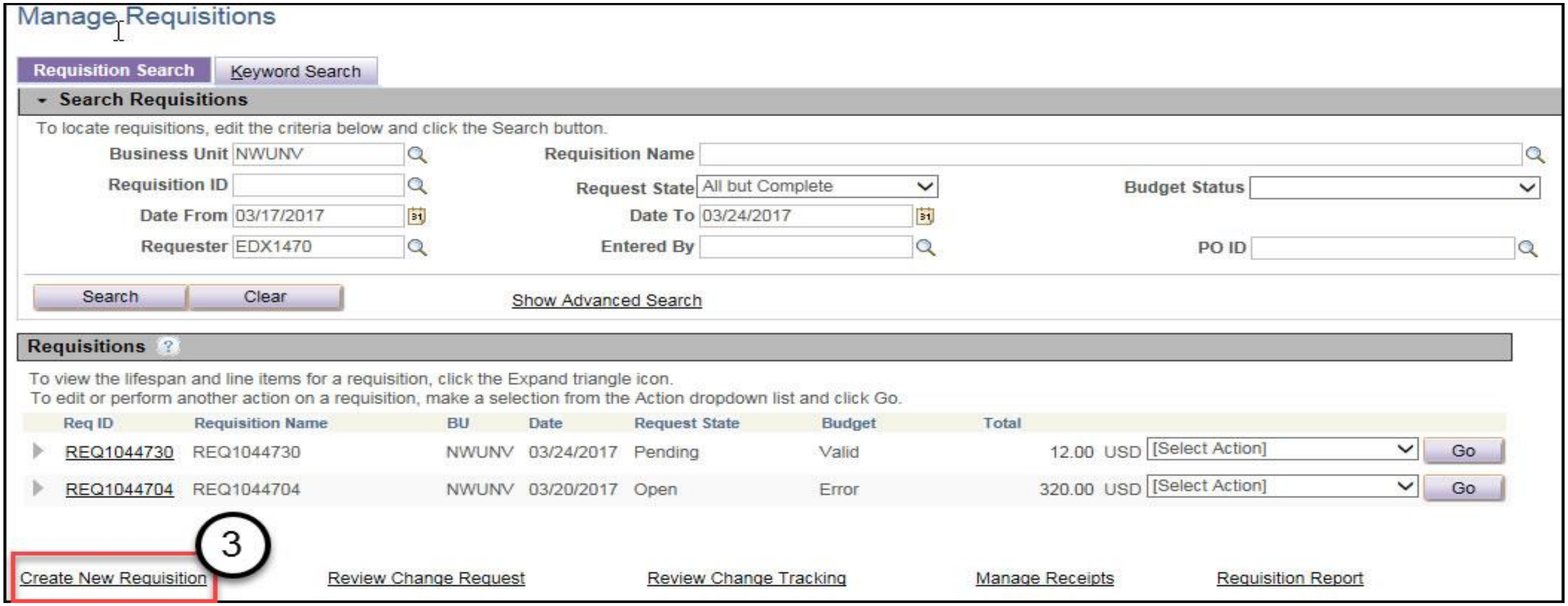


***Note**: For training purposes, the example below is for a grant subcontract greater than $25,000.*

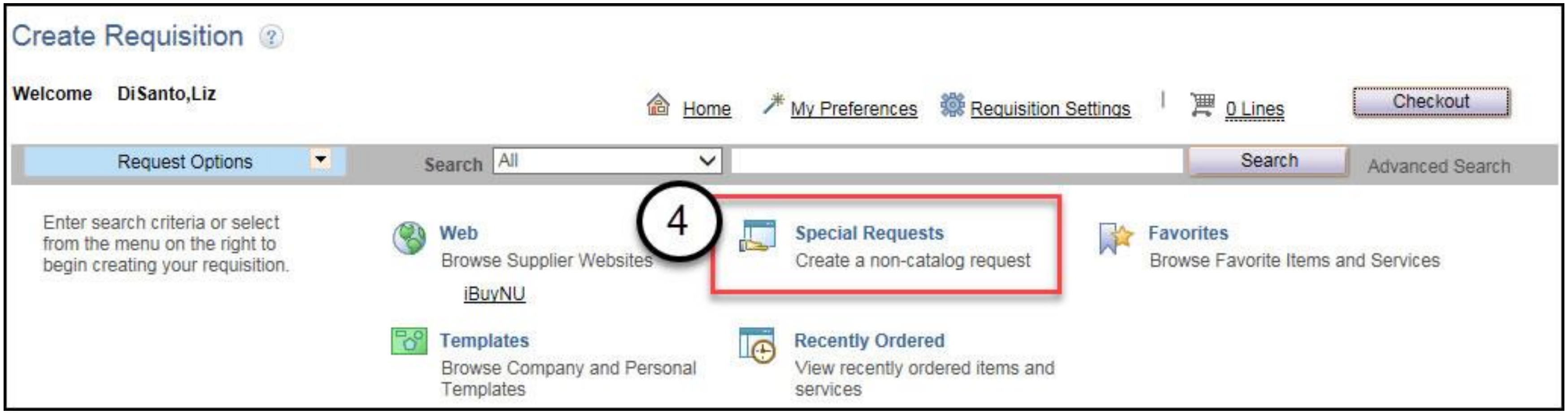
Step 1: Create a Grant Subcontract Requisition

Navigate to Grant Subcontract Requisitions

1. Log in to the NUPortal
   a. Alternatively, you can login from the NUFinancials Overview page.
2. Click the **Requisition** tile.
3. Click **Create New Requisition.**



