

# Subrecipient Versus Contractor Determination

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OUHSC is required by Federal guidelines to determine whether an entity is a sub-recipient 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. A contractor is for the purpose of obtaining goods and services and creates a procurement relationship with the contractor.

## **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 principal investigator is identified;
- Typically salary commitment is in the form of effort (i.e. calendar months, FTE, etc.)
- Proposal requires statement of work, budget, budget justification and official organization commitment letter;
- Subrecipient is entitled to Facilities and Administrative costs as allowed by the prime award;
- Publication of results are expected;
- Potential for patentable or copyrightable technology.

If a subrecipient is performing work on an OUHSC award, a request for subrecipient agreement must be routed through SoonerTrack.

## **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;
- Person(s) conducting the work is not necessarily identified;
- No publication or involvement in publication is anticipated;
- Little or no independent decision-making involved in the design or conduct of project;
- The vendor commits to deliverable goods or services which if not satisfactorily completed may result in non-payment or replacement.

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 scope of work. The substance of the relationship is more important than the form of the agreement.