

## Section 16.04

# GRANT SUBAWARD PAYMENTS

In compliance with the *Office of Management and Budget (OMB) Circular A-133 Audit of States, Local Governments, and Non-Profit Organizations*, Texas A&M University-Corpus Christi (TAMUCC) Research Office will issue sub-awards based on the following guidelines and regulations. TAMUCC will consistently apply these procedures on all sponsored projects, regardless of sponsor types (federal, state, local, private).

### I. DEFINITIONS

#### a. SUBAWARD

A "sub-award" is a formal written agreement made between Texas A&M University-Corpus Christi and a "Sub-recipient" (as defined below) to perform a portion of the Statement of Work under a TAMUCC sponsored project. A sub-award must include a clearly defined, intellectually significant Statement of Work (SOW) to be performed by the Sub-recipient. The Sub-recipient's SOW is performed by its personnel, using its own facilities and resources. Work is usually performed at the Sub-recipient's site. The Sub-recipient takes full responsibility for adhering to the terms and conditions of the sub-award (including those flowed down from TAMUCC's sponsor), and assumes creative and intellectual responsibility and leadership as well as financial management for performing and fulfilling the Sub-recipient's SOW within the Sub-recipient's approved budget. The Sub-recipient's responsibility under a sub-award is also called "programmatic decision-making" under Federal Funding terminology. A sub-award SOW may include fabrication of specialized equipment to be used for the TAMUCC sponsored research project as a project-related asset or as a deliverable to the sponsor. Sub-awards differ from procurement contracts used to acquire goods or services from vendors. Additional guidance is found in Section 2 of this policy.

#### b. SUBRECIPIENT

A "Sub-recipient" is a non-TAMUCC entity that expends awards received from TAMUCC to carry out a portion of TAMUCC's programmatic effort under a sponsored project. There must be an arms-length relationship between TAMUCC and its sub-recipients. In keeping with this requirement, the Sub-recipient may not involve an individual who is also a direct beneficiary of such a program at TAMUCC, the sponsor, or a higher-tier sub-recipient. The Sub-recipient may be another educational institution, an independent laboratory, a foundation, a for-profit corporation, a non-profit corporation or other organization, and may be a domestic or foreign entity.

For both federal and non-federal sponsored projects, TAMUCC adheres to the federal government's definition of a Subrecipient as defined in Office of Management and Budget Circular A-133, Section 105.

## II. DISTINGUISHING CHARACTERISTICS BETWEEN SUBAWARDS AND OTHER PROCUREMENT ACTIONS

TAMUCC follows the requirements found in OMB Circular A-133, Section B.210 to distinguish sub-awards from other procurement actions, as follows:

### **TAMUCC Research Office will issue a sub-award when:**

1. TAMUCC (with assistance from its sponsor, as required) determines who is eligible to receive the sub-award;
2. the Sub-recipient has its performance measured against whether the objectives of the sponsored program are met;
3. the Sub-recipient has responsibility for programmatic decision-making\* (see definitions section, above)
4. the Sub-recipient assumes responsibility for adherence to applicable sponsor program compliance requirements\*; and
5. the Sub-recipient uses sponsor funds to carry out a program (Statement of Work) of TAMUCC as compared to providing goods or services.

In addition, the department will create an Exempt (E) document in the FAMIS system as a mechanism for encumbering funds and issuing payment to the sub-recipient.

### **TAMUCC Research Office will use other procurement actions, subcontracts via the TAMUCC Purchasing Office, when the vendor:**

1. provides the goods and services within its normal business operations;
2. provides similar goods or services to many different purchasers;
3. operates in a competitive environment;
4. provides goods or services that are ancillary to the operation of TAMUCC's sponsored project;
5. is not subject to compliance requirements of TAMUCC's sponsor.

In addition, the department will create a requisition (R) document or limited purchase order (L) document in the FAMIS system as a mechanism for encumbering funds and issuing payment to the vendor.

\*Sub-awards are typically needed when the nature of the sub-recipient's statement of work could result in intellectual property or publishable results being developed by the sub-recipient. In most cases, the need for an entity to obtain compliance approvals (e.g.,

approval to use human subjects or animal subjects) will also indicate the need to use a sub-award rather than a procurement action.

Determinations on whether sub-awards or vendor subcontracts will be issued, will be made in collaboration between the TAMUCC Research Office and the TAMUCC Purchasing Office and will be based on the information from the sponsored project contract or notice of grant award and supplemental information, the SOW for the particular procurement at hand, and any other information supplied the Principal Investigator. Upon approval from the TAMUCC Research Office and review by the TAMUCC Purchasing Office if applicable, Exempt (E) documents will be tracked by the TAMUCC Research Office and the Principal Investigator (PI) of the sponsored project account. PI will be responsible for approving sub-award invoices and will be sent directly to Accounts Payable for final payment.

Consistent with the requirements found in [OMB A-133](#), Section B.210, there may be unusual circumstances or exceptions to the listed circumstances that will have a bearing on the ultimate classification of the costs. In making the determination of whether a sub-recipient or vendor relationship exists, the substance of the relationship will be considered more important than the form of the agreement. It is not expected that all of the characteristics will be present in every case.