



AUDITOR-CONTROLLER

Subrecipient Determination Guidance

If you are using federal grant funds to buy services from another organization, the first step you need to take is to determine whether their relationship with you will be as a federally-defined subrecipient or a contractor. This determination is vital, because these two roles have different requirements in which you must comply.

So, how can you tell the difference? Just ask yourself a few questions about the “substance”, or what it is that you’re really buying.

What meets the federal definition of a Subrecipient?

- A subrecipient receives a subaward for the purpose of carrying out a portion of the award. The substance of this kind of agreement creates what’s known as a federal assistance relationship between you (the “pass-through” entity) and the other party. A common example is a subaward to another organization who will be working directly with the program participants for program purposes.

Consider the chart below. Is the party receiving the funds:

Subaward Characteristics	Yes	No
Able to determine who is eligible to receive the federal assistance? <i>For example: Recommends individuals to receive services under the program.</i>		
Having its performance measured as part of whether objectives of the federal award program were met? <i>For example: The recipient will rely upon the subrecipient’s data to submit its own performance data to the grantor.</i>		
Responsible for programmatic decision making? <i>For example: Developing or improving a particular program using its own judgement, discretion, and expertise to develop all or part of the program.</i>		
Responsible for adherence to the federal award requirements? <i>For example: The services must be provided in the manner stipulated in the grant.</i>		
Using the funds to carry out a program for a public purpose specified in the grant? <i>For example: Instead of providing goods or services directly to the grant recipient.</i>		

What meets the federal definition of a Contractor?

- A contractor receives a contract for the purpose of obtaining goods and services for the recipient’s own use. The substance of this type of agreement creates a general procurement relationship between you and the other party.



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Consider the chart below. Is the party receiving the funds:

Contractor Characteristics	Yes	No
Providing the goods or services within its normal business operations?		
Providing similar goods or services to many different purchasers besides the County or this program?		
Normally operating in a competitive business environment?		
Providing goods or services that are necessary to your operation of the grant program? <i>For example: Supporting services to help in the performance or administration of the award, such as IT equipment support.</i>		
Not subject to comply with requirements of the award? <i>For example: All program and regulatory responsibility remains with the County.</i>		

If you noted “yes” to some or all of the subrecipient characteristics noted above, it is most likely a subrecipient relationship for the purposes of federal award requirements.

If you have questions regarding the vendor’s status or need additional information regarding subrecipient agreement requirements, contact general.accounting@co.nevada.ca.us for assistance.