OFFICE OF RESEARCH SERVICES FOR THE HEALTH SCIENCES

Subcontract Initiation and Authorization Form

Principal Investigator (PI):
Project Title:
Prime Award Number:
LU#

Subcontract Investigator (Name and Institution):

Budget Period: Budget Award Amount:
Entire Project Period: Budget Award Amount:

SUBCONTRACTS: ENCUMBRANCE AND PAYMENTS

To ensure that funds budgeted for subcontracts are not expended for purposes other than payment to the subcontractor, the full amount of the subcontract, as stated in the agreement, will be encumbered upon inception. Encumbering the subcontract funds up-front will reserve them for payments owed the subcontractor, thus ensuring the University's ability to fulfill its financial obligation to the subcontractor institution.

ENCUMBRANCE – Upon awarding a subcontract to another institution, the Office of Research Services or the awarding department should forward a copy to Sponsored Program Accounting (grantcon@luc.edu). The Staff Accountant in Sponsored Program Accounting will then create a purchase order for the full amount of the subcontract, thereby encumbering the funds for future payment under a specific purchase order number. A fully executed copy of the subcontract must be received in order to create the purchase order.

PAYMENTS – Invoices received by Sponsored Program Accounting from the subcontractor require the approval of the Principal Investigator (PI); the signature of the PI on the invoice constitutes satisfactory performance of the subcontractor. The invoice referencing the purchase order (PO) number, including authorization of both the PI and SPA, is then submitted to Accounts Payable. The amount of the invoice is applied toward the PO, and a check is issued to the subcontractor. The invoice amount is then deducted from the total subcontract encumbrance, becoming an actual expenditure. Please note that no payments may be made from Accounts 6580 and 6581 without providing the PO number on the payment request.

FINAL PAYMENT – Subcontract agreements typically terminate annually at the end of the prime award’s budget period. As financial reports are often required within 90 days of the prime award end date, final invoices should be received from the subcontractor no later than 60 days after the subcontract end date. The PI should work with the collaborating institution to ensure that the final invoice is received within the 60-day timeframe; Sponsored Program Accounting will assist as needed. An invoice that is received beyond 60 days may not be honored at the discretion of the PI. Under no circumstances will an invoice be honored if received later than 90 days after the end of the prime award’s project period.
MANDATORY ANNUAL PROGRESS REPORTS

When Loyola is the prime recipient of a grant award and issues a subcontract to another institution, the investigator from that institution will be required to provide an annual progress report to the PI and the department. The progress report is necessary for two reasons: It will serve as official documentation that the work stated has been performed, and it will also support the invoices that are submitted during the course of the funding period. The awarding PI/department is responsible for maintaining the progress reports.

UNSATISFACTORY PERFORMANCE/EARLY TERMINATION

The PI will determine the validity of the invoice based upon the progress of the subcontractor. The PI reserves the right to reject any invoice based upon insufficient or unsatisfactory performance. The PI should notify the subcontractor, ORS, and SPA in the event an invoice is rejected and provide adequate documentation detailing the lack of performance. In the event that subcontractor is in breach, violation, or default of any of its obligations under the subcontract and fails to remedy such default, the PI shall have the option of terminating this subcontract upon written notice thereof. Upon any termination action, subcontractor shall submit a final invoice within thirty (30) days of the termination date. The subcontractor shall be reimbursed for all allowable non-cancelable costs and commitments incurred in the performance of this subcontract up to date of termination, not to exceed the maximum reimbursable amount set forth in the agreement.

The subcontractor will be required to furnish all necessary reports of research completed or in progress through the date of termination.

*By signing below, I acknowledge I have read the entire University Policy on the establishment of Subcontracts, and agree to the terms and conditions set forth in the attached Subaward agreement:*

________________________________________________________________________
Principal Investigator

________________________________________________________________________
Signature

Date: ______________________

Office of Research Services for the Health Sciences Approval

________________________________________________________________________
Date__________________________