

Accounting and Administrative Manual
Section 100: Accounting and Finance

Subawards and Vendor Contracts
No.: D-06

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Position Paper Prepared by Statewide Finance

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subaward may be called a subcontract, subagreement, subrecipient agreement, purchase order, subgrant, etc. and it may look like a procurement agreement in format and language. The University considers subawards synonymous with the subgrants and subcontracts referred to in OMB Circular 2A (relocated to 2 CFR, Part 220)

According to the University of Alaska Accounting and Administrative Manual Section 100, D-07 "Subrecipient Monitoring" the University defines a subrecipient as a non-Federal entity that expends Federal awards received from a pass-through entity to conduct a substantive portion of the program or activity for which the original award was received for a federally funded program. In addition, subrecipients are required to meet compliance requirements, have their performance measured against meeting the objectives of the program, are responsible for programmatic decision making, and determining eligibility for assistance. For OMB Circular A133 monitoring purposes, the university segregates other educational institutions, profit institutions, and state and local governmental subrecipients from other subrecipients in accounting subawards.

A contractual arrangement to acquire goods or services required for the conduct of a sponsored program from a vendor is not considered a subaward. Vendors include dealers, distributors, merchants, or other seller's of goods and services. A vendor is distinguished from a subrecipient by the fact that a vendor provides these goods or services during the course of their normal business operations to many different customers. Additionally, vendors operate in a competitive environment, the goods and services provided are ancillary to the operation of the sponsored program, and the vendor does not have responsibility for adherence to program compliance requirements. Consultants are generally considered vendors because they are normally not rec

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Excluding Specific Non-MTDC costs on Sponsored Projects
OMB Circular A-21

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For other entities, the first \$25,000 of the subaward is recorded in account code 3025 and the balance in account code 3026. These account codes are described in the following excerpts from the University of Alaska Accounting and Administrative Manual Section 200:

3021 Subagreement (Subrecipient) Under \$25,000 Expenditures made under a sub-agreement with another entity, for the purpose of carrying out (part of) the program and where the entity is defined as a subrecipient by OMB Circular A133. To be classified as a subrecipient the original funding must be federal or federal-~~pass~~ (but not a fixed price contract), and the sub-agreement entity is an educational or ~~profit~~ institution or a state or local government for further guidance see the University of Alaska Accounting and Administrative Manual Section 100D-07 "Subrecipient Monitoring" Subrecipients are generally named in the original award document or proposal. The expenditures charged to this account code must not exceed \$25,000 during the life of the agreement. The portion of the payments exceeding \$25,000 be charged to account code 3022. For use in restricted funds only.

3022 Subagreement (Subrecipient) Over \$25,000 Expenditures made under sub-agreement with another entity, for the purpose of carrying out (part of) the program and where the entity is defined as a subrecipient by OMB Circular A133. To be defined as a subrecipient the original funding is federal or federal-~~pass~~ (but not a fixed price contract), and the sub-agreement entity is an educational or ~~profit~~ institution or a state or local government for further guidance see the University of Alaska Accounting and Administrative Manual Section 100, ~~D7~~ "Subrecipient Monitoring" Subrecipients are generally named in the original award document or proposal. These expenditures are excluded from the facilities and administrative cost recovery calculation using the MTDC method. The portion of the payments up to the \$25,000 is to be charged to account code 3021. For use in restricted funds only.

3025 Subagreement (Other) Under \$25,000 - Expenditures made under a sub-agreement with another entity for the purpose of carrying out (part of) the program but where the entity is not defined as a subrecipient use account code 3021 if the entity is

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MTDC as explained previously should be accounted for in the following new account codes:

3028 CFO Approved Vendor Service Contract Under \$25,000 Expenditures approved for a limited exclusion from MTDC under a contractual arrangement to acquire services necessary for the conduct of a sponsored program from a vendor which require less oversight and administrative burden than normally warranted. Vendors include dealers, distributors, merchants, or other seller's services. The expenditures charged to this account code must not exceed \$25,000 during the life of the agreement. The portion of the payments exceeding \$25,000 is to be charged to account code 3029. For subawards, use account code 3021 or 3025 for further information see account code 3021 and 3025 definitions and D07 "Subrecipient Monitoring" in Section 100 in the University of Alaska Accounting and Administrative Manual. For use in restricted and segregated (14XXXX) funds only. Procurements using this account code require the approval of the MAU Chief Financial Officer or authorized designee.

3029 CFO Approved Vendor Service Contract Over \$25,000 Expenditures approved for a limited exclusion from MTDC under a contractual arrangement to acquire services necessary for the conduct of a sponsored program from a vendor which require less oversight and administrative burden than normally warranted. Vendors include dealers, distributors, merchants, or other seller's of services. The portion of the payments over \$25,000 are excluded from the facilities and administrative cost recovery calculation using the MTDC method. The portion of the payments up to the \$25,000 is to be charged to account code 3028. For subawards, use account code 3022 or 3026 for further information see account code 3021 definition and D07 "Subrecipient Monitoring" in Section 100 in the University of Alaska Accounting and Administrative Manual. For use in restricted and segregated (14XXXX) funds only. Procurements using this account code require the approval of the MAU Chief Financial Officer or authorized designee.

4028 CFO Approved Vendor Commodity Contract Under \$25,000 Expenditures approved for a limited exclusion from MTDC under a contractual arrangement to acquire goods necessary for the conduct of a sponsored program from a vendor which require less oversight and administrative burden than normally warranted. Vendors include dealers, distributors, merchants, or other seller's of goods. The expenditures charged to this account code must not exceed \$25,000 during the life of the agreement. The portion of the payments exceeding \$25,000 is to be charged to account code 4029. For subawards, use account code 3021 or 3025 for further information see account code 3021 and 3025 definitions and D07 "Subrecipient Monitoring" in Section 100 in the University of

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