

Carnegie Mellon

Office of Sponsored Programs

Subrecipient Agreement Procedures

Purpose

To establish guidelines for the issuance, control and administration of subrecipient agreements required under sponsored research grants and contracts at Carnegie Mellon University.

Applicability

The procedure applies to all sponsored research projects supported by federal and non-federal agencies that require a subrecipient agreement to another entity to accomplish project goals.

Definition

The term "subrecipient agreement" in this statement is defined as formal agreements, both subcontracts and subgrants, with participating organizations for the procurement of research collaboration and/or technical services under sponsored research projects, including the FDP subrecipient agreements. It does not apply to the procurement of supplies and research equipment that is subject to the university purchasing policy and procedures.

Federal Requirements

Federal Procurement Regulations generally require prior approval for subrecipient agreement activities of any portion of a Federal grant or contract in excess of \$25,000. Carnegie Mellon must select subrecipients on a competitive basis to the maximum extent possible without unduly compromising the objectives and requirements of the award. The guiding factors in selecting subrecipients are price, past performance records and reputation for high quality and timely work. In any event, the competitive basis utilized should be chosen for its value to Carnegie Mellon in accomplishing the objectives and meeting the requirements of the prime award. A record of negotiations, inquiries, factors in decisions, etc., must be maintained for audit purposes.

Consistency with Prime Agreement

Subrecipient agreements must be consistent with the applicable terms and requirements of the prime award to Carnegie Mellon. As a general rule, a subcontract will be issued under prime contract and a subgrant will be issued under a prime grant or cooperative agreement.

Subcontracts issued under Federal prime contracts must comply with Part FAR 44 and the applicable section of FAR 52.244 of the Federal Acquisition Regulations. Additionally, all applicable terms, conditions and FAR provisions of the prime contract to Carnegie Mellon must be included in the resultant subcontract.

Subgrants issued under Federal grants or cooperative agreements are subject to OMB Circular's A-21 and A-110 and must specifically meet the provisions of A-110 sections on competition (section 43) and contract provisions (section 48).

Proposals: Submission Requirements

When proposals for subrecipient agreements for scientific collaboration and/or technical services are submitted, they should include the following:

1. A detailed description of the research and/or technical services (Statement of Work) to be provided.
2. A detailed cost estimate budget of the subrecipient agreement from the bidding organization.
3. If the proposed subrecipient agreement is sole source in excess of \$2,500 and to a non-governmental entity, the Principal Investigator should complete the Source and Price Justification Form (Attachment A) and submit it to the Office of Sponsored Programs (OSP) for review.
4. Declaration and submission of all pertinent paperwork:
 - a. Inclusion of Human or Animal Subjects in Project
 - b. Inclusion of Foreign Nationals in Project
 - c. Inclusion of Background Intellectual Property
 - d. Inclusion of statement of potential Conflict of Interest
 - e. Source and Price Justification

Questions regarding these declarations should be directed to the Office of Sponsored Programs, (OSP).

Subrecipient agreement Procedures

If the proposal is funded:

1. If the proposal is funded and the proposed subrecipient agreement approved by the sponsoring agency, the Office of Sponsored Programs will issue a formal subrecipient agreement document in accordance with the sponsor requirements. The Office of Sponsored Programs will forward this agreement to the subrecipient for execution (a draft subrecipient agreement with sample clauses is included - see Attachment B).

2. As a general rule the subrecipient, prior to full execution of the subrecipient agreement, should submit any sponsor forms, and the representations or certifications required to be completed.

For all subrecipient agreements issued under a government contract:

That are over \$25,000

- Obtain a Certification Regarding Debarment, Suspension, Proposed Debarment, and Other Responsibility Matters in accordance with FAR 52.209-5 and Appendix A of OMB Circular A-110.

That are over \$100,000

- Obtain a Clean Air and Water Certification, in accordance with FAR 52.223.

That are over \$500,000

- Obtain a Small Business Subcontracting Plan (identifying Small, Small Disadvantaged, Women-Owned, HUBZone and Veteran-Owned business participants), in accordance with FAR 52.219-9.

That are over \$550,000

- Obtain Certificate of Current Cost or Pricing Data, in accordance with FAR 52.215-12 or 52.215-13.

For all subrecipient agreements issued under a government grant or cooperative agreement

That are over \$100,000

- Obtain a Certification Regarding Debarment, Suspension, Proposed Debarment, and Other Responsibility Matters in accordance with FAR 52.209-5 and Appendix A of OMB Circular A-110.
- Obtain a Clean Air and Water Certification, in accordance with Appendix A of OMB Circular A-110.

For all subrecipient agreements

That are over \$100,000

- Obtain a Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions, in accordance with FAR 52.203-11 and Appendix A of OMB Circular A-110.

3. In accordance with the provisions of OMB A-133, the university will request a copy of the subrecipient's most recent indirect cost and fringe benefit rate negotiation agreement, if available, their taxpayer's identification number (Form W-9) and a copy of the subrecipient's most recent A-133 audit report. A financial statement report is not sufficient.

Small Business Program Requirements

1. It is the responsibility of the Principal Investigator and Office of Sponsored Programs (OSP) to process the appropriate paperwork for the Small Business Program Plan, including insuring that any resultant subcontract includes provision for the approval of the plan and incorporates the plan as an attachment to the subcontract. The Small Business Program Plan should be coordinated with the university's Procurement Services Department to insure that all subrecipients submit a Small Business Program Plan that is in compliance with all applicable provisions of the Federal Acquisitions Regulations as they pertain to small, small disadvantaged, women-owned, HUBZone and veteran-owned business utilization and reporting requirements.
2. The Sponsored Programs Accounting Office (SPA) is responsible for the administration of the Small Business Program, including all compliance provisions and timely submission of the SF 294 and 295 reporting requirements.

