



**Subcontract Preparation and Payment to Subcontractors on Sponsored
Projects # 2350.090**

INITIAL EFFECTIVE DATE:	LAST REVISION DATE:	RESPONSIBLE UNIVERSITY DIVISION/DEPARTMENT
February 11, 2004	March 31, 2021	Office of Research and Economic Development/ Post-Award

POLICY STATEMENT

If a sponsored project award includes a subcontract, ORED will conduct a risk analysis on each proposed subcontractor to determine whether the subcontractor is fiscally sound such that a subcontract may be issued. If ORED's risk analysis allows for the issuance of the subcontract, ORED Pre-Award, in consultation with the PI, will prepare and execute the subcontract and any modifications thereto on behalf of the University.

If ORED's risk analysis results in a determination that a subcontract cannot be issued, the PI will be informed and an alternate subcontractor will be required. ORED will also notify the sponsor of the alternate subcontractor, as needed.

If a subcontract is executed, the subcontractor invoices shall be processed as set forth in the Procedures section below.

It is the responsibility of the PI to ensure that all subcontractors that the PI selects have the technical expertise to perform the work required by the subcontract. If the sponsor award requires the sponsor's prior approval for subcontractors or if the sponsor award contains any export control requirements (e.g., no foreign nationals may work on the project or the sponsor must pre-approve any foreign nationals on the project) and/or a technology control plan is in place to address the export control requirements of the sponsor award, the PI must ensure that he/she has such written approvals and/or complies with the requirements of the technology control plan prior to requesting that ORED prepare the subcontract.

SCOPE

N/A



REASON FOR POLICY

If a sponsored project award includes a subcontract, ORED will conduct a risk analysis on each proposed subcontractor to determine whether the subcontractor is fiscally sound such that a subcontract may be issued. If ORED's risk analysis allows for the issuance of the subcontract, ORED Pre-Award, in consultation with the PI, will prepare and execute the subcontract and any modifications thereto on behalf of the University.

DEFINITIONS

TERM	DEFINITIONS
ORED	Office of Research and Economic Development
PI	Principal investigator
PO	Purchase order
Subcontract	The agreement between Florida International University and a third party entity which sets forth the terms under which that entity will perform a portion of the technical tasks on a sponsored project
Subcontractor	A third party entity performing a portion of the technical tasks on a sponsored project in accordance with an agreement executed between Florida International University and the third party entity.

ROLES AND RESPONSIBILITIES

N/A

RELATED RESOURCES

ORED Policy 2370.005 - Conflict of Interest in Research

ORED Policy 2320.010 - Commitment Form from Third Parties Required for Sponsored Project Proposals

ORED Policy 2350.085 - Subcontractor Fiscal Monitoring

2 CFR § 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)



CONTACTS

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HISTORY

Initial Effective Date: February 11, 2004; Office of Sponsored Research Administration Faculty/Staff Guide for the Administration of Externally Funded Projects, INTERIM VERSION
Review Dates (*review performed, no updates*): January 18, 2024
Revision Dates (*updates made to document*): February 20, 2007; October 30, 2008; January 6, 2009; November 10, 2009, June 8, 2015; March 31, 2021.



**Subcontract Preparation and Payment to Subcontractors on Sponsored
Projects # 2350.090a**

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February 11, 2004	March 31, 2021	Office of Research and Economic Development/ Post-Award

PROCEDURE STATEMENT

I. Risk Analysis and Preparation of Subcontracts:

When Pre-Award receives a sponsor award for a project that includes one or more proposed subcontractor(s), the PI should promptly submit to Pre-Award the Subcontract/Amendment Request Form (on the ORED website) to begin the process for preparation of the subcontract. The PI must ensure that any export control or sponsor-pre-approval requirements related to the subcontract have been complied with before requesting that ORED prepare the subcontract.

