

Professional Services Agreements Versus Subrecipient Agreements

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Professional Service Agreements

Purpose: Acquisition of professional services

- “Results” or goods or services owned by ISU upon completion
- Usually includes warranty for services (results) that are provided
- PSA recipient does not retain rights for publication or copyright

Terms: Standard terms and conditions required by Iowa Accountable State Government Act and Board of Regents policies. Terms generally include: performance requirements; project milestones; clear definitions of tangible deliverables; and liability provisions.

Payment type: Defined by agreement, but NEVER cost-reimbursable. Usually paid as a flat fee or fixed rate. Progress payments may be allowed.

ISU Procurement Regulations: Requires competitive bidding for any engagement or project over \$25,000, unless activity involves a Conflict of Interest vendor. Any COI vendor requires competitive bidding at \$2000.

Sponsored Project Regulations: Most sponsors do not require prior approval for PSA agreements (may depend on the sponsor and/or the amount to be spent). PSA recipient is not responsible for adhering to prime award terms and conditions, except for federal grant funds that will require compliance with OMB Circular A-110.

Financial Audit Disallowances: Payment is based on delivery of service, not on reimbursement of allowable costs. Cost must be reasonable for service provided, but does not require detailed financial billing.

Appropriate Types of Vendors: May be used for any vendor, partnership, corporation, non-profit or government agency or organization, or any individual that provides specified services (including consulting services). Can be used for universities if the same services are performed for others and based upon published rates and no intellectual property rights of newly developed IP are retained by the vendor. Also used for consultants who are employees of other universities if allowed by their university policies (generally when no university resources or equipment will be needed).

Subrecipient Agreements

Purpose: Collaboration for a substantive portion of the work/research

- “Results” owned by Subrecipient upon completion. ISU may require the right to use results for project purposes.
- No warranty for fitness for a particular purpose
- Subrecipient retains rights for publications in accordance with the terms of the prime award to ISU. ISU may require review prior to publication.

Terms: Must flow down all prime sponsor requirements, including ownership of intellectual property, publication rights, and responsibility to adhere to all other sponsor restrictions or requirements in the prime agreement

Payment type: Paid under the same terms as the prime recipient (ISU). Most commonly this is on a cost-reimbursable basis that requires billing of allowable costs on a monthly or quarterly basis.

ISU Procurement Regulations: Does not require competitive bidding. Generally deemed to be a significant part of the award and requires sponsor approval.

Sponsored Project Regulations: Most sponsors require prior approval of any Subrecipient agreement before it is made. Any proposed Subrecipient agreement should be included specifically with a scope of work and itemized budget in the proposal to the sponsor.

Financial Audit Disallowances: All records and receipts for billing purposes must be maintained in accordance with the prime sponsor and ISU requirements. In addition, ISU must monitor or have proof that the subrecipient’s accounting practices meet minimum OMB Circular A-133 or equivalent requirements. Subrecipient is responsible for any audit disallowances billed to ISU.

Appropriate Types of Recipients: Generally used with other universities when the work is performed using university equipment or resources. May also be used with government or non-government agencies or organizations. Not recommended for individuals.