

### SUBRECIPIENT RATES AND DELAYED CLOSEOUT

When Georgia Tech collaborates with other universities or non-profit organizations, there is less risk associated with entering into a subagreement because the subrecipient is usually structurally similar to our own organization. One way that these agreements carry less risk is that these types of organizations have indirect cost rates that are approved by a cognizant federal agency and are generally predetermined at the time of award.

In cases where we work with for-profit companies or government contractors who are required to submit annual cost proposals to DCMA or DCAA to determine their rates, the risk to Georgia Tech is significantly increased because the government is several years behind in finalizing rates. Since billing at an incorrect rate could lead to an audit finding, many of these subrecipient organizations will refuse to send a final invoice prior to their rates being finalized. This can delay the closeout process by months or in some cases years.

The OSP Subawards & Closeout Teams attempt to avoid this delay by including "Quick Closeout" terms in the contract or by issuing a modification to deobligate unbilled funds to financially closeout the subagreement. If the subcontractor is not agreeable to suggested remedies, final invoicing and closeout completion will be indefinitely delayed since we can't force their hand.

#### How Can I Help?

Prior to unencumbering funds from a purchase order associated with a subaward, make a request for modification to the subaward to deobligate any unbilled funds from the agreement. This will allow the OSP contracting officer to negotiate final costs with the subrecipient organization.

Avoid unencumbering funds until closeout is complete and the project is listed as TERMINATED in CIS. If funds are unencumbered before this stage and the subrecipient is waiting on their finalized rates, you risk overspending on the project in the event that rates are higher than anticipated.

#### OSP TERMINOLOGY: CLOSED VS. TERMINATED

##### CLOSED

When a project is listed as Closed in CIS, it means that the subaward has expired and is being processed by the Closeout team.

##### TERMINATED

OSP considers a project terminated when the subrecipient has submitted all required closeout documents and no obligations remain between the parties.

Please note that these definitions apply only to OSP and CIS. Most sponsors consider a project CLOSED when all requirements have been met and the closeout is complete.

### SUBAWARD MANAGEMENT

#### Tips from the Closeout Team

- **Incrementally funding a project can help in ensuring the subcontractor is billing and expending funds in a timely manner. If the subrecipient hasn't billed a significant portion of the first increment of funds, this should be addressed prior to providing the next increment.**
- **During the life of the subcontract, the financial burn rate and programmatic accomplishments should be consistent with the subcontractor's cost proposal. If not, you should document the reason.**

#### MEET OUR TEAM

##### OSP Closeout

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