4. Click **Special Requests** to create a Grant Subcontract Requisition.



Step 2: Enter Grant Subcontract Information Fields

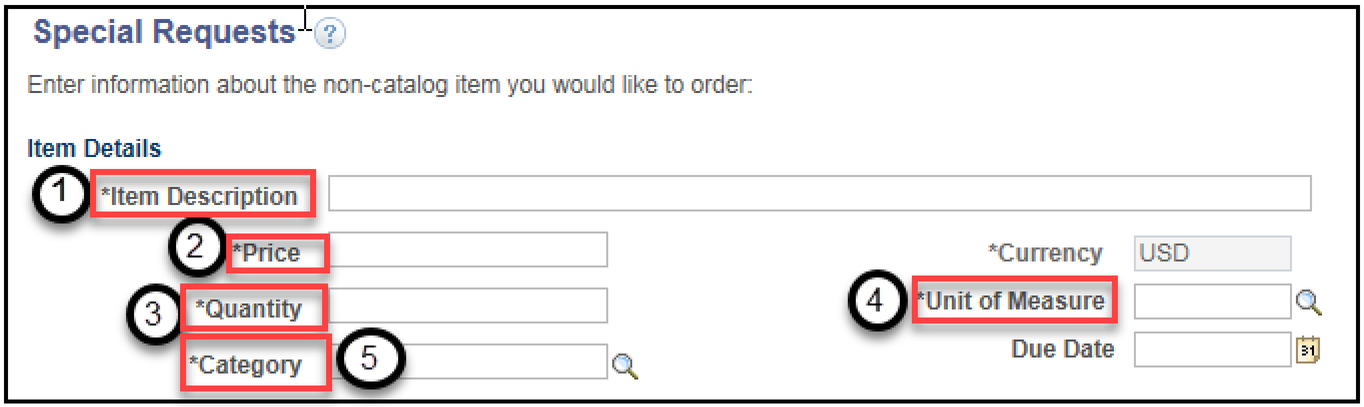
Requisition Details:

These fields provide information that NUFinancials includes in the purchase order after the requisition is approved. Required fields are denoted by the asterisk *.

***Note**: The University does not use the Due Date field.*

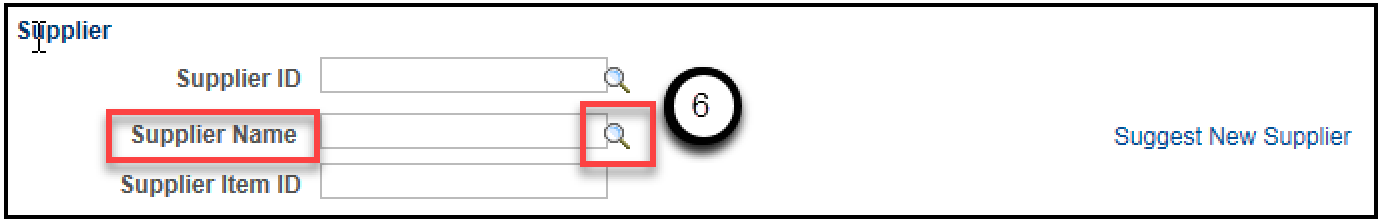
Enter Line Item 1 for F&A ($25,000 or less, based on fully executed agreement):

1. Enter ***Item Description**. Enter F&A description and performance period.
2. Enter ***Price**. $25,000 or less. Enter US dollars and decimal. Zeros after the decimal are system-supplied.
3. Enter ***Quantity**. For all grant subcontract requisitions, always enter 1.
4. Enter ***Unit of Measure.** For all special requisitions, always enter EA.
5. Click the ***Category** Make certain the Category for line 1 is Subcontracts < 25K.



Supplier Information

6. In **Supplier Name**, type the institution with which Northwestern has established the subcontract.



***Reminder**: Make sure you select the same Supplier ID and address row on both lines to ensure only 1 PO is created for the subcontract.*

7. In **Supplier Item ID** – N/A

Manufacturer Section - NOT in Use.

Additional Information Section:

8. *If needed*, type comments in **Additional Information**.
   a. Comments are applicable to the line item and not the entire requisition.
9. Click the **Send to Supplier** checkbox if the comments should be sent to the supplier on the purchase order.
   a. **Show at Receipt** box is not typically used or generally recommended.
   b. **Show at Voucher** is not used.

When you are finished:

10. Click **Add to Cart** to add the item to your shopping cart.

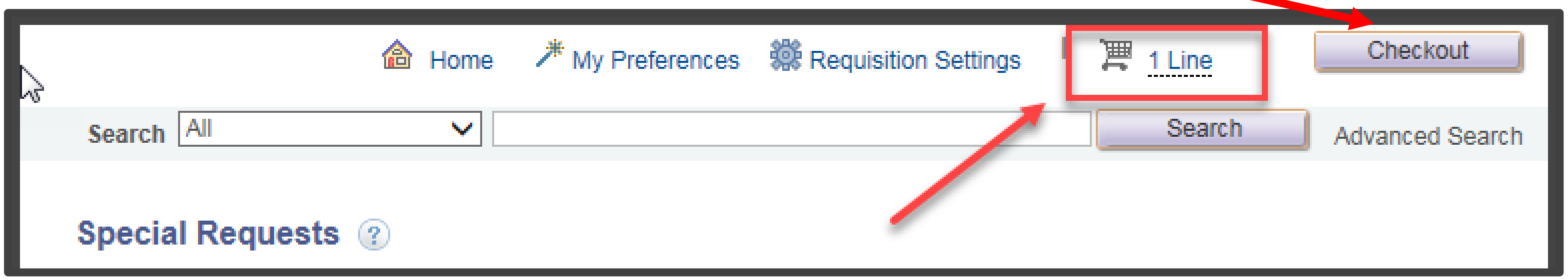
Enter line item 2 for remaining amount (over $25,000, based on fully executed agreement)

1. Enter ***Item Description**. Enter F&A description and performance period.
2. Enter ***Price**. Remaining balance of the award amount. Enter US dollars and decimal. Zeros after the decimal are system-supplied.
3. Enter ***Quantity**. For all grant subcontract requisitions, always enter 1.
4. Enter ***Unit of Measure.** For all special requisitions, always enter EA.
5. Click the ***Category** Make certain the Category for line 2 is Subcontracts > 25K.

