

# 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.

## Subrecipient vs. Vendor

A Subrecipient is distinguished from a vendor in the following ways:

- Performs a substantive portion of the proposed Statement of Work incorporated into the Prime Contract.
- Has responsibility for internal programmatic decision-making and design.
- Is responsible for assisting the Prime Recipient in meeting the goals of the project.
- Is responsible for adhering to applicable Federal programmatic compliance requirements.
- Retains intellectual property and copyright to the work produced by the Subrecipient ' s personnel, and may co-author articles in professional research journals.

A Vendor, by contrast, is issued a Purchase Order through Procurement for goods and services, including consulting services. Vendors are defined by the following characteristics:

- Provides similar goods and services to multiple customers as part of their routine business operations.
- Competes for customers with other similar providers.
- Does not retain intellectual property or copyright to the deliverables.
- Is not required to provide cost sharing.
- Does not seek joint authorship of publications.
- Is not subject to the general terms of the Prime Contract.

## Subcontractor Checklist

Use the Subcontractor Checklist to determine the nature of the relationship. Notes should explain choices, and the rationale for the final decision should be recorded on the last page. Retain a signed copy in the 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 in the following spreadsheet tabs. Key points for completion include:

- If the entity is subject to a single audit, place an X in the box on row 4. This will pre-fill answers to several 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 dropdown beneath each question to select the appropriate response.
- Verify answers to all pre-filled questions if the entity is subject to a single audit.
- Record any relevant notes and initial and date when complete.
- If 'assessment incomplete' appears in red text below the initials box, at least one question has not been answered.

The total score provides information on the risk level. While Salisbury University does not have sufficient subrecipients to provide standard thresholds of risk, FDP guidelines generally categorize totals as follows:

- Scores above 8 (institutional) and 13 (project) indicate medium risk.
- Scores above 28 (total) indicate high risk.