

Subrecipients are collaborating institutions that participate on sponsored projects received by a different institution known as the Pass-through Entity. The working relationship between the Pass-through Entity and a collaborator is established through a formal agreement. This differs from work with a contractor/supplier (*previously vendor*) who only provides goods or services. A Subrecipient completes work that influences a project programmatically for a significant portion of the work.

It is important to determine if the outside entity that will be paid from the project is either a subrecipient or a consultant. This allows the [Office of Sponsored Research](#) (OSR) to ensure the appropriate agreements are in place. It also ensures that the entity will be setup in ConnectCarolina correctly so that payments are made correctly. For more information see [OSR's Consultants Operating Standard](#) and [OSR's Outgoing Subrecipients 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 representative to manage the project at their institution and they are considered key personnel on the University's project. They are given some flexibility to conduct their portion of the research.

Consultant/Supplier Qualifications

Consultants, also known as suppliers, are independent contractors unaffiliated with the University, hired to provide specific services or ancillary goods for a brief and limited period of time that the Principal Investigator needs to conduct the research effort. Consultants are not directly involved with the scientific direction of the project. They are providing goods or services in a consistent manner for all of their business customers. There is also no independence in how they complete the activities being purchased and they are not responsible for the research results.

For budget estimations, compensation for a consultant is based on their salary and rate history for comparable services and is subject to funding agency guidelines. Compensation for consultants is expressed as a daily rate or a fixed amount for the services to be provided. Although consultants can receive reimbursement for travel expenses, they are not eligible to receive fringe benefits and cannot be provided with supplies, administrative support, or other standard business items.

Subrecipient Determination

For purposes of subrecipient determination, consultants and suppliers are considered the same. For assistance in determining if a consultant/supplier should be a subrecipient, review the table in [Appendix A](#) and the supplemental questionnaire in [Appendix B](#).

For consultants using their Institution of Higher Education (IHE) resources in the performance of their scope of work, a signed certification from their IHE Authorized Representative is required. See [Appendix C](#).

Appendix A

Subrecipients	Consultant/Supplier
<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 consultant 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 • Consultants are suppliers

Appendix B

Subagreement Determination Questionnaire

How to use the Questionnaire:

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

Answer these questions to determine how a provider should be paid, as a supplier or subrecipient: **(Circle One)**

- Does the organization provide the proposed goods/services within its normal business operations? Yes No
- Does the organization provide similar goods or services to many different purchasers? Yes No
- Does the organization operate in a competitive environment? Yes No
- Are the proposed goods or services ancillary to the performance of the UNC's sponsored program? Yes No
- Are the organization's personnel named and identified as having key roles in the UNC's proposal? Yes No
- Is the organization's performance measured against the objectives of the sponsored program? Yes No
- Does the organization have responsibility for programmatic decision making? Yes No
- 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? Yes No
- Will the organization be working with Human Subjects or Human Subject Data? Yes No

Need assistance in answering a question? Please see below for clarification

1. 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.
2. 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 has to develop or design something unique based on project objectives.
3. 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.
4. 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).
5. 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.
6. Answer "Yes" if the organization's performance will be measured against the objectives of the primary project.
7. 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.
8. 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.
9. 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.

Relationship Determined to be (*Circle One*): Consultant/Supplier | Subrecipient

Appendix C

Authorized Representative certification statement is required when a consultant chooses to use their own Institutional letterhead or Institutional email address. A model certification statement is provided in the sample below:

[Date]

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

Subject: Consultant Certification Statement

Dear UNC-CH's Office of Sponsored Research,

As an Authorized Representative, I hereby certify that [Name of Consultant] may serve as a consultant on the project titled, "[Project Title]", and has approval to use Institutional resources in performing their assigned scope of work. This engagement does not constitute itself as a subrecipient relationship.

Sincerely,

[Signature]

[Name of Authorized Representative]

[Title of Authorized Representative]

Authorized Representative