***Note**: The non-catalog item fields you entered are saved. When this happens, the fields go blank, so that you can enter another line item.*

Your **Line**(s) will appear as next to the shopping cart icon at the top.

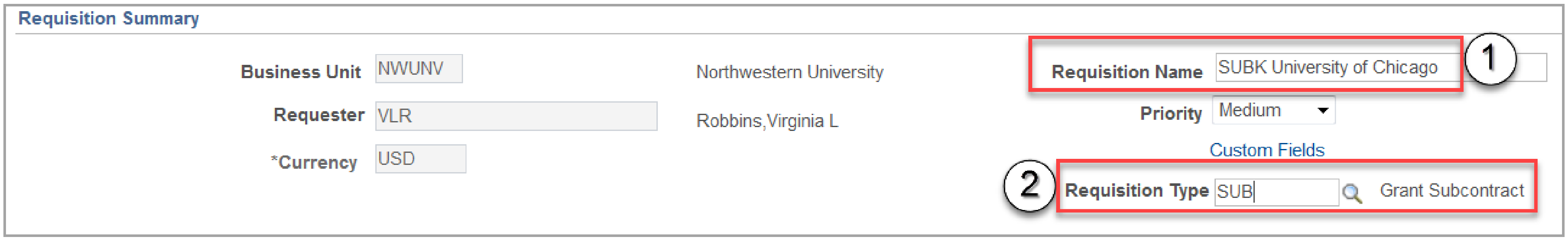
6. When you are finishing adding line items, click **Checkout** at the top of the page.

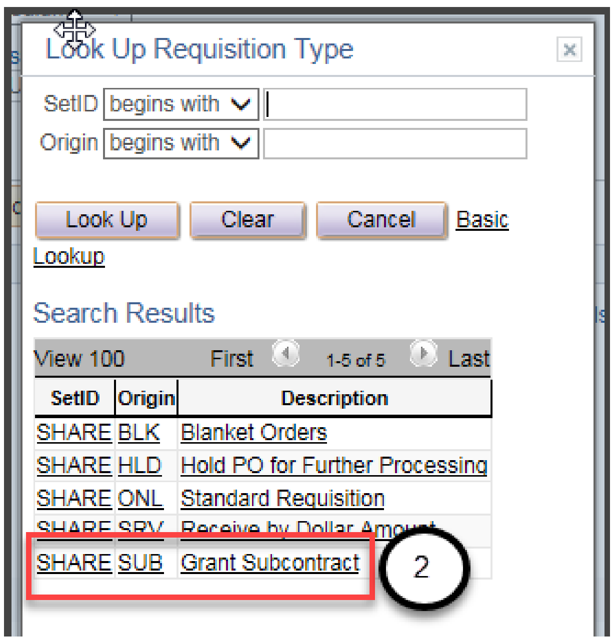


Step 3: Checkout/ Ship To/Chart String Fields

The Checkout-Review and Submit step is where you enter ship to codes, chart strings, budget check, and save and submit the requisition.

1. Enter **Requisition Name**. This should start with SUBK other naming convention as determined by your school/department so it is easily recognizable as a **grant subcontract** when viewing your list of requisitions. Maximum number of characters is 30.
2. Click on the **Requisition Type** magnifying glass.
    a. Select **Grant Subcontract.**





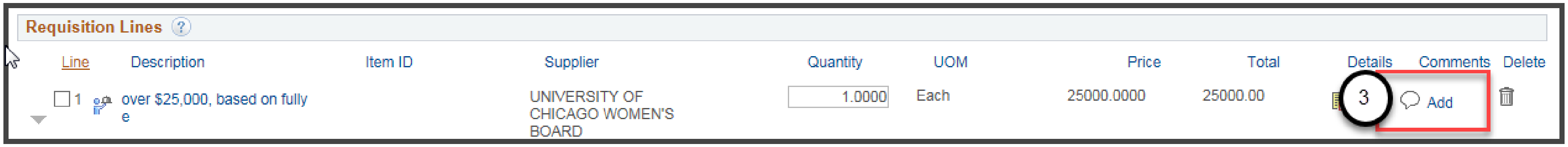
***Note**: All Grant Subcontract requisitions will automatically "Hold PO for Further Processing" for purchasing to review and release.*

