

Procedure for Establishing a Subcontract on Sponsored Projects

If the award includes an outside entity receiving funds, the Subcontractor Checklist should be used to determine if the entity is a subrecipient of the award, or a vendor.

1. A **Subrecipient** is distinguished from a **vendor** in that a **Subrecipient**:
 - a. Performs a substantive portion of the proposed Statement of Work incorporated into the Prime Contract;
 - b. Has responsibility for internal programmatic decision-making and design;
 - c. Is responsible for assisting the Prime Recipient in meeting the goals of the project;
 - d. Is responsible for adhering to applicable Federal programmatic compliance requirements;
 - e. Retains intellectual property and copyright to the work produced by the **Subrecipient's** personnel; may co-author an article in a professional research journal.

2. A **Vendor** is issued a Purchase Order through Procurement. The purchase of goods and services, including "Consulting Services", are obtained from a commercial vendor.
 - a. A **Vendor** provides similar goods and services to multiple customers as part of their routine business operations;
 - b. A **Vendor** competes for customers with other like providers;
 - c. A **Vendor** does not retain intellectual property or copyright to the deliverables;
 - d. Cost sharing is not required of a **Vendor**;
 - e. Joint authorship of publications is not sought by **Vendors**;
 - f. The general terms of the Prime Contract do not flow down to the **Vendor**.

Subcontractor Checklist

Use the Subcontractor Checklist to determine nature of relationship. Notes should explain choices, and rationale for final decision explained on last page. Retain signed copy in grant file.

Subrecipient Risk Assessment

If it is determined that the entity receiving funds is a Subrecipient, a Risk Assessment must be completed using the Risk Assessment Tool.

Risk Assessment Tool

Complete the FDP Risk Assessment Questionnaire (tab RAQ 1-07-16). Guidance can be found on the following spreadsheet tabs.

- If entity is subject to single audit, place an X in box on row 4. This will pre-fill answers to questions 5, 6, 7, 9, 14, 16, 17, 18, 20 and 21.
- For questions 1-15, place an X in the appropriate yes or no column.
- For questions 16-28, use the drop-down beneath each question and select the appropriate response. Verify answers to all questions pre-filled if subject to single audit.
- Record any relevant notes. Initial and date when complete
- If "assessment incomplete" appears in red text below the initial box, at least one question has not yet been answered

The total score provides information on risk level. While SU does not have enough subrecipients to provide average thresholds of risk, FDP guidelines are that in general, a total scored above 8 (institutional) and 13 (project) is medium risk, and above 28 (total) is high risk.