

POLICY REGARDING SUB-RECIPIENT AGREEMENTS

Purpose:

Periodically, UAB enters into agreements with other entities, generally universities and non-profit research centers, in which portions of research functions which have been initially given to UAB pursuant to a primary award or contract are delegated to and performed by these other entities. The purpose of this policy is to establish the requirements for managing these agreements.

Applicability of Policy:

This policy only relates to entities that are considered to be a sub-recipient of an award or grant; it does not cover vendor relationships. A vendor provides goods or services in a competitive environment as its normal course of business (for example: selling equipment or providing consulting services). A sub-recipient has programmatic decision-making responsibilities for performance in carrying out a portion of a research project (for example: conducting tests and evaluating chemical compounds).

Pre-Award Due Diligence:

UAB will not issue an agreement to a sub-recipient unless and until it is reasonably certain that the sub-recipient:

- is technically, administratively and financially able to perform the work to be delegated to it;
- possesses an adequate accounting system, including a project cost accounting system;
- possesses an appropriate indirect cost rate and application base, if applicable; and will cause its key personnel who will undertake the work to, materially comply with all applicable federal, state, and local laws and regulations and the guidelines and regulations of the sponsoring agency regarding the conduct of the work to be performed.

Furthermore, UAB will not knowingly issue an agreement to a sub-recipient if that sub-recipient and/or any of the key personnel who will primarily undertake the work:

- are debarred or suspended from receiving federal grants, awards or contracts; and
- in connection with research involving the provision of medical treatment to human subject patients, are prohibited or suspended from participating in a federal or state healthcare program.

This pre-award due diligence will be performed by both the administration and faculty members of UAB. The UAB Principal Investigator is responsible for determining that the sub-recipient and its key personnel are capable of technically performing the research/work to be delegated to it and, prior to any award of a sub-recipient contract by UAB, will be required to certify that in his/her opinion the sub-recipient and its key personnel have this requisite capability. The Offices of Grants and Contracts Administration and Accounting will be responsible for determining if the sub-recipient is administratively and financially able to perform the work to be delegated to it.

This determination will principally be based upon a review of the sub-recipient's most recent annual OMB Circular A-133 report or other audited financial statements if exempt from the A-133 process. Other facts and circumstances will be considered as appropriate.

Contents of Sub-recipient Agreements:

The Office of Grants and Contracts Administration is primarily responsible for drafting the terms of any sub-recipient agreement. All sub-recipient agreements shall clearly set forth the statement of work to be undertaken by the sub-recipient, the nature and timing of any reports and data to be produced and submitted by the sub-recipient to the UAB Principal Investigator and the terms and conditions of payment as compensation for the work performed. In addition, all sub-recipient agreements will specify additional progress, technical, financial and business reporting requirements, requirements for the detail to be included on the invoices provided by the sub-recipient, performance standards, standards for use of UAB's name by the sub-recipient, rights of termination, other legal remedies in the event of a breach of the agreement and other rights, including, but not limited to, the right of UAB to access the records and data of the sub-recipient and to conduct an audit of the same.

All sub-recipient contracts will be drafted and awarded on a cost reimbursement basis.

Many sponsoring agencies require that a sub-recipient also comply with similar conditions and terms as are imposed on UAB. In order to ensure compliance by the sub-recipient with these terms and conditions, UAB shall impose certain collateral obligations on sub-recipients. This will usually be accomplished by the use of flow-down provisions that pass through certain federal grant or contract clauses in the sub-recipient agreement. Examples of such flow-down provisions are representations and warranties that a sub-recipient shall be required to make certifying, inter alia: (i) compliance with applicable guidelines and regulations of the sponsoring agency, (ii) compliance with applicable federal and state laws and regulations relating to the conduct of the work and other ancillary issues, and (iii) that neither the sub-recipient nor any of its key personnel who will undertake any of the work have been debarred from receiving federal funds or prohibited from participation in a federal healthcare program.

Post-Award Monitoring:

The UAB Principal Investigator shall be primarily responsible for ensuring that the sub-recipient performs the agreed upon work in accordance with the work-plan set forth in the sub-recipient agreement. The UAB Principal Investigator shall be required to:

- monitor the sub-recipient's progress and determine that any payments made to the sub-recipient are in line with the progress made, the terms of the sub-recipient contract and the terms of the budget attached thereto; and
- review and certify the appropriateness for payment of all invoices submitted by a sub-recipient.

The Office of Grants and Contracts Accounting is also responsible for monitoring the financial performance of a sub-recipient. This principally involves a review of the sub-recipient's most recent annual OMB Circular A-133 report or other audited financial statements if exempt from the A-133 reporting process. Other facts and circumstances will be considered as appropriate. Accordingly, the Office of Grants and Contracts Accounting is responsible for requesting and reviewing sub-recipients' OMB Circular A-133 reports (or financial statements if sub-recipient is exempt from having an A-133 report) for each fiscal year covered by the sub-recipient agreement. Additionally, the Office is responsible for following up with the sub-recipient to address issues identified in the A-133 report that might affect the sub-recipient's agreement with UAB.

The Office of Grants and Contracts Accounting is also responsible for processing all invoices of a sub-recipient submitted for payment and for ensuring that payments do not exceed the stated amount in the prime award and in the budget attached to each sub-recipient agreement. In addition, the Office shall co-ordinate the close out procedures and assures that all proper documentation of cost sharing and financial reports are received by UAB and transmitted to the sponsoring agency.