

# ORCA

## Procedures for Subcontracts Processing and Payment

**Definition:** A subcontract is an award to another institution or company that is to be paid from an existing award to BYU.

**What is Needed:** A subcontract agreement form must be negotiated and signed before the subcontract can be considered active or open. Subcontract agreement templates are available in either MS Word or Wordperfect.

**Where is Info. Kept:** Subcontract information is kept in a file folder with the subcontractor's name on the tab, within the account file for the BYU award from the prime sponsor. All agreements, amendments, correspondence, invoices and payment information is kept here.

**Subcontract Log, Numbering, Summary:** Subcontracts are numbered according to the system in the chart of accounts file (S drive). The subcontract number is made up of two digits for the year; a dash; then four digits for the sequence. Example 02-0108: in 2002 the 108<sup>th</sup> subcontract was set up. There is a summary statement of the subcontract on the same spreadsheet page with the subcontract log (sample attached). The summary tracks the amount of money is available to a subcontractor, and how much BYU has been invoiced and how much has been paid out.

### **Process:**

- The faculty investigator requests a subcontract be established with another institution.
- ORCA negotiates and completes the agreement form. Both parties sign.
- Subcontractor periodically will send an invoice for payment.
- Invoice must be signed by faculty investigator approving payment.
- ORCA does a 1099 form to initiate payment.
  - ✓ Initial 1099 must have a copy of the agreement and the signed invoice accompany it
  - ✓ All subsequent 1099's must reference initial 1099 no#. and include the signed invoice.
  - ✓ Update subcontract summary with payment information.
- Completed 1099 and invoice are routed to Accounts Payable (hand-carried). They will rout it to HR, Purchasing and Research Accounting before a check can be drawn.