

# Should it be considered a Subaward, Consulting or Procurement?

## Subawards (also known as Subcontracts)

### [Definition of Subaward from 2 CFR 200 \(3/30/15\):](#)

§200.92 *Subaward* means an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.

### [Definition of Subaward from A-110 \(9/30/99\):](#)

Subaward means an award of financial assistance in the form of money, or property in lieu of money, made under an award by a recipient to an eligible sub recipient or by a sub recipient to a lower tier sub recipient. The term includes financial assistance when provided by any legal agreement, even if the agreement is called a contract, but does not include procurement of goods and services nor does it include technical assistance, which provides services instead of money; other assistance in the form of loans, loan guarantees, interest subsidies, or insurance; direct payments of any kind to individuals; and, contracts which are required to be entered into and administered under procurement laws and regulations.

### [Definition of Consortium Agreement from NIH Grants Policy Statement \(3/31/15\):](#)

A formalized agreement whereby a research project is carried out by the recipient and one or more other organizations that are separate legal entities. Under the agreement, the recipient must perform a substantive role in the conduct of the planned research and not merely serve as a conduit of funds to another party or parties. These agreements typically involve a specific level of effort from the consortium organization's PD/PI and a categorical breakdown of costs, such as personnel, supplies, and other allowable expenses, including F&A costs. The relationship between the recipient and the collaborating organizations is considered a subaward relationship.

### [Definition of Subaward from NSF Grant General Conditions \(12/26/14\):](#)

Subaward: (a) This term means a legal instrument to provide support for the performance of any portion of the substantive project or program for which you received this award and that you as the recipient award to an eligible subrecipient. (b) The term does not include your procurement of property and services needed to carry out the project or program (for further explanation, see 2 CFR § 200.330). (c) A subaward may be provided through any legal agreement, including an agreement that you or a subrecipient considers a contract.

KEY factors indicating relationship should be considered a subaward:

- Completes a significant part of the research or substantive effort (Statement of Work)
- Has its performance measured against whether the objectives of the program are met
- Has responsibility for programmatic decision making
- Has responsibility for adherence to applicable program compliance requirements

KSU Administrative Matters Regarding Subawards

- Usually requires prior written permission of the sponsor. If planned and described in the proposal, the award provides permission. If need arises after the award is made, permission must be obtained from the sponsor. Contact PreAward Services for assistance.
- Subawards are not subject to competitive procurement requirements because of the sponsor's approval.
- See [PPM Chapter 7050.072](#) for procedures on establishing an agreement and other institutional requirements.
- Only the 1st \$25,000 of the subaward is included in KSU's MTDC F&A calculations.
- KSU must perform subrecipient monitoring responsibilities. See [Consultants, subawards, and other professional services resources website](#) for information regarding subrecipient monitoring.

## Consulting

### [Definition of Consultant from NIH Grants Policy Statement \(3/31/15\):](#)

An individual who provides professional advice or services for a fee, but normally not as an employee of the engaging party. In unusual situations, an individual may be both a consultant and an employee of the same party, receiving compensation for some services as a consultant and for other work as a salaried employee. To prevent apparent or actual conflicts of interest, recipients and consultants must establish written guidelines indicating the conditions of payment of consulting fees. Consultants also include firms that provide professional advice or services.

### [Consultant allowability from NSF Grant General Conditions \(12/26/14\):](#)

Costs for professional and consultant services, including those who are members of a particular profession or possess a special skill and who are not officers or employees of the performing organization, are allowable when reasonable in relation to the services rendered and when not contingent upon recovery of costs from NSF. If not included in the grant budget, anticipated services must be justified and information furnished on each individual's expertise, primary organizational affiliation, normal daily compensation rate, and number of days of expected service. Consultants' travel costs, including subsistence, may be included. If requested, the grantee must be able to justify that the proposed rate of pay is reasonable. Additional information on the allowability of consultant costs is available in 2 CFR § 200.459.

### KEY factors indicating relationship should be considered a consultant:

- Normally included in the proposal narrative and/or proposal budget as a consultant expense.
- A firm or individual that provides professional advice or consulting which may or may not be routine for a pre-determined fee.
- The proposal narrative should provide appropriate rationale and the summary proposal budget should indicate the amount of funds required for this purpose.
- Consulting not anticipated in the proposal may be procured with appropriate justification and if it is an allowable expenditure on the award. This may require a budget revision; contact Sponsored Programs Accounting for guidance.
- The sponsor may have limits on consultant pay rates.
- If consultant services will total \$5,000 or more, contact Purchasing for assistance in bidding or obtaining sole source approvals. State of Kansas and K-State Purchasing rules apply to grants. If a consultant is mentioned by name in the proposal narrative and/or proposal budget, sole source approval should be obtained through the KSU Purchasing office by referencing the award proposal or budget. If there is not a specific consultant named, bids must be taken or specific sole-source approval must be received from the sponsor. See [PPM Chapter 7050.070](#) for more information.
- After receiving Purchasing approval, contact PreAwards Services for preparation of a Consultant Agreement.
- Also see the Sponsored Programs Accounting website for more information on [Consultants, subawards, and other professional services resources](#).
- Costs incurred are subject to full F&A recovery.

## **Procurement**

### Definition:

The purchase of goods or services. For example, lab fees or other fees for service where no advice or subjectivity is concerned. If advice or subjectivity is involved, it may require a consultant or professional service agreement.

### KEY factors indicating relationship should be considered a procurement:

- Provides goods and services within normal business operations.
- Provides similar goods and services to many different purchasers.
- Operates in a competitive environment.

### KSU Administrative Matters Regarding Procurement:

- See Purchasing Procedures [PPM Chapter 6310](#) for institutional requirements.
- To determine allowability on an award, see award terms and conditions or contact Sponsored Programs Accounting (532-6207) for assistance.
- Costs incurred are subject to full F&A recovery.