Overview of the Subawards, Hybrids, and Purchase Orders Video

Subrecipient – an organization that receives payment for performing a portion of the statement of work under the sponsor award, including programmatic decision-making.

Subaward – The formal agreement that is written, negotiated, and managed by OCA. A subaward is used to carry out a program for a portion of a Federal award and for the public purpose. U-M is a pass through entity, providing funds to the subrecipient for the purpose of implementing a portion of the Federal program.

Contractor – An organization that receives payment for providing a set of commercial goods and services. Commercial goods and services include purchase orders, general service agreements, and consulting agreements. These agreements are written, negotiated, and managed by Procurement Services.
Hybrid PO – Purchase agreements for non-commercial services necessary for the study but could be done by others. These are written, negotiated, and managed by onsite procurement specialists within OCA.

**Characteristics of Contractor/Hybrid Contract**

**Organization:** Contractor

**Characteristics:**

- However, U-M remains responsible and accountable to the sponsor.
- **Instrument/Form of Agreement Used:** The Federal government considers these relationships procurement transactions. However, the Procurement Services contract doesn’t quite fit. We use a *Hybrid Contract* that does not have warranties, etc.

Subaward  Hybrid PO  Purchase Order

**Characteristics of Contractor/Hybrid Contract**

**Organization:** Contractor

- Provides *research services* that are *non-commercial* and *necessary* to the study;
- *Not* responsible for *programmatic decision making*;
- Retains *intellectual property (IP)* rights for their own discoveries made;
- May provide input regarding protocol;
- Has access to study data;
- May be a co-author in subsequent publications.
Characteristics of Contractor/Hybrid Contract (continued)

- The hybrid contract can be confusing because it can fall anywhere on the spectrum between subaward and purchase order.
How Contracts are Audited

If it’s a subrecipient with a subaward, there are specific conditions (subrecipient monitoring) that must be done in accordance with UG.

**Subaward** - Every year we go through an Uniform Guidance Single Audit (formerly A-133). Each individual project is subject to audit.

**Procurement Services Contract and Hybrid Contracts** - With procurement transactions, the Government takes a pool of contracts to determine if U-M is handling things.

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Myths on Campus

- If a contract is cost reimbursable, it has to be a subaward. **Not true!**

- If the individual at the other organization provides input during the protocol development, participates on steering committees, or coauthors papers, they are a subrecipient. **In this case, a hybrid contract is most appropriate.**
Summary Chart

We can help!
If you would like to schedule a time for OCA staff to attend a meeting at your department to talk about subrecipients vs contractors, please contact OCA at subcontracts@umich.edu or 763-3193.

Location of the full YouTube video:
https://www.youtube.com/watch?v=STiL0jqqtY0&feature=youtu.be