

Subaward, Subcontract, Consultant, Vendor

How to Tell Them Apart

SUBAWARD Characteristics whose presence supports the classification of an entity as a subrecipient are when the entity receiving funds under the award:

- Determines who is eligible to receive what Federal assistance;
- Has its performance measured in relation to whether objectives of a Federal program were met;
- Has responsibility for programmatic decision making;
- Is responsible for adherence to applicable Federal program requirements specified in the Federal award; and
- In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity

SUBCONTRACT A term used to refer to the subagreement when the prime award is a contract. For Indicative Characteristics see **Subaward**.

CONTRACTORS Procurement Contracts awarded for the purpose of obtaining goods and services for the entity's own use are not considered subawards for purposes of this guidance. Such a contract creates a procurement relationship between the parties. Characteristics indicative of a procurement relationship are when the entity receiving the Federal funds:

- Provides the goods or services within normal business operations;
- Provides similar goods or services to many different purchasers;
- Operates in a competitive environment;
- Provides goods or services that are ancillary to the operation of the research project, and
- Is not subject to monitoring or reporting requirements of the prime award.

CONSULTANT Indicative characteristics

- A company or an individual who is clearly a bona fide consultant (expert advisor) who pursues this line of business for him/herself.
- Are paid for their time at a daily or hourly fixed rate.
- A consultant is considered a "work for hire" thus all intellectual property and copyrightable information is assigned to Montana State University.

There may be unusual circumstances or exceptions to the listed circumstances that will have a bearing on the ultimate classification. It is not expected that all of the characteristics will be present in every case. The Office of Sponsored Programs will assist in the final determination if needed.