



**Office of Sponsored Projects**  
**Standard Operating Procedure (SOP) for Subrecipient/Vendor/Consultant**  
**Determination**  
**Effective Date: 6/6/2024**

**Purpose**

The purpose of this SOP is to provide guidance on determining whether an entity that receives pass-through funds on an externally-funded project is considered a subrecipient, vendor, or consultant in compliance with the Uniform Guidance (2 CFR § 200.331).

**Scope**

This SOP applies to all personnel involved in the administration of awards and subawards.

**References**

2 CFR § 200.331 – Subrecipient and contractor determinations

**Definitions**

**Subrecipients.** A [subaward](#) is for the purpose of carrying out a portion of an [award](#) and creates an assistance relationship with the [subrecipient](#). See definition for *Subaward* in [§ 200.1](#) of this part. Characteristics which support the classification of the [non-Federal entity](#) as a [subrecipient](#) include when the non-Federal entity:

- (1) Determines who is eligible to receive what Federal assistance;
- (2) Has its performance measured in relation to whether objectives of a [program](#) were met;
- (3) Has responsibility for programmatic decision-making;
- (4) Is responsible for adherence to applicable [program](#) requirements specified in the [award](#); and
- (5) In accordance with its agreement, uses the funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the [pass-through entity](#).

**(b) Contractors.** A [contract](#) is for the purpose of obtaining goods and services for the [non-Federal entity](#)'s own use and creates a procurement relationship with the [contractor](#). See the definition of *contract* in [§ 200.1](#) of this part. Characteristics indicative of a procurement relationship between the [non-Federal entity](#) and a [contractor](#) are when the contractor:

- (1) Provides the goods and services within normal business operations;
- (2) Provides similar goods or services to many different purchasers;
- (3) Normally operates in a competitive environment;
- (4) Provides goods or services that are ancillary to the operation of the [program](#); and
- (5) Is not subject to compliance requirements of the [program](#) as a result of the agreement, though similar requirements may apply for other reasons.

**(c) Use of judgment in making determination.** In determining whether an agreement between a [pass-through entity](#) and another [non-Federal entity](#) casts the latter as a [subrecipient](#) or a [contractor](#), the substance of the relationship is more important than the form of the agreement. All of the characteristics listed above may not be present in all cases, and the [pass-through entity](#) must use judgment in classifying each agreement as a [subaward](#) or a procurement [contract](#).

## **Procedure**

### **Step 1: Case-by-Case Determination**

OSP staff will distribute the Subrecipient Determination Checklist to the department to make a case-by-case determination for each agreement for the disbursement of program funds considering the substance of the agreement and the role of the party receiving the funds.

### **Step 2: Document the Determination**

Using the Subrecipient Determination Checklist, document the reasons for each determination and return the Checklist to OSP. This documentation should remain with the proposal and award and be readily available for audit or review.

It is important that the correct determination is made early in the process of preparing a proposal application, as overhead treatment and monitoring requirements for these types of arrangements vary and will impact the budget and, in some cases, the narrative. Not all of these characteristics will be present in every case. According to the Uniform Guidance, judgment should be used in each individual case in determining whether an entity is a subrecipient or a vendor. It is the responsibility of the principal investigator to determine whether the price is competitive and reasonable for both subrecipients and vendors. The cost is not relevant in determining whether the relationship is that of subrecipient or vendor.