



MONTANA DNRC-FORESTRY DIVISION SUBAWARD PROGRAM

FAQs ABOUT THE SUBAWARD AGREEMENT

WHAT DO I NEED TO KNOW ABOUT THE SUBAWARD AGREEMENT BEFORE SIGNING?

The subaward agreement is a legal contract that documents the relationship between DNRC and the subrecipient and describes each party's roles and responsibilities. It is a binding document, and your organization is expected to comply with all its terms.

The subaward agreement describes what you are expected to do (i.e. scope of work, allowable costs, and reporting requirements) and the rules you are required to follow (such as procurement requirements and state and federal laws).

Before signing, we recommend that all employees in your organization who will be involved in carrying out the subaward — from the project manager to fiscal, procurement, and legal staff, as applicable — review the portions of the agreement pertinent to their role in the project and ensure they can comply with the terms.

Note that the project scope and budget may reflect a revised description of your project that supersedes your original proposal, even though the original proposal may be included in the subaward agreement packet as a reference.

You'll find that some sections of the subaward agreement will seem more relevant at different points of your project. The agreement addresses many situations you may encounter, and you will likely need to return to it during the project to review certain parts. For instance, if you think you may need to change your project budget, consult the relevant section(s) of the subaward agreement to determine how to proceed.

If you need assistance in interpreting the terms of your subaward agreement, contact your DNRC program manager.

WHAT SHOULD I DO IF MY PROJECT REQUIRES COSTS IN DIFFERENT CATEGORIES OR AMOUNTS THAN THOSE SHOWN IN THE SUBAWARD AGREEMENT BUDGET?

Major adjustments — that is, significant transfers between budget categories — require a written amendment. Your subaward agreement describes this process, as well as what constitutes a "significant" transfer.

Should this type of transfer be needed, you should contact your DNRC program manager to initiate the process of requesting and obtaining an amendment to your subaward. DNRC may or may not approve the request for amendment; thus, any significant change in your spending plan must not occur until an amendment is in place that allows for it.

Smaller changes to your budget may not require a formal amendment, but may represent a situation for which you should seek DNRC approval.

Before making a purchase, you should consider the nature of the purchase and how it supports the project: Does it reflect what you outlined in your application, or does it entail a shift of goals and objectives?

For example, perhaps you have realized you will need to spend slightly more on salaries for your employees and decrease the supplies needed for your project, but you still envision accomplishing the original project goals as described in your application. This situation would not require pre-approval from DNRC.

On the other hand, suppose you would like to use your entire operating budget to purchase an irrigation system for your city park, instead of buying and planting trees in the park as you described in your application. Though the change in spending would be all within the one budget category of “Operating Expenses” and so would not meet any threshold triggering a formal budget amendment, it represents a significant change to the scope of your project. You would need to request DNRC’s approval prior to carrying out this sort of activity.

Generally, if you will be buying, or doing, something substantially different than what is described in your application or proposal, check in first with your DNRC program manager to discuss how the purchase could affect the accomplishment of your project goals and whether the cost is allowable.

IN WHAT CIRCUMSTANCES SHOULD I REQUEST AN AMENDMENT TO A SUBAWARD AGREEMENT?

The most common reasons to amend your agreement are as follows:

- (1) to extend the term of your subaward agreement (you need more time to finish your project);
- (2) to modify the subaward budget (there is a significant portion of the budget you need to increase, decrease, or move to a different category); or
- (3) make changes to the scope of your project (you would like to do something substantially different than you originally agreed to do).

This publication is funded in part by a grant from the U.S. Forest Service, Department of Agriculture. DNRC is an equal opportunity provider.