



Subrecipient vs. Contractor Classification Checklist

The Uniform Guidance (effective December 26, 2014) implemented new definitions of Contractor and Subrecipient. Generally, determination of the relationship with an external entity is verified through review of the proposal, budget, and other related documents. When the relationship remains unclear, this reference document can be used to provide assistance in making an accurate determination and provide documentation of the decision made.

Definitions from Uniform Guidance (2 CFR Part 200.1):

Subrecipient: Subrecipient means an entity, usually but not limited to non-Federal entities, that receives a subaward from a pass-through entity to carry out part of a Federal program; but does not include an individual that is a beneficiary of such award. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.

Contractor: Contractor means an entity that receives a contract as defined below. Contract means a legal instrument by which a recipient or subrecipient purchases property or services needed to carry out the project or program under a Federal award. For additional information on subrecipient and contractor determinations, see 2 CFR 200.331.

On occasion there may be exceptions to the type of relationship indicated by the checklist. In these situations, the substance of the relationship should be given greater consideration than the form of agreement between the agency and the outside entity.

Contractor	Subrecipient
<ul style="list-style-type: none"> Obtains goods or provides services which generally creates a procurement relationship Usually provides these goods or services within normal business operations Provides these goods and services to many purchasers Generally operates in a competitive environment The goods and services provided are ancillary to the federal program A contractor does not generally participate in the design of the project Little to no independent decision-making is involved There is a commitment to deliver a good or service on a specific date or cost The technology or products developed will not be owned by the contractor 	<ul style="list-style-type: none"> Creates a federal assistance relationship Determines who is eligible to receive what federal assistance Performance measured in relation to whether objectives of federal program were met Has programmatic decision-making responsibilities Must comply with program requirements Uses the funds to carry out program for public purpose specific to the award Substantive, programmatic work or an important or significant portion of the program is being undertaken The receiving entity (subrecipient) retains some element of programmatic control and discretion May have to provide cost sharing or matching funds

Section 1:

Subrecipient Description: 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 non-Federal entity as a subrecipient include when the non-Federal entity:

1. Determines who is eligible to receive what Federal assistance.
2. Measures performance based on meeting objectives of Federal program.
3. Is responsible for programmatic decision making.
4. Is responsible for ensuring Federal requirements outlined in the award are followed.
5. Uses the Federal funds to carry out a program of the organization as opposed to providing goods or services.

Section 2:

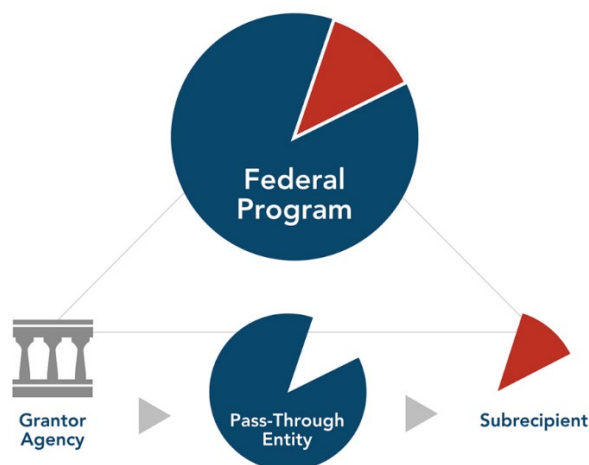
Contractor Description: A contract is for the purpose of obtaining goods and services for the recipient's or subrecipient's own use and creates a procurement relationship with the contractor. Characteristics indicative of a procurement relationship between the recipient/subrecipient and a contractor are when the entity receiving the Federal funds:

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.
5. Is not subject to compliance requirements of the Federal program as a result of the agreement.

Section 3:

Use of Judgment (Optional) Description:

In determining whether an agreement between a pass-through entity and another non-Federal entity casts the latter as a subrecipient or contractor, the substance of the relationship is more important than the form of the agreement. All of the characteristics 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.



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