

Subrecipients are collaborating institutions that participate on sponsored projects awarded to another institution known as a Pass-through Entity. The working relationship between the Pass-through Entity and subrecipient is established through a formal agreement. A Subrecipient completes work that influences a project programmatically for a significant portion of the work while a contractor, also known as a supplier in ConnectCarolina, only supplies goods and services to the project on an hourly, daily, or fixed fee schedule.

It is important to decide if the outside entity that will be paid from the project is either a subrecipient or a contractor. This allows the [Office of Sponsored Programs](#) (OSP) to ensure the appropriate agreements are in place. At time of award, if the subrecipient v. contractor determination was proposed incorrectly, the direct cost budget will need to be rebudgeted to address the insufficient indirect costs which will then decrease direct costs. For more information, see [OSP's Outgoing Subrecipient Agreements Operating Standard](#).

Subrecipient Qualifications

Subrecipients have substantive, programmatic participation in a sponsored project. This is most easily identified by their involvement in designing, directing, and conducting the research as proposed. The subrecipient identifies a Principal Investigator/Project Director to manage the project at their institution who may be considered key personnel by the sponsor as part of UNC's total project. The subrecipient is given flexibility to conduct their portion of the research.

Contractor Qualifications

Contractors are independent contractors unaffiliated with UNC, hired to provide specific services or ancillary goods for a limited period necessary to conduct their portion of the research effort. Contractors are not directly involved with the scientific direction of the project, and they normally provide the same goods or services in a consistent manner for all their business customers, and they would not be responsible for the research results. Contract terms and conditions typically do not apply to a contractor.

Compensation for a contractor is based on their salary and rate history for comparable work with other entities. Compensation can be expressed as a daily rate or a fixed amount for the services provided.

Subrecipient v. Contractor Determination

For purposes of subrecipient determination, the term vendor/supplier can be used interchangeably. For assistance in determining if an entity is a subrecipient or contractor, review the table in [Appendix A](#) and the supplemental questionnaire in [Appendix B](#).

Individual contractors with a primary appointment at other Institutions of Higher Education (IHE)

Independent consultants/contractors with a primary appointment at another Institution of Higher Education (IHE) must provide a signed certification letter from their IHE Authorized Representative, which acknowledges there is not a conflict of commitment and whether the IHE's resources will be used. See [Appendix C](#). For more information see [OSP's Consultants Operating Standard](#).

A. SUBRECIPIENT V. CONTRACTOR DETERMINATION MATRIX

Subrecipient	Contractor
<ul style="list-style-type: none"> • Their performance is measured against meeting the objectives of the program • They have authority for administrative and programmatic decisions • They provide on-going research or collaboration for the life of the program • They carry out a programmatic aspect of the project, unlike a contractor who only provides a standard service • They are responsible for applicable program compliance requirements, i.e., IRB, IACUC, or cost share • Publications may be created or co-authored at the entity 	<ul style="list-style-type: none"> • They provide a service as part of their normal business operations • They provide a similar service to many different purchasers • They operate in a competitive environment (compete with others who can provide a similar service) • Their program compliance requirements do not pertain to the service provided

B. SUBRECIPIENT V. CONTRACTOR DETERMINATION QUESTIONNAIRE

In answering the questions below, more "Yes" answers for questions 1-4 and more "No" answers to questions 5-9 may signify that a **contractor relationship** is more appropriate. Subsequently, more "No" answers to questions 1-4 and more "Yes" answers to questions 5-9 may indicate a **subrecipient relationship** is more appropriate. If you have questions left unanswered by this checklist regarding subrecipients, please contact your SPO Grants Analyst or OSP Sponsored Projects Specialist.

Answer these questions to determine how a provider may be paid, as a supplier or subrecipient:

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|----|---|-----|----|
| 1. | Does the organization provide the proposed goods/services within its normal business operations?
Answer "Yes" if the organization provides the same services or products as part of its daily business operations.
Answer "No" if the organization is developing a unique service or product for the University. | Yes | No |
| 2. | Does the organization provide similar goods or services to many different purchasers?
Answer "Yes" if the organization sells the same services or products to any customer, or if the organization is simply running lab tests, fabricating equipment, or developing plans to the University specifications.
Answer "No" if the organization must develop or design something unique based on project objectives. | Yes | No |
| 3. | Does the organization operate in a competitive environment?
Answer "Yes" if other sources are readily available. They compete with others who can provide a similar service.
Answer "No" if the organization provides a unique resource. | Yes | No |
| 4. | Are the proposed goods or services ancillary to the performance of the UNC's sponsored program?
Answer "yes" if the organization provides elements incidental to the work (e.g., if they are providing "skilled hands" but not interpretation in developing programmatic conclusions). | Yes | No |
| 5. | Are the organization's personnel named and identified as having key roles in the UNC's proposal?
Answer "Yes" if the proposal includes any of the following for the organization's portion of the project: separate budget; facility and resource description; project site information; roles and responsibilities; scope of work. | Yes | No |
| 6. | Is the organization's performance measured against the objectives of the sponsored program?
Answer "Yes" if the organization's performance will be measured against the objectives of the primary project. | Yes | No |
| 7. | Does the organization have responsibility for programmatic decision making?
Answer "Yes" if the organization works independently from the University: ·provides their own tools and equipment; solicits work from more than one customer; and directs their own efforts. | Yes | No |
| 8. | Will the organization use the proposed funds to carry out a program of its own, as compared to providing goods or services for UNC program?
Answer "Yes" if the funds issued to the organization will be dedicated to completing the project. Answer "No" if the funds will contribute to the general profit or operating funds of the organization. | Yes | No |
| 9. | Will the organization be working with Human Subjects or Human Subject Data?
Answer "Yes" if Human Subjects or Human Subject Data is identified in the scope of work.
Answer "No" if no Human Subjects or Human Subject Data is not identified in the scope of work. | Yes | No |

C. AUTHORIZED REPRESENTATIVE CERTIFICATION EXAMPLE

Authorized Representative certification statement is required when an independent consultant/contractor chooses to use their own Institutional letterhead and email address or proposed with the IHE's credentials. An example is below:

[Date]

Office of Sponsored Programs
The University of North Carolina at Chapel Hill
104 Airport Drive, Suite 2200, CB1350 Chapel Hill, NC 27599-1350

Subject: Independent Consultant Certification Statement

Dear UNC-CH's Office of Sponsored Programs,
As an Authorized Representative, I hereby certify that [Name of Consultant] may serve as a consultant on the project titled, "[Project Title]," and will/will not be using Institutional resources in performing their assigned scope of work. This engagement does/does not constitute itself as a subrecipient relationship.

Sincerely,

_____ [Signature]

[Name of Authorized Representative]

[Title of Authorized Representative]