



POLICY STATEMENT

In order to perform certain tasks within the statement of work for sponsored projects the University will collaborate with those having special expertise or capabilities in these areas. These collaborations are structured as legally binding subcontracts which require certain University actions common to the research community.

In some cases it may be difficult to distinguish between a Subcontract and a Vendor Agreement. The chart below provides guidance for proper classification of such agreements:

Subcontract	Vendor Agreement
Subrecipient services are uniquely designed in response to each project, and not provided commercially	Vendor provides the goods or services commercially
Subrecipient technical lead is usually a scientific collaborator, or even a co-Principal Investigator (“PI”) on an ND project	Vendor operates in a competitive environment
Subrecipient retains rights to intellectual property	Vendor retains no rights to intellectual Property
Subrecipient participates in development and execution of statement of work	Vendor provides the goods or services ancillary to the operation of the federal program
Subrecipient results are likely to be published in the scientific literature and/or subrecipient is likely to be a co-author on an ND publication	

Application of Indirect Costs for Subcontracts and Vendor Agreements will be assessed in the following manner:

1. Vendor Agreements – Indirect costs will be assessed on the entire amount.
2. Sub-award Agreements – Indirect costs are assessed on the first \$25,000 of the subcontract. No additional indirect costs will be assessed on a subcontract during the approved period of the award under which it was issued (e.g. during the 3 year lifespan of an NSF award). However, if additional funding is granted beyond the original period of the award (e.g. competitive renewal), indirect costs will again be

assessed on the first \$25,000 of each subcontract. Indirect costs associated with sub-awards will not be assessed on awards transferred from other institutions where indirect costs were already recovered by the original grantee.

To ensure proper use of federal funds, regulations have been adopted by the various governmental agencies to ensure subrecipients are properly managed and monitored by the primary award recipient. Federal regulations which encompass subrecipient monitoring are general in nature but contain the following core elements of compliance:

1. Advising subrecipients of all applicable federal laws and regulations, and all appropriate flow-down provisions from the prime agreement.
2. Routine receipt and review of Technical Performance Reports.
3. Routine review of Expenses-to-Budget.
4. Periodic performance of On-site Visits, or regular contact, if necessary.
5. Option to perform "audits" if necessary.
6. Review of A-133 audit reports filed by subrecipients and investigation of any audit findings.
7. Review of corrective actions cited by subrecipients in response to their audit findings.
8. Consideration of sanctions on subrecipients in cases of continued inability or unwillingness to have required audits or to correct non-compliant actions.

Notre Dame's subrecipient monitoring program assigns responsibility for these tasks to the following members of the University community:

1. Office of Research
 - a. Ensures agreements executed with subrecipients contain appropriate language referencing Federal requirements of monitoring.
2. Principal Investigators ("PI")
 - a. Maintain close communication with subrecipients to perform monitoring activities.
 - b. Review technical reports on a timely basis. Any unusual or unforeseen items should be investigated, and documentation must be retained by the PI.
 - c. Review invoices to ensure they meet budgetary and compliance restrictions. Any steps necessary to ensure their validity should be taken, including contacting the subrecipient if necessary. Approved invoices are sent to Research and Sponsored Programs Accounting ("RSPA") for payment.
3. RSPA
 - a. Perform secondary review of all approved invoices to ensure they meet budgetary and other compliance restrictions.
 - b. Request, when necessary, additional documentation to ensure unallowable costs do not exist. Such documentation may include, but not be limited to, the following:
 - i. Payroll records.
 - ii. Copies of paid invoices.
 - iii. Descriptions of services performed.
 - iv. Travel documentation.
4. Audit and Advisory Services

- a. Compile a list of subrecipients and use the Federal Audit Clearinghouse in order to obtain and review annual A-133 audit reports.
 - i. Review shall include identification of any deficiencies or compliance issues, and a subsequent action plan to correct the issue.
 - ii. Follow-up to ensure subrecipients are in compliance, or are correcting issues, and may include:
 - 1. Review of audit reports and responses.
 - 2. Direct interview with the subrecipient.
 - iii. Recommend that sub-contracts be revoked or that the University discontinues further use of specific subrecipients.