

Subrecipient, Beneficiary or Contractor Classification Checklist

The Uniform Guidance (effective December 26, 2014) implemented new definitions of Contractor and Subrecipient. With the Coronavirus Relief Funds and ARPA State and Local Fiscal Recovery Funds, the need to distinguish between the definitions and roles of subrecipient, contractor, and beneficiary has become evident. *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 form can be used to provide assistance in making an accurate determination and provide documentation of the decision made.

Definitions:

Subrecipient (2 CFR Part 200.1):

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. (The State of Kansas uses the 55xxxx account code series for payments to subrecipients.)

Beneficiary: A beneficiary is traditionally an individual who is the end user of the assistance (the individual needing the benefit). (Examples include recipients of scholarships, Medicaid claims/medical benefits, or housing/food assistance.) With CRF and ARPA SLFRF grants--businesses, non-profits, and educational institutions may also be beneficiaries of assistance. The SLFRF Compliance and Reporting Guidance indicates that "*subrecipients do not include individuals and organizations that received SLFRF funds as end users to respond to the negative economic impacts of COVID-19 on these organizations*". The organizations would be beneficiaries in this case. The Single Audit Act and 2 CFR Part 200, Subpart F regarding audit requirements do not apply to beneficiaries. (The State of Kansas uses the 555xxx account code series for payments to beneficiaries.)

Contractor (2 CFR Part 200.1):

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.

Instructions

Complete sections one through three by marking all characteristics that apply to the outside entity receiving Federal 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: Beneficiary

Description: *An agreement with a beneficiary is for providing assistance to the end user—the individual or entity needing the benefit.*

- 1. The beneficiary is an individual (or organization for COVID-19 grants) receiving the funds as the end user/beneficiary of assistance.
- 2. Does not determine eligibility or compliance.

Section 3: 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.

The section above with the greatest number of marked characteristics indicates the likely type of relationship the entity will have with the agency. 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.*

Section 4: 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, beneficiary, 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, assistance payment, or a procurement contract.*

Explanation of Use of Judgment Determination:

Final Determination: Subrecipient Beneficiary Contractor

	1 st Reviewer	2 nd Reviewer
Name/Title		
Signature		
Date		