

Subaward vs Contract (Vendor/Consultant)

To determine whether an outgoing agreement using sponsor funds should be handled as a subaward or a contract/procurement action (including vendors and consultants), the following criteria should be applied. This is an important concern because subawardees bear a much different set of compliance requirements than vendors or consultants. Once a determination based on these criteria has been made, the College expects the appropriate mechanism to be used in all cases. Any exceptions will require the approval of the Assistant Provost and Director of Sponsored Research.

Although the following criteria are drawn from the federal regulations ([2 CFR 200.331](#)), they are applied regardless of sponsor type by Wellesley College. Thus, references to “Federal” throughout this document are understood to be referring to the “sponsor” or “sponsored program” regardless of sponsor type.

We encourage PIs to use these criteria while planning their proposals. The final determination, however, will be made by the Office of Sponsored Research (or the Director of Grants and Contracts for WCW).

Subawards

A subaward is for the purpose of carrying out a portion of a Federal award and creates a Federal assistance relationship with the subrecipient. Characteristics which support the classification of the entity as a subrecipient include:

- (1) Determines who is eligible to receive what Federal assistance; (e.g., ensuring ineligible parties do not receive federal dollars)
- (2) Has its performance measured in relation to whether objectives of a Federal program were met;
- (3) Has responsibility for programmatic decision-making;
- (4) Is responsible for adherence to applicable Federal program requirements specified in the Federal award; and
- (5) In accordance with its agreement, uses the Federal 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.

Subaward agreements are created by the Director of the Office of Sponsored Research on behalf of the College (or the Director of Grants and Contracts on behalf of WCW) and the project PI, and must be signed by an authorized authority.

Contractors (including vendors and consultants)

A contract is for the purpose of obtaining goods and services for the college’s use under an externally sponsored agreement and creates a *procurement* relationship with the contractor. Contractors may include consultants and/or vendor services. Characteristics indicative of a procurement relationship between the college and contractor include:

- (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 Federal program; and

(5) Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons.

Consultants

At times an individual, rather than a vendor, is engaged by a project for specific work or in an advisory capacity. By definition, individuals cannot receive subawards and thus they more appropriately are classified as a vendor-type relationship, with a fixed hourly rate paid for their time.

Contractor (Vendor/Consultant) agreements are managed by the Purchasing Office. Please see their website for information on the [Federal Funds Purchasing Policy](#).

Use of Judgement and Additional Guidance:

Both [2 CFR 200.331](#) and the College recognize that when making determinations of the most appropriate mechanism for agreements to take when issuing grant funds to another entity, it is the nature of the relationship that is most important. Not all characteristics within a classification will be present, and judgement must be used. Depending on the nature of the relationship, it may be critical to attend to things like authorship or intellectual property rights in the agreement, regardless of its form.

Generally, the determination of the relationship with an external entity is verified through the institutional review of the proposal narrative, budget justification, and other related proposal documents, including a description of the work to be performed, as well as through discussions with key personnel prior to proposal submission. *When the relationship remains unclear, this form may provide assistance in making an accurate determination, and provide documentation evidence of the decision making process for audit purposes.*

Download the [Checklist to Determine Subrecipient or Contractor / Vendor / Consultant Classification](#)

Note: Without regard to the mechanism, all resulting invoices should be sent directly to a financial official of the College, and reviewed and approved by the PI.

Finalized 11/7/23