The following is provided as a tool to assist Principal Investigators and administrators in determining whether or not their sponsored project has/needs a subrecipient/subagreement relationship/document and/or what payment process is to be used for organizations and individuals that provide services to the sponsored project. The classification information provides indicators of the appropriate nature of the relationship with the service provider but situations may vary and not all relationships will have the same indicators nor will the indicators always define the relationship. It is important to note that one or more of the indicators does not necessarily define the relationship; however a preponderance of indicators may lead to the conclusion that the transaction should be processed as a particular relationship (subrecipient, consultant or vendor).

Name of Proposed Organization: ______________________________________________________

Type of Organization: ______________________________________________________________
(i.e. nonprofit, for-profit, individual)

The following should be analyzed in order to determine whether a Subrecipient or Professional Service (vendor or consultant) relationship exists. It is important to consider the substance of the relationship when determining whether a subrecipient or vendor or consultant relationship exists.

OMB Circular A-133, Subpart B § .210, defines subrecipient and vendor/consultant relationships for federal awards as follows:

- Subrecipient is defined as a non-federal entity that expends Federal/State awards received from a pass-through entity to carry out a Federal/State program, but does not include an individual that is a beneficiary of such a program. It may also be a recipient of other Federal/State awards directly from a Federal/State awarding agency.

- Professional Service/Vendor or Consultant is defined as a dealer, distributor, merchant, or other seller providing goods or services that are required for the conduct of a Federal/State program. These goods or services may be for an organization’s own use or for the use of beneficiaries of the Federal/State program.

Check all that apply. Based on scope of work or deliverables anticipated...

Subrecipient Indicators:

___ Has its performance measured against whether the objectives of the sponsored program are met.
___ Has responsibility for making programmatic decisions relative for their portion of the work.
___ Has responsibility for adherence to applicable sponsor program compliance requirements (e.g., budget restrictions, IRB, IACUC, publication, IP rights).
___ Uses sponsored funds to carry out a program of the organization as compared to providing goods or services for a program of the pass-through entity.
___ Determines who is eligible to receive sponsor financial assistance or inclusion in project activities.
___ Has a line-item, cost reimbursement budget as opposed to fixed fee for service.
___ Budget includes F&A.
___ The organization is a University.
___ The individual/organization is a UNC or State of North Carolina employee/agency.
The organization is contributing to the scholarly/scientific conduct of the project as described in the grant statement of work.

Payments are made before the work is completed (scheduled or advance pay) and the settlement of the agreement will be on the basis of final incurred allowable cost.

In general, a subrecipient/subaward is used when the intent is to have another organization help complete the scope of work described in the grant proposal. It is characterized by a cooperative effort to carry out the objectives of the project funded. Typical situations include arrangements in which two or more qualifying institutions work collaboratively on a sponsored project. Each institution has its own Principal Investigator or Project Director but one of the collaborating institutions functions as the prime awardee with the direct legal relationship with the sponsor.

**Professional Service/Vendor or Consultant Indicators:**

- Provides the goods or service within its normal business operations.
- Provides similar goods or services to many different purchasers.
- Operates in a competitive environment.
- Provides goods or services that are ancillary to the operation of the sponsored program.
- Is not subject to compliance requirements of the sponsored program.
- Provides services as an individual or sole proprietor.
- Pay particular attention to testing, processing, computer programming, editing etc. functions that are outsourced.
- Payments are made after performance or at intervals of progress made toward identified deliverables.
- The organization is paid by increments above costs (profit).

As there are exceptions to the above list of characteristics, judgment must be used in determining whether an entity is a sub-recipient or a provider of professional services (vendor or consultant). In making this determination, the substance of the relationship is more important than the format of the agreement or the number of specific indicators.

Based on your analysis of the above checklist results and definitions, the organization is proposed/determined to be a (check one):

- Subrecipient: _____
- Professional Service: Vendor: _____
- Consultant: _____

**ECU Business Processes**

It is important to make the determination/distinction as you are developing proposals (and before submitting information to a sponsor).

- The appropriate determination will impact F&A calculations and ECU’s total award request.
- The recipient may be subject to OMB A133 and A21 auditing and monitoring provisions if prime funding is from a federal agency.
- Prime funding terms and conditions are passed down from the prime award to a subrecipient while vendor/consultant services are not subject to the same terms and conditions.
- At the time of execution of the services agreement, ECU will apply the most appropriate practice/definition based on the checklist and scope of work review. If the proposal/award was not processed correctly – this could have a negative impact on the budget (and F&A) or could require additional sponsor approvals.

Subrecipient agreements are prepared/approved/executed by the **Office of Sponsored Programs (OSP)**. All subagreements should be specifically listed in sponsor proposals. For additional information, contact your OSP representative.
Professional Service agreements are prepared/approved/executed by the Materials Management/Purchasing Department (MM). If the professional service is being performed by an individual consultant – the ECU Contract for services form and processes should be used. If the professional service is being performed by a company/corporation/vendor – the ECU PORT processes should be used. Grant vendor processes are subject to the normal University/State purchasing and procurement business practices. Contact Materials Management for additional information about the procedures. All professional services agreements should be specifically listed in sponsor proposals.

For all sponsored projects, The Office of Grants and Contracts (OGC) will preapprove: (1) All subrecipient and consultant payments/invoices before they are processed; (2) All contract services forms before they are executed by Materials Management; and (3) vendor PORT payments/transactions. For additional information contact your OGC representative.