



PROCEDURE

SECTION: Administration	PROCEDURE #: ADM 07	PAGE 1 of 6
TITLE: Subrecipient / Vendor (Contractor) Determination	EFFECTIVE DATE: 11/01/2024	
SUPERSEDES: ADM 08 Subrecipient / Vendor (Contractor) Determination		
DATED: 07/24/2023		

PURPOSE

The purpose of this procedure is to assist CSNCFL staff in making a determination whether an entity is a subrecipient subject to audit in accordance with 2 CFR 200 Part F or is a vendor/contractor not subject to audit pursuant to 2 CFR 200 Part F.

Reference: 2 CFR 200.331

BACKGROUND

Pursuant to 2 CFR 200.331, a determination must be made for each agreement entered into for the disbursement of Federal program funds that casts the party receiving the funds in a role of a subrecipient or a vendor/contractor.

CareerSource North Central Florida (CSNCFL) service providers may be a recipient, a subrecipient, or a vendor/contractor depending upon the substance of their agreement with CSNCFL. Where an award is made with federal grant funds and expended as a recipient or a subrecipient, the funds shall be subject to audit pursuant to 2 CFR 200 Part F. Alternatively, payments received for goods or services provided as a vendor or contractor shall not be considered a federal award and shall not be subject to audit under 2 CFR 200 Part F. A determination regarding whether an entity is a subrecipient or vendor/contractor shall be made with respect to all CSNCFL providers and the appropriate audit requirement clauses shall be included in the agreements of all CSNCFL subrecipients.

APPLICATION

All Agreements for goods and services.

PROCEDURE

Before entering into an agreement with a provider, the CSNCFL CEO shall make a determination regarding whether the provider is a subrecipient or a

vendor/contractor. This determination may be made based upon the individual's judgement and experience and in accordance with 2 CFR 200.331, or by completing the attached Subrecipient and Vendor/Contractor Determination Checklist. In either instance, documentation of the determination shall be made a part of the contract file for that provider.

Further, it shall be the policy of CSNCFL to indicate in the title and number of its agreements whether it is a subrecipient / subgrant recipient agreement or a vendor/contractor agreement.

DEFINITIONS

Vendors/Contractors - Provides goods and services for the recipient or subrecipient's own use. Characteristics of a vendor/contractor relationship is when an entity:

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 grant; or
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.

Subrecipient - Receives a subaward for the purpose of carrying out a portion of a Federal grant. Characteristics which support the classification of an entity as a subrecipient include when the non-Federal entity:

1. Determines who is eligible to receive Federal assistance;
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, it uses the Federal funds to carry out a program for a public purpose specified in the grant as opposed to providing goods or services.

OFFICIAL SIGNATURE

PHYLLIS MARTY
Chief Executive Officer

**GUIDE FOR COMPLETING THE FEDERAL SUBRECIPIENT AND VENDOR / CONTRACTOR DETERMINATION
CHECKLIST**
(Use when funding is Federal or Federal/State match)

Provider: _____ CFDA Number: _____	Prepared by: _____ Date: _____
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Subrecipient and Vendor Determinations

- (a) **General:** An auditee may be a recipient, a subrecipient, and a vendor. Federal awards expended as a recipient or a subrecipient would be subject to audit under this part. The payments received for goods or services provided as a vendor would not be considered Federal awards. The guidance in paragraphs (b) and (c) of this section should be considered in determining whether payments constitute a Federal award or a payment for goods and services.

SUBRECIPIENT (check YES or NO for each statement)

- (b) **Federal Award:** Characteristics indicative of a Federal award received by a subrecipient are when the organization:

5	<input type="checkbox"/> Yes <input type="checkbox"/> No	1. Determines who is eligible to receive Federal financial assistance.
6	<input type="checkbox"/> Yes <input type="checkbox"/> No	2. Has its performance measured against whether the objectives of the Federal program are met.
7	<input type="checkbox"/> Yes <input type="checkbox"/> No	3. Has responsibility for programmatic decision-making.
8	<input type="checkbox"/> Yes <input type="checkbox"/> No	4. Has responsibility for adherence to applicable Federal program compliance requirements.
9	<input type="checkbox"/> Yes <input type="checkbox"/> No	5. Uses the Federal funds to carry out a program of the organization as compared to providing goods or services for a program of the pass-through entity.

