I. **INTRODUCTION (Purpose and Intent)**

The purpose of this Policy is to provide direction for ensuring the appropriate administration of sponsored research subagreements (formerly known as subcontracts and/or subgrants) in the University of South Florida System (“USF System”) and facilitate adherence to applicable guidelines, including Title 2, Subtitle A, Chapter II, Part 200 of the Electronic Code of Federal Regulations (2 CFR 200).

Grants and contracts received by Principal Investigators and awarded to the USF System to conduct sponsored research may include components of work to be performed by collaborating investigators at separate institutions. When this occurs, a third-party sponsored research subagreement is required and shall include (1) an executed subagreement between the concerned parties and (2) a purchase order issued by the USF System to the subrecipient. Subagreements are used to convey both grant (financial assistance) and contract (procurements) funding received by the USF System from federal, state, industry and private sources.

II. **STATEMENT OF POLICY**

This Policy is intended to ensure consistency between policy and practice; articulate areas of responsibility for USF Sponsored Research (Sponsored Research), Principal Investigators, and University departments; and to identify monitoring and audit requirements for subrecipients.
III. PROCESS STEPS

Subagreement Policies

1. Where execution of a subagreement is required or deemed advisable by Sponsored Research, Sponsored Research will produce, negotiate, and execute a cost reimbursable or deliverable-based subagreement that ensures the technical requirements of the prime agreement are met.

2. Subrecipient cost and pricing documentation will be maintained by the appropriate University department or equivalent unit (normally, the home department of the Principal Investigator) and will be furnished upon request.

3. In accordance with Title 2, Subtitle A, Chapter II, Part 200 of the Electronic Code of Federal Regulations, Sponsored Research will review the most recent audit information available on the Federal Audit Clearinghouse (FAC) in order to assess the level of exposure to the University and develop appropriate monitoring plans for mitigating such risk(s). If this information is not available on the FAC, Sponsored Research will request a copy of the most recent audit from those subrecipients covered under the Federal Government’s Single Audit Act of 1984, the Federal Government’s Single Audit Act Amendments of 1996, and Florida’s Single Audit Act of 1998. Subrecipients who do not meet the criteria for obtaining a Single Audit as required by these statutes will provide a copy of their most recent independent audit for review. In rare circumstances, Sponsored Research will accept current unaudited financial statements for non-profit organizations or for profit companies provided that the entity does not receive $750,000 in federal funding or $500,000 in state funding per annum from all sources (not just USF).

4. In concert with the responsibilities outlined in Research CCHIP 009, Sponsored Research will review the entity’s audit reports or unaudited financial statements and, based upon any relevant audit findings or potential concerns that could jeopardize the subrecipient’s ability to perform the scope of work required, take appropriate follow-up steps as necessary.
5. Sponsored Research will coordinate the acceptability of payment and billing terms and procedures with the University department or equivalent unit and the Controller’s Office. Payment and billing terms will generally follow the payment and billing terms of the prime sponsor.

6. Sponsored Research will secure the approval of the Principal Investigator for the subagreement document. The sponsor’s terms and conditions regarding rebudgeting will apply to the subagreement.

7. Subagreement templates will be reviewed by the Office of the General Counsel to ensure that the terms and conditions are consistent with applicable laws and regulations. The Office of the General Counsel will review, approve, and, when necessary, modify subagreement templates to incorporate legally acceptable binding language, coordinating such changes with Sponsored Research.

8. Sponsored Research will coordinate additional reviews with appropriate University departments or units when the subagreement contains non-standard language that may be in conflict with USF System Policies or federal regulations.

9. Sponsored Research will secure all appropriate signatures of the subrecipient and will execute or cause to be executed the subagreement on behalf of the USF System, under the authority delegated by the USF System President.

10. Sponsored Research will transmit one copy of a fully executed original to the subrecipient. One copy of the subagreement will be sent to the Principal Investigator and/or the University department or equivalent unit, one copy to Purchasing in Campus Business Services, and one will be retained by Sponsored Research.

11. The Principal Investigator or the University department or equivalent unit will initiate a purchase requisition to the appropriate USF System business office with the subagreement document attached to and made a part of the purchase order, which will be issued to ensure that funds are properly available in the subagreement and that
said funds are properly encumbered and dedicated to the purpose of this procurement. The purchase order process is further described on the USF Purchasing Services Manual website.

12. The Principal Investigator will be responsible for monitoring and ensuring the technical performance of the subrecipient and will certify to this performance prior to approving payment of any invoices. The Principal Investigator’s Department or equivalent unit will retain the supporting documentation for the subrecipient’s performance.

13. Invoices for payment to subrecipients will be approved by the Principal Investigator. The Principle Investigator or the University department or equivalent unit will submit the invoice to Accounts Payable in the Office of the University Controller referencing the purchase order and subagreement under which the remittance is to be made. The subrecipient’s services must be received prior to payment processing by Accounts Payable. The invoice will be signed by a subrecipient employee, who is knowledgeable and authorized to do so, such signature attesting to the accuracy of the invoice and that the deliverables or expenditures for which reimbursement is sought are in accordance with the subagreement and were made solely for the performance of the subagreement.

14. Documentation required for invoicing is outlined below.
   a. For all Florida agencies and subdivisions as defined in Florida Statutes Section 768.28:
      Subrecipients must submit an itemized invoice using the same cost/deliverable categories that appear in the approved and executed subcontract budget. The State of Florida regulates general administrative and audit standards for state agencies and the State University System institutions; therefore, supporting documents for cost reimbursable subagreements do not have to be submitted to the University. Rather, receipts and other documentation in support of itemized invoices must be maintained in the subrecipient’s records as they are subject to inspection by State of Florida officials.
   b. For all other subrecipients:
i. Subrecipients with cost reimbursable subagreements must submit an itemized invoice using the same cost categories that appear in the approved and executed subagreement budget.

ii. Subrecipients with cost reimbursable subagreements must maintain detailed documentation in support of the expenditures and deliverables shown in the invoice, including, but not limited to:
   1. Payroll registers or time sheets to support salary charges.
   2. Copies of invoices to support materials, supplies, equipment, and service charges.

iii. Subrecipients with deliverable-based subagreements may not be required to provide cost documentation depending on the sponsor’s terms and conditions. *Subrecipients with acceptable audits will maintain receipts and other documentation in support of itemized invoices in their records and are subject to inspection/review by University of South Florida System officials upon request.*

15. The Principal Investigator is responsible for examining the invoice and, when necessary, requesting additional documentation to determine that charges are consistent with work performed and are in accordance with the prime agreement terms and conditions.

16. The University will require all records produced or maintained by the subrecipient with respect to a federal award to be retained by the subrecipient for five (5) years from the date of submission of the final report. For federal awards that are renewed on a quarterly or annual basis, the subrecipient will be required to retain all documentation associated with that award five (5) years from submission of the quarterly or annual report (see Research CCHIP 007).

Regional campuses and separately accredited institutions may have additional requirements. Students, faculty and staff must check with their individual campuses and apply System-wide policies in conjunction and consistent with the specific requirements and guidelines applicable to those campuses.
*Current Responsible Office: Research and Innovation

*Refer to the appropriate Responsible Office website for a current name of the Vice President or other Responsible Officer.

History: New 12-6-89, Amended 2-23-16, 6-29-16 (technical).