

Subrecipients with Fiscal Agents

Background: Many departments issue grants to small organizations (i.e. coalitions or community groups) that may not be established organizations with federal tax identification numbers or VISION vendor numbers. They may be ongoing organizations or those created for a specific short-lived purpose. These subrecipients are granted funds but choose to use a fiscal agent to process all financial transactions on their behalf. In many cases, both the coalition/community group and its fiscal agent are named on the grant agreement, with the coalition/community group being the official grantee. When payments are made in VISION, they are made to the fiscal agent's vendor number (and by default their tax id #).

Issue: For subrecipient monitoring purposes, who is considered the grantee in these cases? Should the subrecipient panels show the coalition/community group as the grantee, or the fiscal agent? Can payments be made to a fiscal agent's vendor number if they are not the official grantee? If the coalition/community group does not have a federal identification number, can a VISION vendor number be created for it?

Solution: The VISION vendor that will be used for payments must be the official grantee of record both on the grant agreement and on the VISION subrecipient panels. In most cases, this means that the fiscal agent will actually be the official grantee with the coalition/community group being either a sub-subrecipient or partner on the grant award. This makes the fiscal agent legally responsible for the grant, including being responsible for the management of the funds and for meeting all programmatic and reporting requirements. This must be clearly stated in the grant agreement before it is executed. In some cases, the acceptance of these grants could put a fiscal agent over the \$500,000 audit threshold. All parties must be aware of this before the grants are finalized.

In the case of organizations that have a federal identification number but choose to use a fiscal agent, a choice must be made as to who is legally responsible for the grant. This decision must be mutually agreed upon by the organization, its fiscal agent, and the state granting agency. The grant award document must clearly indicate the official grantee.

In these cases, it may be necessary to complete a VISION vendor maintenance request to add the coalition/community group or fiscal agent to the list of valid addresses for the vendor number. When a grant is entered on the subrecipient panels, the correct address must be selected to identify the grant award as clearly as possible.

An organization without a federal identification number always has the option of requesting one. They can complete form SS-4 (federal) and form S-1 (Vermont). A VISION vendor number will not be established without a federal tax identification number.