Requisition Lines Section

Option: Adding Attachments

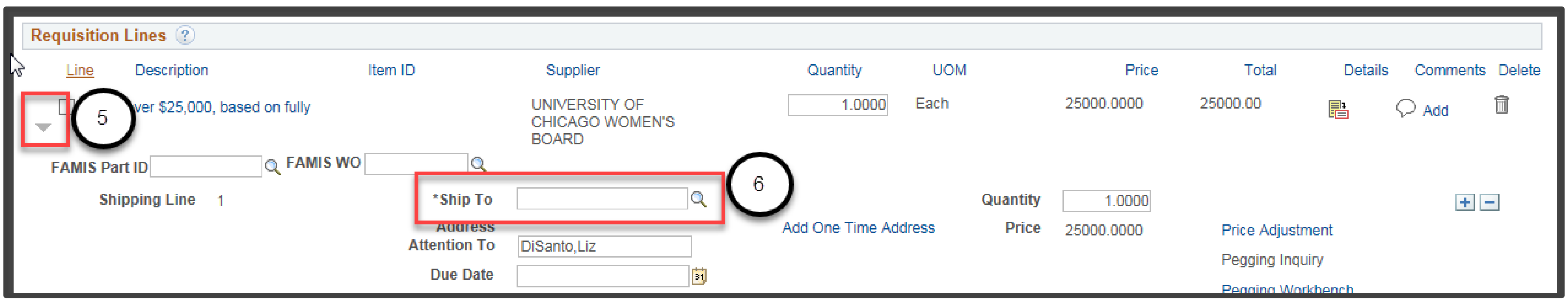
For grant subcontracts, attach the FEA agreement or the amendment containing signatures from both parties (OSR version).

3. To add an **Attachment**, click **Add** next to the comment bubble.
    a. Click **Add Attachment**.
        i. Browse for file to attach.
            - Ex. SSJ for amount over $25,000.
            - Ex. FEA (fully executed agreement) (PDF from OSR email notification) for back-up of subcontract amount.
4. Once you've uploaded the attachment, click **OK**.



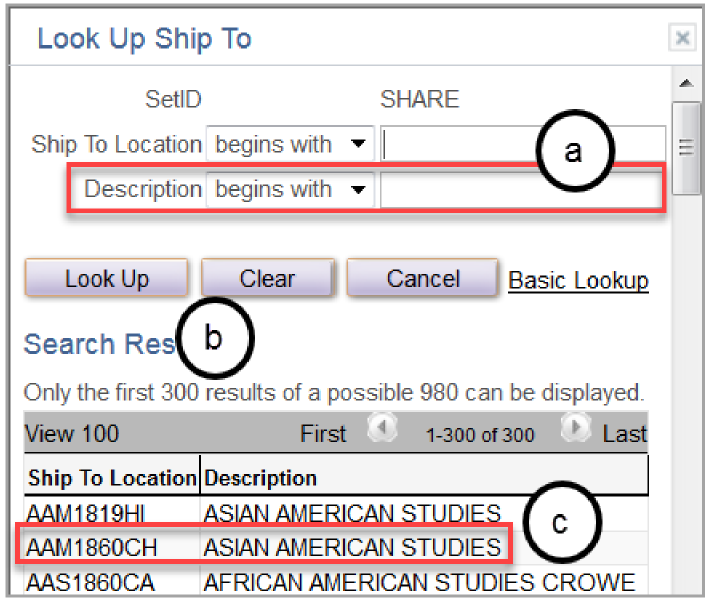
Ship To Codes

5. To view the hidden section that contains the **Ship To** and **Chart String** fields for a line item, click the triangle next to that line item.
6. Click the magnifying glass next to **Ship To:** to look up the ship to code.



A Look Up window appears.

a. In the Description field, type the first letters of the department name.
b. Click **Look Up**.
c. Click the **Ship To** location code that matches your department. If there is more than one location for your department, select the one that designates the appropriate drop-off location / delivery point.

