

MAKING SUBRECIPIENT VS. CONTRACTOR DETERMINATIONS

Sponsored projects often include third-party organizations that serve in the capacity of subrecipients or contractors. Because some organizations may potentially serve a sponsored project in either role, DePaul must make case-by-case determinations that accurately reflect the nature of the relationship being formed between the University and the third-party organization in the context of a particular sponsored project. In making such determinations, DePaul adheres to the criteria provided in section 200.330 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200)*:

Criteria	Subrecipient	Contractor
Purpose of the funding	The funding provided by DePaul assists the third-party organization in carrying out a portion of the sponsored project.	The funding provided by DePaul is for the purpose of obtaining goods or services for DePaul's own use, resulting in a procurement relationship with the third-party organization.
Role of the organization	The role of the organization is programmatic, serving the broader purposes for which the sponsored project is intended, as opposed to providing goods or services to the project. In this role, the organization shares responsibility with DePaul for programmatic decision making.	As a provider of goods and services, the organization is in a more ancillary role to the project than one that works with DePaul toward the achievement of the project goals. In its ancillary role, the organization is not involved in programmatic decision making.
Flow-down requirements	As an entity carrying out a sponsored project in cooperation with DePaul, the third-party organization is subject to the program requirements and/or award terms and conditions established by the awarding agency. DePaul "flows down" these requirements, terms, and conditions in the subaward the University issued to the organization.	Because the organization is providing goods or services, as opposed to carrying out a portion of the sponsored project, it is not subject to the program requirements and/or award terms and conditions established by the awarding agency.
Additional criteria	N/A	The goods or services are provided within the organization's normal business operations. Also, the organization operates in a competitive environment, providing goods or services to many different purchasers.

Principal Investigators, the Office of Research Services (ORS), and Restricted Accounting (RA) are responsible for applying these criteria. Because all of the characteristics listed above may not be present in all situations, careful case-by-case judgments are needed that focus on the substance of the relationship to be established between DePaul and the third-party organization.