In making the determination of whether a subrecipient or vendor relationship exists, the substance of the relationship is more important than the form of the agreement. It is not expected that all of the characteristics will be present and sound judgment should be used in determining whether an entity is a subrecipient or a vendor.

**SUBRECIPIENT RELATIONSHIP**

A subrecipient relationship exists when a third party:

- performs a substantive portion of the programmatic work, which is defined as project activities that are a primary purpose of the prime award;
- has responsibility for programmatic decision making;
- uses the funds provided to carry out a program of the subrecipient as opposed to providing goods or services for a program of the Prime institution;
- is responsible for helping the Prime institution meet the requirements of its prime award;
- has its performance measured against whether the objectives of the prime award are met; or
- has responsibility for adherence to applicable program compliance requirements.

Subawardee’s PI may be a co-author on publications or may seek patent protection for inventions.

**VENDOR RELATIONSHIP**

A vendor relationship exists when a third party:

- provides professional services or highly technical advice, such as a consultant;
- provides goods or services as a part of its normal business operations;
- provides similar goods or services to many different purchasers;
- operates in a competitive environment;
- is responsible only for meeting the requirements of the contractual services contract between the Prime institution and the vendor;
- provides goods or services that are ancillary to the operation of the program; or
- is not subject to compliance requirements of the program.