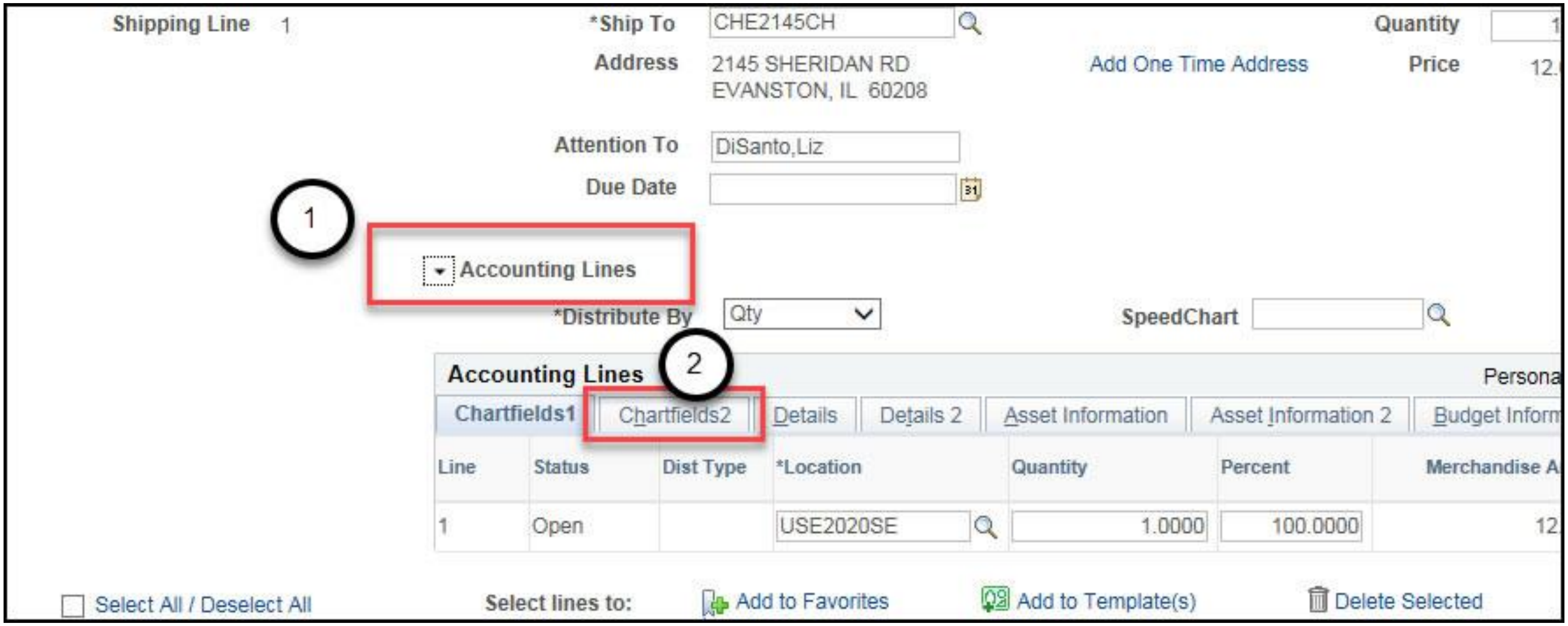


At this time, you can input the **Attention To** field, if it hasn't already populated the correct name.

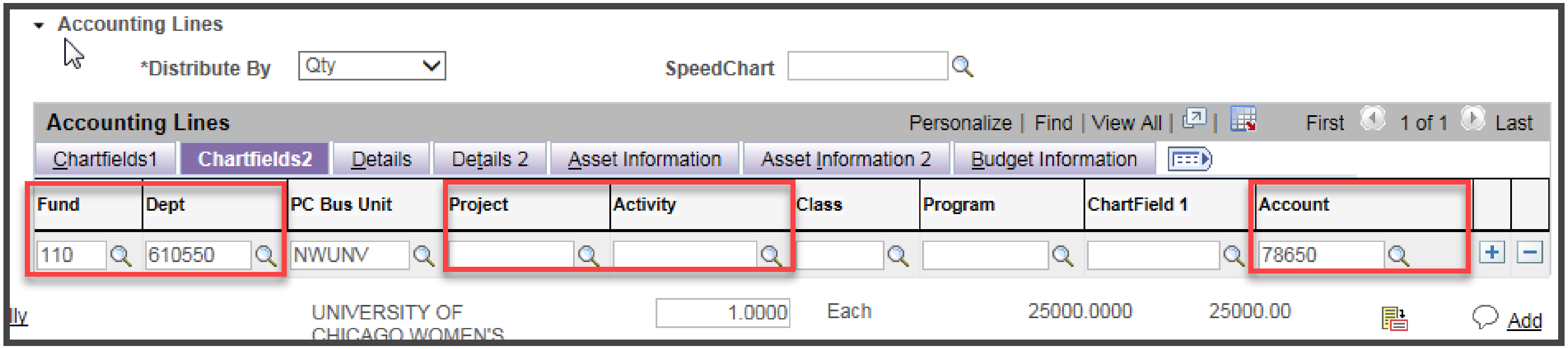
Step 4: Enter Chart String Fields

Accounting Lines Section (within Requisition Lines Section)

1. To view the hidden section that contains the chart string fields for a line item, click the triangle next **to Accounting Lines**.
2. Then click **Chartfields2**.



3. Enter **Fund**, **Dept**, **Project**, **Activity** and **Account** for the chart string. **Project** and **Activity** are **required** for grant chart strings. The Percent field should be 100.

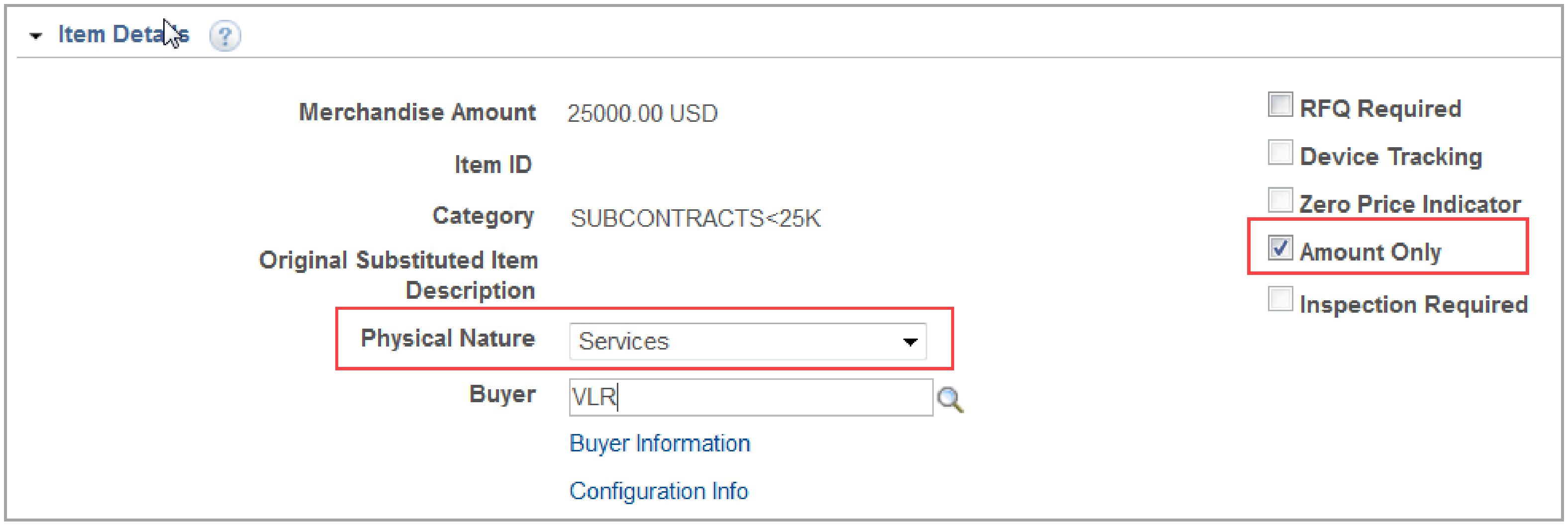


***Note**: As needed, to enter Project and Activity for Funds 170-199 or 300-899, first confirm that PC Bus Unit contains NWUNV. If PC Bus Unit is blank, enter NWUNV.*