Upon receipt of a Subcontract/Amendment Request Form, ORED will conduct a fiscal risk analysis of the proposed subcontractor using the Subcontractor Commitment Form provided by the PI at proposal time and additional information as ORED obtains related to the subcontractor. The risk analysis is done to determine if the subcontractor's fiscal soundness warrants the issuance of a subcontract. If additional information is needed, ORED will contact the PI.

If ORED's risk analysis results in a determination that a subcontract cannot be issued to the proposed subcontractor, the PI will be informed and the PI must select an alternate subcontractor. ORED will also contact the sponsor, as needed, to request approval of the alternate subcontractor.

If ORED determines that the risk analysis allows for the issuance of a subcontract, Pre-Award, in consultation with the PI, will prepare and execute on behalf of the University the subcontract and any modifications to the subcontract which are required for the efficient and proper performance of the sponsored project. All negotiations on the subcontract or any modification must be done by Pre-Award. Pre-Award will confer with the PI, as needed. If ORED determines that special fiscal conditions are required to be placed on the subcontractor, such conditions will be included in the subcontract and/or the modification.

The subcontract and all modifications are prepared by Pre-Award in accordance with the sponsor requirements and federal regulations and are signed on behalf of FIU by authorized ORED personnel and on behalf of the subcontractor by its authorized official. Subcontracts and modifications may not be executed by the Principal Investigator or other project staff.

ORED uses a standard subcontract form which will be tailored to incorporate applicable sponsor regulations as well as those required by federal, state or local authorities. In order for ORED to prepare a subcontract (or a modification), the PI must complete the Subcontract/ Amendment Request form, providing the following information to ORED:

1. If there is any potential conflict of interest with the subcontractor, then the PI must advise ORED of the details of the same BEFORE the agreement is prepared or signed. The ORED Conflict of Interest in Research Policy must be followed prior to preparation of the subcontract. The subcontract will also require, among other things, a certification from the subcontractor that there is no conflict of interest ;
2. Advise if the sponsor award has any pre-approval requirement for subcontractors or any export control requirements;
3. The project ID number for the project;
4. The name of the subcontractor;
5. The statement of work for the subcontractor in sufficient detail so that the work that the subcontractor is to perform for payment is clear. Detail any deliverables needed, reports required, data sets to be provided and the dates for the same. The scope of work for the project may be attached only if it clearly delineates the subcontractor's particular work. The scope of work may not contain any lobbying effort, as federal and Florida laws prohibit the use of sponsor funds to pay for lobbying;
6. Manner in which the subcontractor is to be paid – per a budget or a deliverable schedule? If per a deliverable schedule, provide the schedule. (Note that a subcontractors generally may not be paid in advance of work, but may only be reimbursed for work performed); Please note that additional sponsor approvals may be required for fixed price subcontracts on federally funded awards.
7. The period of performance for the subcontract. The subcontract period of performance cannot begin before, or extend beyond, the respective start and end dates of the prime award's period of performance. Additionally, the start date of the subcontract's period of performance cannot begin before the date that the subcontract is executed by ORED. ORED cannot prepare subcontracts for work that

was already performed and the Purchasing Department will not issue a Purchase Order for any such work. Therefore, upon receipt of the prime award, PIs should promptly provide to ORED the information required for the subcontract preparation so that the subcontracts may be promptly prepared ;

8. The name, address, telephone, fax and email address for the subcontractor's (a) PI and (b) Contract administrator;
9. The name and address of the person to whom ORED should send the subcontract for signing (if different than the contract person noted above);

If the subcontract is for more than \$75,000 and is with an entity other than a governmental agency or a university, the services must be bid pursuant to the FIU Purchasing provisions. In rare instances, such services may qualify for a bid exemption. The exemption must be justified by the PI by filling out the Sponsored Research Bid Exemption Certification form which must be forwarded to ORED for processing. The Sponsored Research Bid Exemption Certification form must be approved by ORED and by the FIU Purchasing Department. The bid exemption must be approved, or the bid process completed, as appropriate, before the subcontract may be executed and work begun by the subcontractor.

