



Tuesday Tips is a new outreach effort by OGCA. The idea behind *Tuesday Tips* is to convey tips, tricks and other helpful information around the area of research administration. Our goal is to post on (almost every) Tuesdays. If there is something you would like to see covered on *Tuesday Tips*, email: UAF-GCReATE@alaska.edu. For more Tips visit [OGCA website](#).

Distinguishing between subrecipient, subawardee, vendor, and contractor

Under the OMB Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, which went into effect on 12/16/2014, the term “vendor” was replaced with “contractor.” The terms vendor and contractor substantially have the same meaning and may be used interchangeably in other guidance. For consistency purposes, when UAF provides funds from a federal award to a non-federal entity, the non-federal entity receiving these funds is classified as a subrecipient or a contractor based on the nature of the agreement and the criteria in 2 CFR §200.330.

Subrecipient vs. contractor determination must be made and documented at the proposal stage using the Federal Demonstration Partnership (FDP) tool determining [Subrecipient vs. Contractor Checklist](#).

Most of the work on sponsored awards at UAF is conducted by faculty and staff on the premises of the University. However, it is sometimes

determined that a portion of the research or project must be completed by an individual consultant or entity or outside of the University.

In these cases, a legal agreement outlining the relationship between the parties and the University is required and may take the form of either a subagreement (typically, in the form of a subaward/subcontract) or an agreement with a contractor (vendor) for purchase of services. It is important that the correct agreement determination is made early in the process of preparing a grant application (proposal stage) , as overhead treatment and monitoring requirements for these types of agreements vary and will impact the grant budget and, in some cases, the grant narrative.

In addition, if specified in the award terms and conditions (as sometimes occurs), sponsor approval may be required prior to executing a subagreement; sponsor pre-approval is rarely, if ever, required for UAF to enter into a contractor (vendor) agreement for purchase of services. Both forms of agreement should have a clear purpose and cost.

Subrecipient: A subrecipient relationship is appropriate when:

- Substantive, programmatic work or an important or significant portion of the research program or project is being undertaken by the other entity.
- The research program or project is within the research objectives of the entity.
- The entity participates in a creative way in designing and/or conducting the research.
- The entity retains some element of programmatic control and discretion over how the work is carried out.
- The entity commits to a good faith effort to complete the design or conduct of the research.
- The entity makes independent decisions regarding how to implement the requested activities.
- A principal investigator has been identified at the entity and functions as a "Co-Investigator" .
- There is the expectation that the entity will retain ownership rights in potentially patentable or copyrightable technology or products that it produces in the course of fulfilling its scope of work.
- Publications may be created or co-authored at the entity.
- The entity provides cost sharing or matching funds for which it is not reimbursed by UAF.

- The entity regards itself, and/or is regarded by UAF, as “engaged in research” involving human subjects under the [Common Rule](#) and therefore requires approval for its interactions with human subjects.

Subagreements should have a detailed scope of work, budget and a budget justification/narrative that specifies salary, fringe, supplies, and other direct costs, as well as appropriate F&A costs consistent with the subrecipient’s indirect cost rate. Terms and conditions from a prime award are typically imposed on the subrecipient to the same degree that they are imposed on UAF as the prime recipient.

Contractor (Vendor): A contractor (vendor) relationship (including that of an individual acting as a vendor of consulting services) is appropriate when:

- The entity is providing specified services in support of the research program.
- The entity has not significantly participated in the design of the research itself, but is
- implementing the research plan of the UAF investigator.
- The entity is not directly responsible to the sponsor for the research or for determining research results.
- The entity markets its services to a range of customers, including those in non-academic fields.
- Little or no independent decision-making is involved in the design and conduct of the research work being completed.
- The agreement only specifies the type of goods/services provided and the associated costs.
- The entity commits to deliverable goods or services, which if not satisfactorily completed will result in nonpayment or requirement to redo deliverables.
- The entity does not expect to have its employees or executives credited as co-authors on papers that emerge from the research.
- The expectation is that the work will not result in patentable or copyrightable technology or products that would be owned by the entity.
- In the case of an individual vendor of consulting services, the person has no employment relationship with UAF, either academic or administrative in nature.

Definitions

Under the Uniform Guidance (2 CFR §200), an organization is considered a subrecipient of a federal award when it:

1. Determines who is eligible to receive what financial assistance;
2. Has its performance measured against whether the objectives of the federal program are met;
3. Has responsibility for programmatic decision-making;
4. Has responsibility for adherence to applicable federal program compliance responsibilities; and
5. Uses the federal funds to carry out a program of the organization as compared to providing goods and services for a program of the pass-through entity.

Under the Uniform Guidance (2 CFR §200), an organization is considered a contractor (vendor) when it:

1. Provides goods and services within normal business operations;
2. Provides similar goods and services to many different purchasers;
3. Operates in a competitive environment;
4. Provides goods or services that are ancillary to the operation of the Federal program; and
5. Is not subject to compliance requirements of the Federal program.

Not all of these characteristics will be present in every case. According to the Uniform Guidance, judgment should be used in each individual case in determining whether an entity is a subrecipient or a vendor. At UAF, these same definitions are also applicable to non-Federal awards. What is important to note is the intent behind the relationship.

Contractor (aka Vendor) - Contractor means an entity that receives a contract. A contract is a legal instrument by which a non-federal entity purchases property or services needed to carry out the project or program under a federal award. (Uniform Guidance §200.22, §200.23)

Subaward - Subaward means an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract (Uniform Guidance §200.92)

Subrecipient - Subrecipient means a non-federal entity that receives a subaward from a pass-through entity to carry out a part of a federal program; but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other federal awards directly from a federal awarding agency (Uniform Guidance §200.93)

Additional information can be found at:

<https://www.uaf.edu/ogca/lifecycle/3-develop/budgets/direct-costs/>