Step 5: Mark Requisition as Amount Only

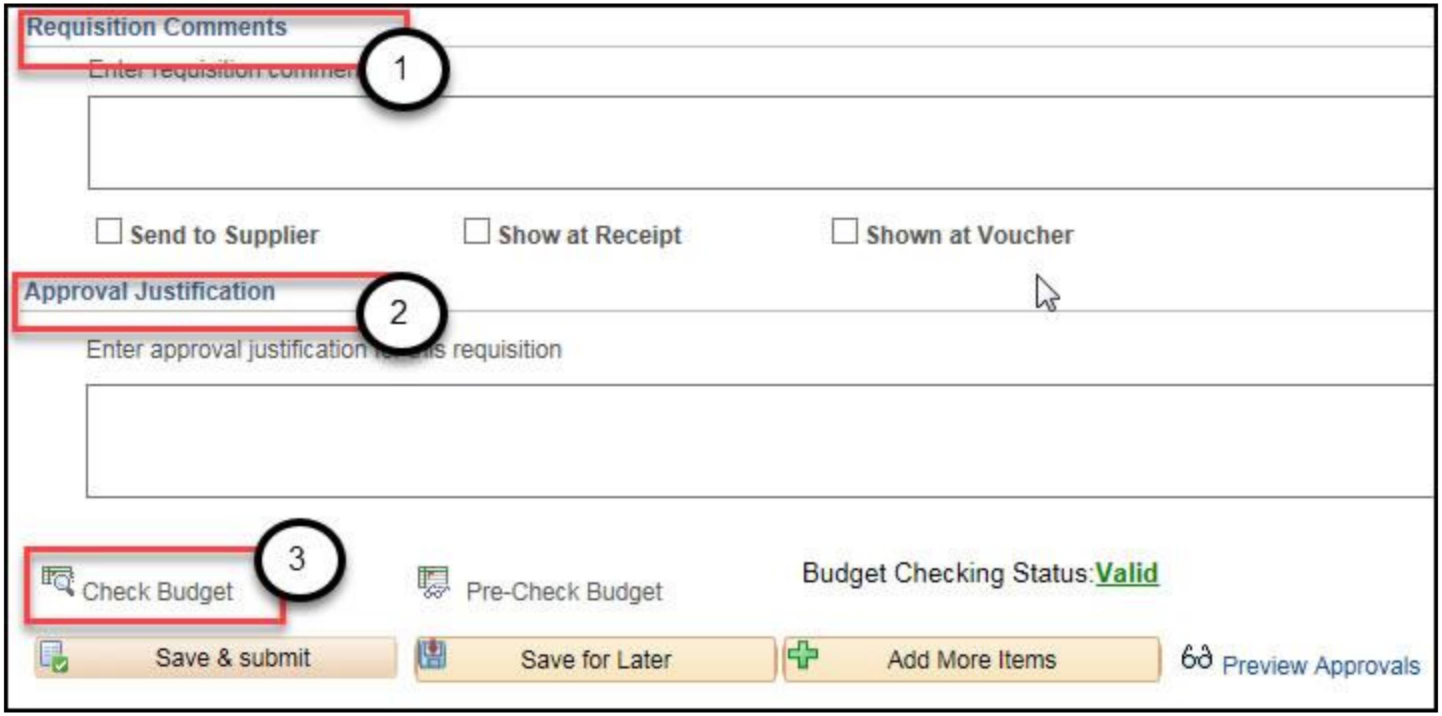
For each line on Amount –Only Requisitions (Blankets, Grant Subcontracts, and Receiver by Dollar Amount), you must select the **Amount Only** checkbox in Line Details.

1. Click the Line Details icon . (Located at right for each requisition line).
2. Select the **Physical Nature** (Goods or Services).
3. Select the **Amount Only** checkbox.
4. Click **OK**.



Step 6: Check Budget

1. You can enter **Requisition Comments** if you like, but it is not required.
2. **Approval Justification** is also not a requirement. However, the Dean or Approver can be informed as to what this requisition is regarding if you leave a comment.
3. Scroll down and Click **Check Budget**.
    - The budget check ensures the chart string(s) is valid and has no spending controls against it that would prevent you from submitting the requisition.
    - Successful budget checking pre-encumbers or earmarks the funds.