The PI should check the Project ID budget to ensure that there is enough budgeted in the "subcontract" category to cover the costs of the subcontract. If not, the PI must request a budget modification to move sufficient funds into the subcontract category.

Pre-Award, will check applicable export control lists to ensure that the subcontractor is not listed as an embargoed or denied country/entity.

After preparing the subcontract (or modification), ORED will transmit it to the Principal Investigator for review and approval. Once the PI approves the subcontract (or modification), ORED will forward it to the subcontractor for review and execution. If any negotiation is required on the subcontract terms, ORED will undertake such negotiations in concert with the FIU PI and the FIU General Counsel's Office, as necessary. Upon execution of the final subcontract or modification by the subcontractor and ORED respective authorized officials, ORED keeps one original fully executed agreement in its files, returns one fully executed original to the subcontractor and sends a copy of the fully executed agreement to the PI.

Once the PI receives the fully executed subcontract, he/she must prepare a requisition for the subcontract so that a Purchase Order may be issued allowing payment to the subcontractor when the subcontractor sends its invoices to FIU. The subcontract will state to whom in FIU the subcontractor is to send invoices as addressed in section II below.

II. Review and Processing of Subcontract Invoices:

A. Subcontractors Subject to the Uniform Guidance (2 CFR 200)

Subcontractors who are subject to the Uniform Guidance (such as other universities) should forward all invoices to the PI for approval of the invoice for payment if the Subcontractor has performed as required in the Subcontract. In such instances, the PI receives the invoice in PantherSoft evidencing that it may be paid by FIU and forwards it to the FIU Accounts Payable Department, with the FIU Purchase Order number written on the invoice. The FIU PO number is required so that Accounts Payable may match the invoice with the PO which allows payment. Approval of the final Subcontractor invoice for payment by the PI certifies to the University that the Subcontractor has performed all the work required by the agreement satisfactorily and may therefore be paid in full pursuant to the Subcontract amount.

If the Subcontractor has NOT performed as required by the Subcontract, the PI should NOT approve the invoice for payment and should instead contact ORED so that appropriate steps may be taken by ORED, in conjunction with the FIU General Counsel's Office, relating to demanding the Subcontractor's compliance or termination of the Subcontract, as necessary.

B. Subcontractors not Subject to the Uniform Guidance (2 CFR 200)

Subcontractors who are not subject to the Uniform Guidance (such as private companies and international organizations) shall send their invoices to Post-Award for review of fiscal compliance (e.g., that the required back-up documentation is attached and that there is budget availability for payment of the invoice). If approved, Post-Award will forward the invoice electronically along with the Invoice Approval Form (on the ORED website) to the PI for review of whether the subcontractor has performed the technical tasks as required by the subcontract.

For each invoice received from Post-Award, the PI must complete the Subcontractor Invoice Approval Form (on the ORED website); If the PI approves the invoice for payment, the PI should also receive the invoice in Panthersoft to evidence that it may be paid by FIU and forward it along with the Subcontractor Invoice Approval Form to the FIU Accounts Payable Department, with the FIU Purchase Order number written on the invoice. If the PI does not approve the invoice for payment, the PI should not receive the invoice in Panthersoft but should return the Subcontractor Invoice Approval Form to Post Award describing the reason why it is being denied.

If the invoice is not approved by either or both, the PI or Post-Award, then the invoice will not be paid and ORED will take appropriate steps, in conjunction with the FIU General



Counsel's Office, to demand the subcontractor's compliance with the subcontract or to terminate the subcontract, as necessary.

The invoice review/payment procedures set forth in this subsection may be modified if, in the discretion of Post-Award, an alternate process is required for the particular project involved. For example, when a project involves work performed outside the US and involves a greater degree of invoice back-up documentation review, a different invoice payment process may be approved.