

Office of Contract Administration
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Our office will assist you in the preparation and negotiating of subcontracts. To initiate the process, please provide the following information (some to be included in the actual subcontract document; the balance required by State and Federal regulations).

1. Name, campus address and phone number for the University of Michigan Principal Investigator and contact person in their department.
2. Official name of the subcontractor, type of organization (for-profit, non-profit, foreign, etc.), size (small or large business, etc) and the address of their **contracts office**.
3. Specific statement of work describing the services and deliverables to be provided by the Subcontractor.
4. Detailed budget that has been approved by the subcontractor's business office (if cost-sharing was proposed by the subcontractor, include the details and amounts).
5. Period of performance for the subcontract. This will be the period for which funding will be legally committed, rather than the potential total period of the subcontract.
6. Subcontractor's key personnel (at a minimum this would include the Principal Investigator for the subcontractor).
7. Copy of the prime contract/grant received from the sponsor, which approves the subcontract arrangement, copy of the PAN from DRDA and the University project grant number assigned to the project.
8. Explanation of why and how the proposed subcontractor was selected, including whether alternative bids were obtained. This documentation is required even in situations where the collaborating institution was specified in the original proposal.
9. A statement regarding potential conflict of interest (e.g. P.I. employed or has a financial interest in the Subcontractor, Subcontractor key personnel employed/appointed at the UM, with or without compensation).
10. A statement from the Principal Investigator indicating that he/she has reviewed the budget from the subcontractor and considers the costs to be reasonable. Comments should cover labor rates, level of effort, overhead rates, supplies/equipment to be purchased, etc.
11. If the project is under a Federally sponsored contract, then information outlined in the attached cost/price analysis worksheet also needs to be provided. The attached worksheet is not applicable to projects sponsored under Grants, Cooperative Agreements, or non-Federal projects.

After the subcontract is established the Office of Contract Administration will issue a sub project/grant number for the subcontract. Contract Administration will forward invoices submitted by the subcontractor to the Principal Investigator for authorization prior to payment. It is important that the Principal Investigator check to determine that the work has been done satisfactorily before authorizing payment.

COST/PRICE ANALYSIS

The following information is required to ensure that appropriate documentation is obtained to support the proposed budget of the Subcontractor. **This supporting documentation is required in accordance with Federal regulations for each and every budget category proposed by the Subcontractor under a Federally-Sponsored Contract.** Below is a listing of the most common budget categories and the justification required to support a cost/price analysis. FAILURE TO PROVIDE COMPLETE INFORMATION WILL DELAY ISSUANCE OF THE SUBCONTRACT. Simply re-stating a budget in detail is not sufficient.

Salaries/Wages: Attach supporting documentation of the individual's actual base rate. If the proposed rate includes an escalation factor, identify that factor and attach the subcontractor's justification for its inclusion. Attach the subcontractor's justification for direct charging of administrative or clerical personnel. Supporting documentation for salaries and wages may include copies of payroll forms or reports. If such documentation is not available, the following certification signed by an authorized representative of the subcontractor will be required: "The salary and wage information provided is true and correct and represents the current and actual base rate of each individual proposed."

Fringe Benefits: Attach supporting documentation for fringe benefits. Supporting documentation for fringe benefits may include a copy of the federally-negotiated fringe benefit rate agreement or a copy of the published rates. If such documentation is not available, the following certification signed by an authorized representative of the subcontractor will be required: "The fringe benefit information provided is true and correct and represents the current and actual fringe benefits of each individual proposed."

Consultants: Identify the name, rate and number of hours/days for each consultant. Determine that the purpose and cost are appropriate. Attach supporting documentation for the rates used. Attach written justification for rates exceeding the federally authorized rate. Supporting documentation for consultant rates may include a copy of the consultant's published rates or a statement signed by the consultant indicating the rate normally charged for the services provided.

Travel: For each trip, provide the cost elements proposed for airfare, rental car, hotel, per diem, etc., as well as the purpose of the trip. Attach supporting documentation for each cost element such as published quotes for airfare, rental car, and hotel as well as a copy of the subcontractor's current travel policy and procedures if available.

Materials and Supplies: Attach supporting documentation for items with unit costs of \$500 or more. Attach justification for direct charging items such as office supplies, postage, local telephone costs, and memberships that are normally treated as indirect costs. Supporting documentation for materials and supplies with unit costs exceeding \$500 may include copies of published catalog prices or copies of previous expense vouchers.

Other Direct Costs: Examples are computing services or time, communications, student fees, etc. Attach supporting documentation for rates and costs used.

Equipment: Equipment means an article of nonexpendable, tangible personal property having a useful life of more than two years and an acquisition cost that equals or exceeds \$1000. Attach supporting documentation for each item. Supporting documentation for equipment may include copies of published catalog prices, vendor quotes, or copies of previous expense vouchers.

Profit, or Fees: Please explain/justify and attach supporting documentation as to why profit or fee is reasonable.

Indirect Costs or Overhead: Attach a copy of the subcontractor's federally-negotiated indirect cost rate agreement. If the subcontractor does not have a rate agreement, (1) sufficient information should be attached indicating how the rate used was determined and (2) if the rate was accepted and paid previously by a federal agency, documentation to that effect should be provided.

COST/PRICE REASONABLENESS CERTIFICATION

"I have reviewed the cost and price data provided by the Subcontractor and have determined that the costs proposed are necessary and reasonable for the work to be performed by the Subcontractor."

UM PI Name & Signature

Name of Subcontractor

Date