4. A pop-up message appears regarding saving and budget checking the transaction. Click **OK**.

Note*: A processing icon spins while NUFinancials performs a budget check.*

5. When finished budget checking, a **Budget Checking Status** appears.

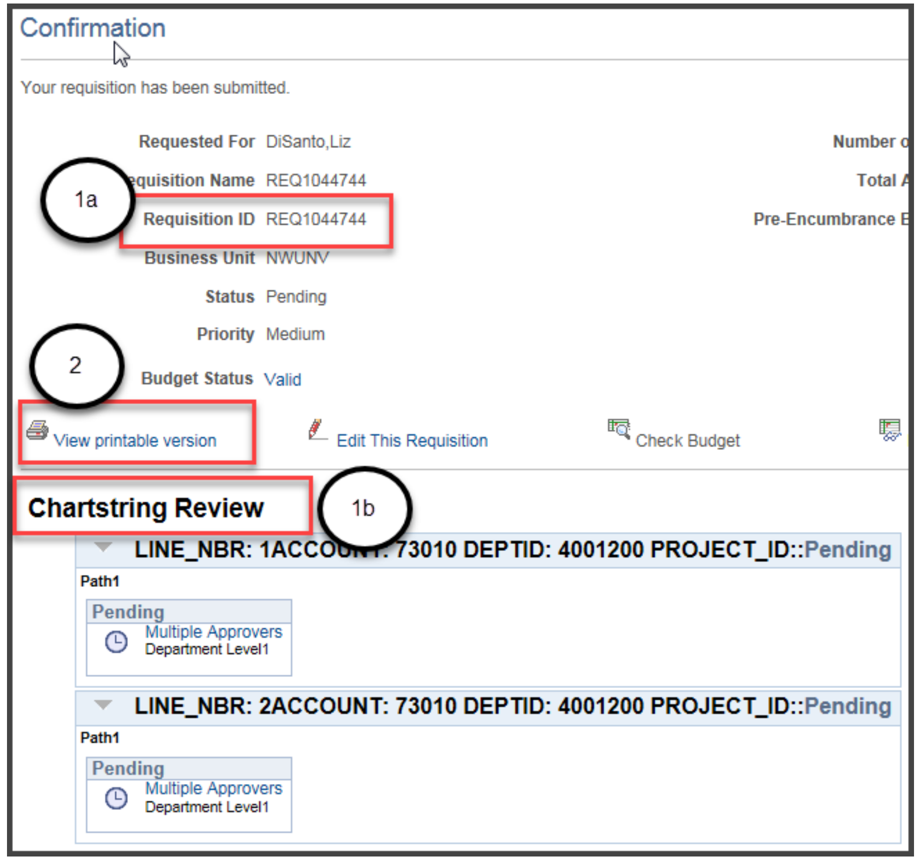
Note*:*

- ***Valid:*** *All spending controls are successfully passed.*
- ***Warning:*** *Some spending controls are encountered, but you are OK to submit the requisition.*
- ***Error:*** *You cannot submit the requisition. Your chart string may not have been set up or budgeted.*
- *See Resolve Combination Budget Check Errors, if you encounter errors.*

6. Click **Save & Submit.**

Step 7: Save & Submit

1. After you save and submit, a **Confirmation** page appears.
   a. The **Requisition ID** is available on this page. This is for internal use ***ONLY***.
   b. The **Requisition** is submitted to workflow for approval.
      i. See FMS804 Approvals and Workflows more information.



Appendix

What is F&A rate?

F&A stands for Facilities and Administration; it is the abbreviation for the costs incurred by an institution for the use of its facilities and administrative support of research. These are expenses that cannot be identified specifically with a sponsored project or other major function and are in addition to the actual cost to do the research project. F&A costs are sometimes referred to as indirect costs or overhead costs. Examples might be custodial services, building utilities, copy machine usage and administrative support compensation.

A Facilities & Administration (F&A) rate is the percentage rate used to calculate charges to sponsors for the reimbursement of the use of facilities and administrative support. The percentage rate is multiplied against the base dollar amount of actual costs and is listed on proposal budgets to the sponsor. For various federal agencies, a negotiated F&A rate reimburses the University for these Indirect Costs. Non-federal agencies may or may not apply the same negotiated rate; they may reimburse at a lower rate, by lump sum or not at all depending on the terms and conditions of the proposal. For subcontracts, sometimes there is an agreement to waive F&A reimbursement or the F&A is prepaid at another institution.

How is the F&A rate set?

For federal agencies, the University negotiates a rate every 3 to 4 years to be in place for the next time period.

Why is it important to Northwestern?

It is important for Northwestern to account for the University's own costs contributed to the sponsored research to be able request the most accurate reimbursement rate from federal agencies.

Sometimes F&A reimbursement is waived, meaning sometimes the University does not collect reimbursement for costs incurred for the use of facilities and administrative support. Nonetheless, the waived amount should be a part of the overall calculation when the F&A rate is being negotiated.

How is it related to subcontracts?

In general, sponsors allow institutions such as Northwestern to charge F&A costs for managing subcontracts on grants, but many times, it caps the amount allowed to be charge to the first $25,000 of the direct costs and sometimes the allowance for F&A charges is waived entirely. Even if the charges are waived, it is important for Northwestern to quantify the amount as part of the periodic negotiation for the F&A rate. In NUFinancials, we use account codes divide out the first $25,000 of subcontract direct cost which will earn F&A reimbursement, divide out the remaining subcontract direct cost which will not earn F&A reimbursement and to calculate the waived F&A on a subcontract.

