

## **Guidance for Determining Subrecipient (Subgrant or Subcontract) vs. Contractor (Professional Services/Vendor or Consultant Services)**

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Use this document to determine the type of relationship that is most appropriate for your project when entering into a financial and working relationship with a non-UNI affiliated individual, company, agency, nonprofit, or other type of external entity. It is important to consider the substance of the relationship when classifying the relationship. The UNI Office of Research & Sponsored Programs (RSP) verifies the relationship classification during its review of your project and project budget. This is an important part of the project budgeting process because of the implications this determination has on the type of agreement that is issued and relative responsibilities of each party to the relationship. Subject to case-by-case determinations, there are two primary classifications: *Subrecipient and Contractor*.

- A *Subrecipient* relationship will result in a subgrant/subaward or subcontract agreement. A Subrecipient, regardless of the agreement type, is called a “Subawardee”.
- A *Contractor* relationship will result in a procurement contract agreement. A Contractor can generally be defined as either a “Professional Services/Vendor” or a “Consultant”.

### **Step 1. Subrecipient or Contractor?**

Federal regulatory guidance may be accessed through RSP or by consulting the U.S. Office of Management & Budget Uniform Guidance Section 2 Part 200, Subpart D. §200.330 will assist with the determination between a Subrecipient and a Contractor relationship.

#### *Subrecipient (per 2 CFR 200.330):*

- Determines who is eligible to receive what Federal program [sponsored project] assistance;
- Has its performance measured in relation to whether objectives of a Federal program [sponsored project] are met;
- Has responsibility for programmatic decision making;
- Is responsible for adherence to applicable Federal program [sponsored project] requirements specified in the Federal [sponsored] award;
- In accordance with its agreement, uses the Federal [sponsored] funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity.

#### *Contractor (per 2 CFR 200.330)*

- Provides the goods and services within normal business operations;
- Provides similar goods or services to many different purchasers;
- Normally operates in a competitive environment;
- Provides goods or services that are ancillary to the operation of the Federal program;
- Is not subject to compliance requirements of the Federal program [sponsored project] as a result of the agreement, though similar requirements may apply for other reasons.

## **Step 2. Subawardee, Professional Services/Vendor or Consultant?**

*Subawardee:* An external entity receiving sponsored project award funds from UNI that:

- Has an individual from external entity listed as PI or co-PI for the sponsored project.
- Has performance measured against performance of the sponsored project.
- Has responsibility for programmatic decision making and for adherence to applicable federal/other program compliance requirements, such as IRB or IACUC approval.
- Carries out project at primary place of employment (such as home university) rather than providing goods or services for a fee as an individual or private entity.
- Has the right to publish project results and/or serve as co-author.
- Has the option to develop patentable technology and share in IP resulting from the project.
- Has programmatic involvement in the project identified by a separate statement of work (SOW), a separate budget and separate organization approval.

*Professional Services/Vendor:* A dealer, distributor, merchant, or specialist services provider receiving sponsored project award funds from UNI who:

- Is/has been paid a flat fee and provides similar goods/services to non-UNI purchasers in a competitive environment.
- Provides goods or services that are ancillary to the operation of the sponsored project.
- Is not considered to be engaged in research by a compliance committee nor is subject to compliance requirements of the sponsored project (e.g., IRB, IACUC, etc.).
- Is not responsible for the project design, conduct or reporting of research or educational activities and is not involved in programmatic work on the project including deliverables such as reports (delivers specialized services, such as program evaluation or the work of a survey call center, not the work of a UNI employee implementing the SOW).
- Does not have the right to publish project results or serve as co-author.
- Has no intellectual property rights arising from work done for the sponsored project.

*Consultant Services:* An individual (who is not an employee of UNI) or external entity receiving sponsored project award funds from UNI who:

- Provides professional advice or information; does *not* perform programmatic services.
- Is paid a set or flat fee for their work, which includes all expenses (travel, supplies, etc.).
- Uses their own equipment and materials (not those from their own institution).
- Has no ownership to IP, Copyright, or Inventions arising from the sponsored project.
- Does not provide a project report, summary, or other type of material that would be added to a sponsored project final report as written by the Consultant.
- Pays their own taxes on earnings

*Need help? Need more information?* Call the UNI Research & Sponsored Programs Office at 319-273-3217 or email us at [rsp@uni.edu](mailto:rsp@uni.edu) or visit our website at <http://rsp.uni.edu>