VENDOR (check YES, NO or N/A for each statement)

- (c) **Payment for goods and services:**

10	<input type="checkbox"/> Yes <input type="checkbox"/> No	1. Provides the goods and services within a normal business operation.
11	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	2. Provides similar goods and services within normal business operations.
12	<input type="checkbox"/> Yes <input type="checkbox"/> No	3. Operates in a competitive environment
13	<input type="checkbox"/> Yes <input type="checkbox"/> No	4. Provides goods or services that are ancillary to the operation of the Federal program
14	<input type="checkbox"/> Yes <input type="checkbox"/> No	5. Is not subject to compliance requirements of the Federal program.

- (d) **Use of judgment in making determination.** There may be unusual circumstances or exceptions to the listed characteristics. 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 judgment should be used in determining whether an entity is a subrecipient or vendor.

Determination (Check one):	<input type="checkbox"/> Subrecipient	<input type="checkbox"/> Vendor	CSNCFL Contract No. _____
By: _____	Date: _____		

**GUIDE FOR COMPLETING THE
FEDERAL SUBRECIPIENT AND VENDOR DETERMINATION CHECKLIST
(Use when funding is Federal, Federal Maintenance of Effort, or State Match for Federal Funding)**

Purpose of checklist:

The checklist determines the relationship between the Department and the organization proposed for the award of a contract, grant or purchase order. The grant/project manager for every agreement/contract (and certain purchase orders for services) initiated by the Department that utilizes federal funding, federal maintenance of effort funds, or state match for federal funding must complete this checklist.

Please refer to the numbers on the form on the previous page.

1. **Grant Number:** Use the DEP assigned Grant Number (this number is assigned by the Bureau of Finance and Accounting's Grant Revenue Section). You may also put the Federal Grant Award number in parenthesis if available.
2. **Prepared by:** Department Grant/Project Manager's name.
3. **Assistance Listing Number** Assistance listings are detailed public descriptions of federal assistance programs that offer grants, loans, scholarships, insurance, and other types of assistance. These listings are found on SAM.gov.
4. **Date:** Date checklist was completed.

Subrecipient and Vendor Determinations:

- (a) *General:* An auditee may be a recipient, a subrecipient, and a vendor. Federal awards expended as a recipient or a subrecipient would be subject to audit under this part. The payments received for goods or services provided as a vendor would not be considered Federal awards. The guidance in paragraphs (b) and (c) of this section should be considered in determining whether payments constitute a Federal award or a payment for goods and services.

EX: DEP is the recipient of federal funds from various granting agencies and, during the life of the award, may be in a position to pass funds down to subrecipients (subgrantees) or obtain goods and services from vendors. In 1977 Congress passed the Federal Grants and Cooperative Agreement Act (FGCAA) to establish government-wide standards for agencies to use in selecting the most appropriate funding instrument (contract, grant, or cooperative agreement). The act stipulates that an assistance agreement (considered to be a grant or cooperative agreement) or recipient relationship is appropriate when "the principal purpose of the relationship is the transfer of money, property, services, or anything of value to the State or local government or other recipient in order to accomplish a public purpose of support or stimulation authorized by Federal statute." The act further supports a vendor relationship as one whereby the agency acquires, "by purchase, lease, or barter, of property or services for the direct benefit or use of the Federal government" (in our case it would be the DEP's benefit). Federal awards expended as a subrecipient (agreements would be considered grants or cooperative agreements) would be subject to audit under the Federal Single Audit Act unless exempted under the Act. Vendor relationships are not subject to the Federal Single Audit Act. The guidance in sections (b) and (c) is provided to help determine whether the relationship between the parties constitutes that of a subrecipient or vendor.

REVIEW EACH CRITERION BELOW AND CHECK THE APPROPRIATE RESPONSE FOR EACH CRITERION.

Subrecipient (check YES or NO for each statement)

- (b) *Federal Award:* A subrecipient is the primary beneficiary from the funding relationship with the DEP receiving secondary benefit whereas in a vendor relationship the vendor provides goods and services needed by the DEP to carry out its mission.
5. Determines who is eligible to receive Federal financial assistance. **Will the organization receiving the funds from the Department be responsible for determining who is eligible to receive benefits from the funding?** For example: The Department provides funding to local governments to hold amnesty days for the collection of household hazardous waste. The local government is responsible for determining who meets the program requirements to drop off waste at the collection sites.
 6. Has its performance measured against whether the objectives of the Federal program are met? **Does the subrecipient have to achieve certain goals of the Federal program in order to receive payment?** For example, an objective of

the program may be to demonstrate the efficiency and effectiveness of hydrogen-powered vehicles in comparison to gasoline powered vehicles to evaluate the furtherance of a hydrogen vehicle market.