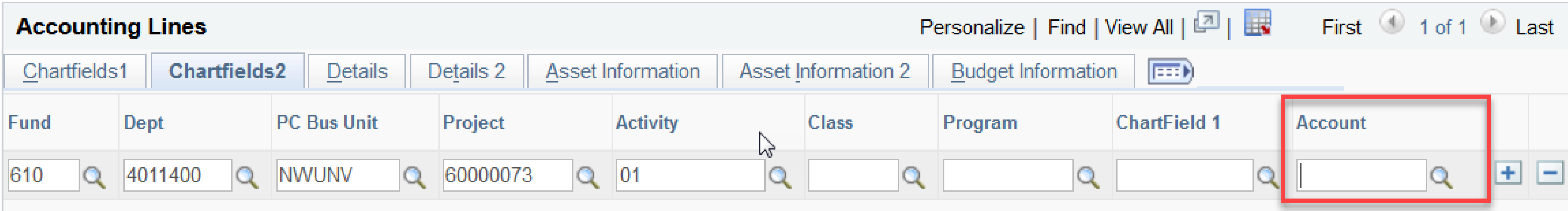
Abbreviation	**Full Name**	**Budget**	**Expense**	
A	SUBK<25K	Subcontracts up to $25000	78641	78640
B	SUBK>25K	Subcontracts over $25000	78651	78650
C	SUBWAIVED<25K	Subcontracts with Waived F&A	78643	78642

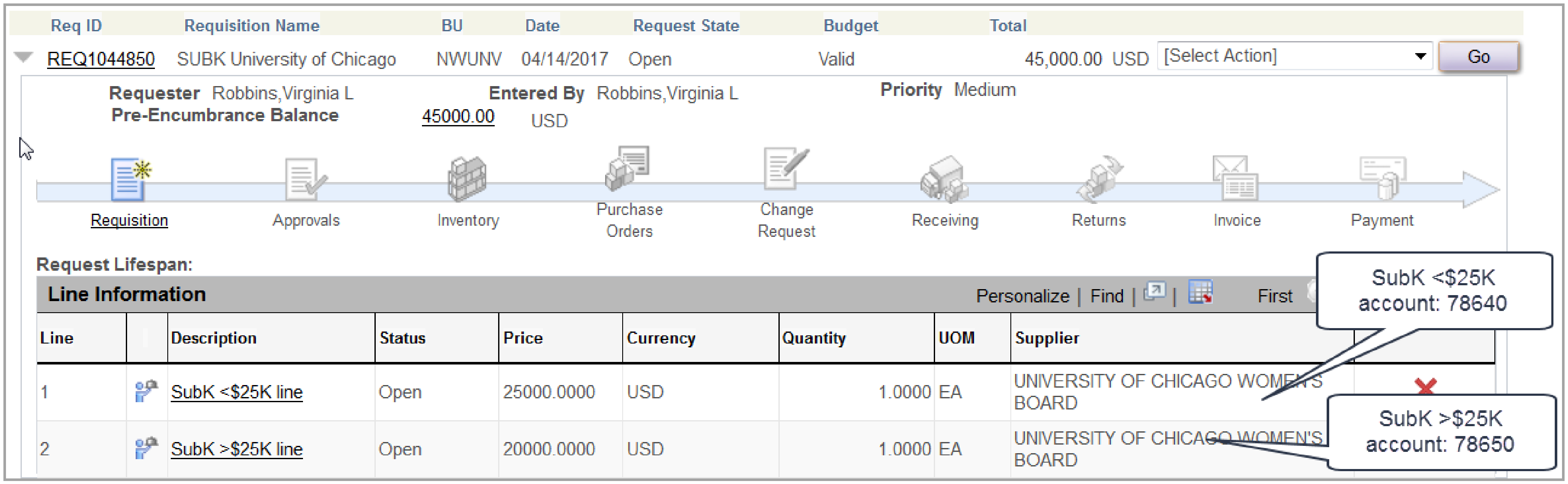
A word about account codes

When you are setting up a grant subcontract requisition in NUFinancials, on the chart string lines, you should divide the subcontract out by line into different Account codes to distinguish between subcontract costs that F&A can be charged on and subcontract costs above the $25K threshold where F&A cost is not charged. You may need to use a third Account code instead if the F&A has been waived.

Scenario: Subcontract with F&A on first $25,000, remaining amount with no F&A.

- Put the first $25,000 on Account code budget 78641, expense 78640 (line A in the chart above). These account codes are set up automatically to accumulate the F&A cost as an expense against the line item on the Subcontract requisition.
- Put the remaining subcontract dollars on Account code budget 78651, expense 78650 (line B in the chart above). These account codes are set up to automatically not draw F&A costs.





There are times when F&A is waived on subcontracts. Northwestern still incurs costs associated with managing the subcontract but we are not reimbursed for the costs.

Scenario: Subcontract with waived F&A on first $25,000, remaining amount with no F&A

Put the waived F&A amount on Account code budget 78643, expense 78642 (Line C in the chart above). These account codes are set up to automatically not draw F&A costs.
Put the remaining subcontract dollars on Account code budget 78651, expense 78650 (line B in the chart above). These account codes are set up to automatically not draw F&A costs.

These Account codes assist with including waived costs in the calculation of total costs to the University for Facilities and administrative support in the future negotiations. Use the chart below to identify the F&A type and the budget code procedure for F&A charges on the subcontract.

To use the budget codes:

Type*	**Budget Code Procedure**
TDC	Northwestern would normally charge F&A on the entire subcontract, both over and under $25,000. When F&A is waived instead, the entire subcontract amount should be put in the SUBKWAIVED<25K category.
MTDC	Northwestern would normally charge F&A on the first $25,000 and no F&A on the budget $25,000. The first $25,000 should be put in the SUBKWAIVED<25K budget category and the remainder of the subcontract in the SUB>25K category as normal.
TRAIN	Same as MTDC
NOFA	(no F&A) Northwestern would normally not charge F&A on anything. Use the normal SUBK<25K and SUBK>25K categories
MANL	Same as NOFA
STIP	Northwestern would normally not charge F&A on subcontracts. Use the normal SUBK<25K and SUB>25K categories

*Type can be found in NUFinancials by navigating to Grants > Grants Center > Manage Award > Project Activity. In the F&A Rates tab, review the Funded FA Base.