

## **TIGER TIPS**

# **RESOURCES FOR AUBURN RESEARCHERS**

### **WORKING WITH SUBRECIPIENTS/WHEN TO SUBCONTRACT**

When a Principal Investigator (PI) sees a need or opportunity to use a subcontract on an upcoming sponsored project, he/she contacts the proposed subcontractor and requests a formal proposal. The Subcontractor then submits a proposal directly to the AU PI including a budget, budget justification, scope of work and letter of commitment signed by an authorized representative of the subcontractor institution. The PI then incorporates this into his/her proposal, to be routed through the Chair and Associate Dean for Research (as required) to the Office of Sponsored Programs (OSP) for review and approval.

When the AU PI prepares the prime proposal, the amount of the Subcontractor's total budget is included as a separate item in the appropriate category (i.e., "*other direct cost*" or "*subawards/consortium/contractual*") of AU's proposal budget with a reference to the Subcontractor's complete proposal, including a line item budget with sufficient justification, elsewhere in the proposal (for electronic submissions, this may be as an additional upload). Finally, it is subject to AU's facilities and administrative (F&A) cost on the first \$25,000 during the budget period(s) in which those costs occur within a competing segment of an award (applied when the F&A is based upon modified total direct costs (MTDC)).

In essence, the Subcontractor's proposal is a subsidiary proposal within AU's proposal. The prime sponsor's issuance of the grant or contract to AU usually includes specific authorization for the Subcontract. Occasionally, the need for a Subcontractor's collaboration develops after an award has been made to AU. Under those circumstances, most sponsor policies require that the AU obtain sponsor approval of the Subcontract before it is entered into by both parties. Such requests originate with the PI (in written form) and must be approved by the Office of Sponsored Programs (OSP), then forwarded to the sponsor for final review and approval.

### **Subcontract vs. Independent Contractor/Consultant/Vendor**

**Subrecipients** may have some or all of the following characteristics:

- Their performance is measured against meeting the objectives of the program.
- They have authority for administrative and programmatic decisions.
- They provide on-going service for the life of the program.
- They carry out a program of the subrecipient as compared to providing services for a program of the prime recipient.
- They are responsible for applicable program compliance requirements.

On a federally funded sponsored project, subrecipient funds are passed through from the recipient by a subcontract agreement. This agreement will flow down the various federal regulatory and compliance requirements.

**Vendors** have the following characteristics:

- They provide the 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.

**IN SUMMARY:**

A **subrecipient** serves as a co-investigator and is responsible for the end results of the research effort equally with the principal investigator where federal funds are being passed through to another entity.

A **vendor** provides ancillary goods or services that the principal investigator needs to conduct the research effort. A vendor is not responsible for the research results.

Additional information on AU's process for subcontracts, as well as associated forms and resources can be found on the [Subagreements page](#) of the OSP web site.