Payment Processes

To insure control of the funds to be allocated to the subrecipient, a separate University Purchase Order for the amount of the subrecipient agreement will be issued. As billings for reimbursement are received from the subrecipient, the Sponsored Projects Accounting Office (SPA) will forward the billing to the Principal Investigator for approval prior to payment. No payments under a subrecipient agreement will be made by SPA without the approval of the Principal Investigator or their delegated representative. The Principal Investigator is responsible for technical and fiscal monitoring and control of the subrecipient agreement.

Early Termination

1. In the event a Principal Investigator receives notification that the prime award to Carnegie Mellon is terminated for convenience or cause by the Prime Sponsor, the appropriate university offices should be notified (Office of Sponsored Programs and Sponsored Projects Accounting Office). If the offices identified above receive the notification, they should immediately notify any subrecipients, the departmental business manager and the Principal Investigator.
2. Any subrecipient agreements under the prime award should be terminated. The subrecipient will then provide Carnegie Mellon all reports and closeout documents that would otherwise be required if the subrecipient agreement lasted to its full extent. The subrecipient will be reimbursed for their allowable costs and non-cancelable commitments up to the date of termination. The Principal Investigator at Carnegie Mellon will ascertain if the scope of work has been satisfactorily completed. Any payment of final invoice is contingent upon satisfactory completion of scope of work.

Audit and A-133 Requirements

1. Each subrecipient agreement shall contain our standard audit provision requiring the subrecipient to maintain books, records, documents, and other evidence pertaining to the costs

and expenses of the subrecipient agreement and to make them available at all reasonable times to an authorized representative of Carnegie Mellon or the sponsor.

2. If the subrecipient is a State, local government, or non-profit organization, the subrecipient agreement shall contain a provision incorporating the requirements of OMB Circular A-133. Additionally during the performance period of the subrecipient agreement, it is the responsibility of the Sponsored Projects Accounting Office to obtain an annual A-133 report or report notification from each subrecipient that is subject to the provisions of A-133.

Close-out

1. Upon completion of the project and prior to final payment, the responsible SPA Accountant will verify the final technical report or research results, acceptable to the Carnegie Mellon Principal Investigator, and the final invoice have been received.

Within 60 days after the subcontract period of performance, the responsible SPA Accountant will request and obtain the following documents from the subrecipient, as required under the prime award,:

- a. Subrecipient's Release.
- b. Subrecipient's Assignment of Refunds, Rebates, Credits, and Other Amounts.
- c. Inventory of Property acquired under this award.
- d. Report of Inventions and Subcontracts.
- e. Final Technical Report or Research Results.
- f. Final Report of Expenditures/Invoice

(Items a.-f. may be required under government contracts. Items c.-f. may be required under government grants or cooperative agreements.)

2. Prior to final payment, the responsible SPA Accountant will conduct a desk audit of the subrecipient's financial cost for the project. If there appears to be a questionable cost and/or unusual circumstances, the Sponsored Projects Accounting Office will request an explanation from the subrecipient. If no resolution is found to the university's concerns, the Sponsored Projects Accounting Office will request audit assistance from the cognizant audit agency through the appropriate contract administrative office.

3. For all for-profit subrecipient agreements under a federal contract, the Sponsored Projects Accounting Office will request audit assistance from the contracting officer of the cognizant audit agency in accordance with a directive from our DCAA office.

Carnegie Mellon University Source & Price Justification Form

To comply with University Purchasing Policy, OMB Circular A-110 and Federal Acquisition Regulations (FAR), completion of this Source & Price Justification Form **is required for research and development subcontracts of \$2,500 and over**. This form should be returned to the Office of Sponsored Programs (OSP) with all supporting documentation in conjunction with Proposal Routing Sheet – failure to do so may cause delays in the processing of your subcontract paperwork.

NOTE: This form needs to be completed prior to final signature on the subcontract.

SPEX PROPOSAL #: _____ DATE: _____

PRINCIPAL INVESTIGATOR: _____

DEPARTMENT & TELEPHONE: _____

PROJECT TITLE: _____

SPONSOR: _____

FEDERAL PRIME CONTRACT NO. OR NON-FEDERAL CONTRACT NO.: _____

As supporting documentation, please attach preliminary “Statement of Work” or project description and budget.

NAME OF SUBRECIPIENT: _____

Source and Price Justification – Reason for selecting Subrecipient:

For audit purposes the university must provide a source and price justification for all subcontracts over \$2,500.

Please review the list below and check the reason you chose your supplier, consultant or subcontractor:

- _____ Supplier was the low bidder.
- _____ Supplier specifically identified within proposal/award documentation – provide copy of award, when available (single source).*
- _____ Supplier establishes or maintains an essential engineering, research or development capability (single source).*
- _____ Supplier provided the best evaluated responsible offer (other than low bidder) – provide evaluation criteria.*
- _____ An unusual and compelling urgency precludes full and open competition – provide rationale (single source).*
- _____ Compatibility with other components of a system already in operation – identify existing items (single source).*
- _____ Only supplier that meets pre-established performance characteristics – provide characteristics (single source).*
- _____ Supplier/consultant is the only manufacturer/provider of this good or service (sole source).*
- _____ Other.*

(* Requires explanation; attach supporting documentation): _____

