

RULE 9.3 – SUBAWARDS

Adopted Date: 06/27/2023

Revised Date:

PURPOSE

The purpose of this fiscal accountability rule is to establish the City and County of Denver's (city) guidelines for managing subawards, including guidelines for monitoring subrecipients and contractors (refer to [Grants Resources Center - Award Administration](#)).

This fiscal accountability rule shall be read in conjunction with, and users shall comply with all applicable provisions of, the following Denver Revised Municipal Code, Fiscal Accountability Rules, and Executive Orders noted to ensure compliance and understanding:

- [City Charter, Title I – Revised Municipal Code – Chapter 20 – Finance, Article IV – Division. – Generally, Sec. 20-52. – Approval of grants-in-aid](#)
- [Fiscal Accountability Rule 9.1 – Awards, Applications, and Grant Proposals](#)
- [Fiscal Accountability Rule 9.2 – Award Management](#)
- [Fiscal Accountability Rule 9.4 – Award Closure](#)
- [Executive Order 8 – Contracts and Other Written Instruments of and for the City and County of Denver](#)

In addition, all users shall refer to the Code of Federal Regulations (CFR) for federally funded awards.

This fiscal accountability rule does not apply to donations.

DEFINITIONS

Award – Financial assistance that provides support or stimulation to accomplish a public purpose.

Beneficiary – Individuals and organizations that received funds as end users.

Contractor – A dealer, distributor, merchant, or other seller providing goods or services that are required for the conduct of a federal program. These goods/services may be for an organization's own use or for the use of the beneficiaries of the federal program. A contractor would not be subject to audit requirements of the federal program.

Unless otherwise specified at the beginning of the document, printed copies are UNCONTROLLED. Always refer to the online Fiscal Accountability Rules on City and County of Denver website prior to use to ensure you are using the most current copy.

Cooperative Agreement – A legal instrument that is similar to a grant agreement but is distinguished in that it provides for substantial involvement between the sponsor and the recipient.

Donation – A gift given to the city that generally does not require a written document or contract and has minimal, if any, requirements or restrictions other than potentially a designated purpose for the donation.

Grant Agreement – A legal instrument that documents the financial assistance in the form of money or property to an eligible recipient. This may also be referred to as a grant or award.

- **Competitive** – Award of funding is based upon specific criteria and the scoring of a proposal.
- **Formula** – Non-competitive allocation of funding determined by distribution formulas or legislative mandate. This may also be referred to as an allocation or Intergovernmental Agreement (IGA).

Pass-through Entity – A non-federal entity that provides a subaward to a subrecipient to carry out part of a federal program.

Recipient – The department or agency to which a grant or cooperative agreement is awarded, and which is accountable for the use of the funds provided.

Sponsor (also known as **Grantor**) – The external entity awarding a grant or cooperative agreement.

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.

Subrecipient – A non-federal entity that expends federal awards received from a pass-through entity to carry out a federal program, but does not include an individual that is a beneficiary of such a program.

RULES

1. Recipients shall determine and maintain documentation on whether an entity to which award funds are provided is a subrecipient or a contractor. The recipient, acting as a pass-through entity, shall send the subrecipient written notification when the city categorizes an agreement as a subaward.
 - A. Refer to the [Subrecipient vs. Contractor Guidance Worksheet](#).

2. Recipients shall not pass through federal grant funds to individuals and/or entities who are suspended or debarred by the federal government. The recipient shall confirm and document the [System for Award Management](#) status of all individuals and/or entities before a contract is awarded. This documentation shall be retained by the department/agency. Additionally, the recipient shall review, document, and maintain [System for Award Management](#) status at least annually to ensure that individuals and/or entities have not been suspended or debarred.
3. Recipients shall evaluate the subrecipient's risk of non-compliance with federal statutes, regulations, and terms and conditions of the subawards to inform monitoring frequency and sample size.
 - A. Refer to the [Subrecipient Risk Assessment Matrix](#).
4. Recipients shall verify and maintain documentation that every subrecipient undergoes a **Single Audit (or equivalent)**, when it is expected that federal awards expended by the subrecipient during the fiscal year will either equal or exceed seven hundred fifty thousand dollars (\$750,000).
 - A. Refer to the [Subrecipient Single Audit Certification Letter Template](#).
5. Recipient shall monitor subrecipients to ensure compliance with the grant and all applicable laws, rules, regulations, and guidance.
 - A. Refer to the [Pass-Through Responsibilities Checklist](#).
6. Recipients shall develop, implement, and maintain policies and procedures to monitor subrecipients, implement corrective action, manage record retention, and closeout subawards.
 - A. Refer to the [Subrecipient Monitoring Lifecycle Checklist](#).

AUTHORITY AND ACCOUNTABILITY

The **Office of the Chief Financial Officer** and the **Controller's Office** are responsible for this fiscal accountability rule and any procedures, guides, job aids, forms, and one-page summaries associated with this rule.