7. Has responsibility for programmatic decision-making. Will the recipient be making decisions for the project that the DEP program would make if they were doing the project? For example: determining where a trailhead will be placed, determining how large or how deep a retention area is needed, etc.

The answer to this criterion would be “no” if the Department was having a trailhead developed or retention pond constructed. In this case, the Department would provide the details/drawings to support the work and if alterations to the project needed to be made, the Department would be responsible for authorizing the changes.

8. Has responsibility for adherence to applicable Federal program compliance requirements. Is there Federal program requirements that the recipient must adhere to while completing the project? For example, program requirements that limit the usage of funds to certain distinct activities and funding categories.

Keep in mind that there will always be certain administrative and special grant conditions that would apply to both subrecipients and vendors. Examples of these conditions include, but are not limited to, debarment/suspension, lobbying, hotel/motel requirements, MBE/WBE goals. Do not mistake the flow down of these requirements for “compliance requirements” described within this criterion.

9. Uses the Federal funds to carry out a program of the organization as compared to providing goods or services for a program of the pass-through entity. The term “organization” in this criterion refers to the entity to which the proposed contract/grant/purchase order is expected to be issued.

Will the funding provided to the organization under the agreement support a program of the organization? If the funding provided to the organization is to obtain certain goods or services that the Department needs to support our program/operations, the answer to this criterion will be “no”. Keep in mind who the direct beneficiary of the outcome of the funding arrangement will be – if it is the Department, the answer to this criterion will be “no”.

Vendor (check YES, NO or N/A for each statement)

- (c) *Payment for goods and services:* CSNCFL receives a commodity or a service for the direct benefit or use of CSNCFL.

10. Provides the goods and services within a normal business operation. Is the activity described under the agreement something that the organization normally does and provides to other customers?

Note: If the answer to this question is “yes” please indicate “N/A” for the next criterion below.

11. Provides similar goods and services within normal business operations. Are goods and services being provided under this project similar to goods and services that are provided by the organization to other customers?

Note: If the answer to criterion number 1 above is “yes”, please indicate “N/A” for this criterion.

12. Operates in a competitive environment. Does the organization typically compete against others to perform the work to be funded under the agreement? In the performance of the project envisioned under the agreement, is there a market in which multiple companies would/could compete to perform the work described? Does the organization operate in a market where multiple companies exist that could perform the project described? Although this may appear to address for-profit and non-profit organizations more than governmental organizations, governmental entities can be a vendor.

13. Provides goods or services that are ancillary to the operation of the Federal program. The term “ancillary” means subordinate or secondary. Does the proposed agreement between the parties represent the providing of services/goods that are for the direct benefit or use of CSNCFL in support of its operation of the federal program?

14. Is not subject to compliance requirements of the Federal program. Is this organization subject to complying with the requirements set forth by the Federal program, if so the answer would be NO to this question, or are they simply providing a product to the Department? If they are providing a service or commodity they probably are not subject to the compliance requirements of the Federal program.

Are there Federal program requirements that the organization must adhere to while completing the project? If the answer to this question is “yes”, your response to this criterion will be “no”. An example of compliance requirements may include program requirements that limit the usage of funds to certain distinct activities and

funding categories. A vendor is required to perform the work or provide the goods as specified by the Department. A vendor is not responsible for knowing that the Department's agreement to construct a stormwater retention pond in a defined area does not meet federal guidelines for authorizing the construction using federal funds.

Keep in mind that there will always be certain administrative and special grant conditions that would apply to both subrecipients and vendors. Examples of these conditions include, but are not limited to, debarment/suspension, lobbying, hotel/motel requirements, MBE/WBE goals. Do not mistake the flow down of these requirements for "compliance requirements" described within this criterion.

Caution: If you have answered this criterion as "no" your response to subrecipient criterion number 4 above should be "yes".

- (d) *Use of judgment in making determination.* There may be unusual circumstances or exceptions to the listed characteristics. 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 judgment should be used in determining whether an entity is a subrecipient or vendor.

Funding for a subrecipient is generally provided to support or stimulate activities that are not principally for the direct benefit or use of the awarding organization. A subrecipient will be the direct beneficiary from the funding provided under the agreement with the awarding organization receiving secondary benefits. A vendor relationship results in the vendor providing goods and services for the direct benefit or use by the awarding organization.

The Determination is made based on the preponderance of the information based on the "yes" boxes checked above. Once the determination is made, check the appropriate box supporting the decision (either Subrecipient or Vendor).