

# GCA NEWS

Grants and Contracts Accounting Updates

August 2016

## Subrecipient versus Contractor

OUSHC is required by Federal guidelines to determine whether an entity is a subrecipient or a contractor. It is very important that we get the classification correct as the requirements for monitoring and the method of charging F&A differ based on the distinction. A subrecipient is for the purpose of carrying out a portion of the award and creates an assistance relationship. Characteristics which support the classification as a subrecipient are:

- Determines who is eligible to receive assistance;
- Has its performance measured in relation to whether objectives of the program were met;
- Has responsibility for decision making;
- Is responsible for adherence to applicable program requirements;
- Uses the funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services.

A contractor is for the purpose of obtaining goods and services and creates a procurement relationship with the contractor. Characteristics indicative of a contractor are:

- 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 program.

It's important to remember that importance to the award, doesn't enter into the determination. A contractor can be just as important to the work being done. And remember that the substance of the relationship is more important than the form of the agreement. Just because a contract is written on an ICA form, doesn't mean we shouldn't be making sure it is classified correctly.

## eCRT Implementation

Grants and Contracts Accounting is in the process of implementing the Huron eCrt system for time and effort certification. This automated system will replace our current paper driven system. At the time the system goes live we will also be changing our certification cycle to quarterly certifications. The certification periods will be July-September, October-December, January-March and April-June. The first certification in the eCrt system will be for the July-September quarter. Our intent is to go live in mid-October for certification. Training for the system will begin in September. We hope to have those training sessions on the Human Resources training calendar soon. Please note that you must attend training to have access to the system. If you can't make the time period we have scheduled, please let us know as soon as possible.

[Payroll has setup a new earnings code to be used for supplemental exceptions on SPNSR funds. The code 145 should be used for all effort based supplemental exceptions on SPNSR funds.](#)

## Requisitions/Purchase Orders

Purchase orders that will be expensed to SERVICE general ledger object codes should NOT have the description of subrecipient or subcontract. These descriptions should only be used if you are using the 921700, 921710, 921720, 921800, 921810, and 921820 general ledger object codes. The Federal Government has explicit guidelines for subcontracts/subrecipients, so it is imperative that we not comingle terminology. When entering requisitions be sure that the description you enter into the Item Description field corresponds to the type of agreement and gl account used. GCA will be recycling any mismatches back to the departments for correction.