

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

## **Subawards (also known as Subcontracts)**

### Definition of Subaward from A-110:

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 subrecipient or by a subrecipient to a lower tier subrecipient. 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:

A formalized agreement whereby a research project is carried out by the grantee and one or more other organizations that are separate legal entities. Under the agreement, the grantee 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.

### Definition of Subaward from NSF Grant Policy Manual:

A significant part of the research or substantive effort, excluding the procurement of items such as commercially available supplies, materials, equipment or general support services.

### KEY factors indicating it 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

- 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 Pre-Award Services for assistance.
- The proposal treats the subaward as a single line item (including both direct costs and F&A) in KSU's budget. The subawardee's budget provides the detail.
- A subaward agreement must be prepared by Pre-Award services, which will include all regulatory flow-down requirements.

- Subawards are not subject to competitive procurement requirements because of the sponsor's approval.
- See PPM Chapter 7050 for procedures on establishing an agreement, encumbrance and other institutional requirements.
- Only the 1<sup>st</sup> \$25,000 of the subaward is included in MTDC F&A calculations
- KSU must perform subrecipient monitoring responsibilities. See [http://www.k-state.edu/controller/spa/consul\\_subs/index.html](http://www.k-state.edu/controller/spa/consul_subs/index.html) for information regarding subrecipient monitoring.

## **Consulting**

### Definition of Consultant from NIH Grants Policy Statement:

An individual who provides professional advice or services for a fee, but normally not as an employee of the engaging party. Consultants also include firms that provide professional advice or services.

### Consultant allowability from NSF Grant Policy Manual:

Costs of professional and consultant services rendered by persons 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.

Since intra-university consulting is assumed to be undertaken as a university obligation requiring no compensation in addition to full-time salary, the principles summarized in [GPM 611, "Salaries, Wages and Fringe Benefits,"](#) also apply to those who function as consultants or otherwise contribute to a project conducted by another faculty member of the same institution.

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

- Normally included in the proposal narrative and/or proposal budget as a consultant expense
- A firm or individual which provides professional advice or service which may or may not be routine for a pre-determined fee

### KSU Administrative Matters Regarding Consultants

- 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 Projects Accounting for guidance.
- The sponsor may have limits on consultant pay rates
- If consultant services will total \$5,000.00 or more, contact the Purchasing section of the Controller's Office for assistance in bidding or obtaining sole source approvals.

- After receiving Purchasing approval, Pre-Awards Services will prepare a Consultant Agreement.
- See PPM Chapter 7050 for procedures on establishing an agreement, encumbrance and other institutional requirements.
- Also see <http://www.k-state.edu/controller/spa/ConsultantProfSvcsProcedures.pdf> for more information.
- Costs incurred are subject to full F&A recovery

## **Procurement**

### Definition:

The purchase of goods or services.

### KEY factors indicating it 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 PPM Chapter 6310 for institutional requirements.
- To determine allowability on an award, see award terms and conditions or contact Sponsored Projects Accounting for assistance.
- Costs incurred are subject to full F&A recovery