

State of Vermont, Agency of Administration Checklist for Determining if an Entity is a Subrecipient, Contractor or Beneficiary

INTRODUCTION - v5.0

AUGUST 19, 2022

The Agency of Administration has established the COVID-19 Financial Office (CFO) to oversee the distribution of money from federal COVID-19 relief funding and ensure compliance with federal guidelines. The CFO is charged with warranting Vermont's compliance with the federal and state eligibility, documentation, and auditing conditions of the federal funding.

This checklist is intended to assist Vermont agencies and departments (*also referred to as "recipients"*) in determining whether the COVID-19 federal funding that the State provides to entities or individuals can be categorized as subrecipient, contractor, or beneficiary payments. These classifications will help Vermont adhere to Uniform Guidance, which outlines differing requirements for Single Audit, depending on whether the entity receiving the payment from the State is a subrecipient, contractor, or beneficiary. Please refer to Uniform Guidance 2 CFR § 200.1 for the definitions of these terms.

The CFO has adapted this checklist from a resource developed by the Association of Government Accounts (AGA). The checklist is developed based on 2 CFR Chapter I, Chapter II, Part 200 et al. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), issued by the U.S. Office of Management and Budget (OMB).

CFO review is required for all recipient-entity relationship checklists, and CFO's written approval will be required to classify any entities as "beneficiaries" of COVID-19 relief funding prior to that funding being released. Concurrently with your completed SFR questionnaire, please send your completed checklist to CFO for review and written approval if necessary.

For the purposes of this checklist, "entity" refers to any potential subrecipient, contractor, or beneficiary that is an individual, household, local government entity, Vermont component unit, non-profit, or for-profit organization receiving federal funding from the State. "Recipient" refers to the State, including its agencies and departments.

If you have questions about this checklist, please contact ADM.COVID@vermont.gov.

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INSTRUCTIONS

The questions in each section of this checklist are based on language in the Uniform Guidance. Answer each question by checking “yes” or “no” where indicated. Based on responses to the questions, a key provided at the end of each section will help in making a judgment as to whether a subrecipient or contractor relationship exists, or whether the relationship is characterized by neither, which may suggest a beneficiary relationship.

Note: One check in a subrecipient box does not necessarily mean the entity is a subrecipient. A judgment should be based on the totality of responses in each section.

GENERAL INFORMATION

1. Vermont Agency/Department Name:
2. Contact Name:
3. Contact Email:
4. Program Name:
5. Please describe your program (3-4 lines).

6. Legislation Act and Section number and/or ERR:

7. Total amount for appropriations and ERRs listed above:

8. What type of entity will receive federal COVID-19 relief funding awards from your agency/ department (select all that apply)?
 For-Profit Non-Profit Individuals

 Government Entities Component Units Other

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Determining Decision Making Authority

Determines who is eligible to receive what Federal assistance (Uniform Guidance)

If the entity determines whether a participant meets a federal program's eligibility requirements for assistance, it is most likely a subrecipient. A contractor may provide services to clients in a program after eligibility has been determined by the recipient.

1. Does the entity determine who is eligible to participate in the federal program?

Yes

No

Explanation:

Has responsibility for programmatic decision making (Uniform Guidance)

If the entity has authority to make decisions regarding the delivery of service, operations, or types of assistance provided within the terms of the agreement, it is typically a subrecipient.

2. Does the entity have the ability to make decisions about how services will be delivered to participants, in accordance with federal programmatic requirements?

Yes

No

Explanation:

Provides goods or services that are ancillary to the operation of the Federal program (Uniform Guidance)

If the entity provides goods or services directly to the recipient or to program participants at the direction of the recipient and does not make programmatic decisions or adhere to program requirements, it is typically a contractor.

3. Does the entity provide goods or services for the recipient's own use?

Yes

No

Explanation:

4. Does the entity provide services designated by the recipient to serve the recipient's participants without regard to specific federal programmatic requirements?

Yes

No

Explanation:

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Scoring for this Section: *If you selected “yes” to EITHER question 1 or 2, this is an indicator of a subrecipient relationship. If you selected “yes” to EITHER question 3 or 4, this is an indicator of a contractor relationship. If you selected “no” to questions 1-4, select “neither” below. This is an indicator of a beneficiary relationship.*

Subrecipient

Contractor

Neither

Explanation:

Determining Nature of Award

Has its performance measured in relation to whether objectives of a federal program were met (Uniform Guidance)

If the entity is providing a service for the recipient to meet the goal of the grant, it is a contractor; if the entity is providing a service that carries out a goal within the scope of the grant, it is a subrecipient. When a grant program contains multiple goals, it is possible for the recipient to complete part of the goals and for the entity to perform another part.

1. Are the scope of work (or portion, if applicable) and terms and conditions of the agreement the same for the entity as they are for the recipient that received the federal funds?

Yes

No

Explanation:

2. Is the entity carrying out completion of the goal of the grant (or part, if applicable) as stated in the federal award?

Yes

No

Explanation:

Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons. (Uniform Guidance)

If the scope of the agreement is per the federal program terms/guidance, the entity is a subrecipient. A subrecipient may also provide programmatic or progress reports to ensure compliance with federal program requirements. Conversely, if the scope of the agreement is per the recipient’s terms and not federal program guidance, and if the recipient’s oversight is governed only by the contract terms and conditions, it is a contractor.

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3. Does the recipient develop the scope of work and terms and conditions of the agreement to meet the recipient's needs?

Explanation: If the scope of the agreement is per the recipient's terms and not federal program guidance, and if the recipient's oversight is governed only by the contract terms and conditions, it is a contractor.

Explanation: Yes No

Scoring for this Section: *If you selected "yes" to EITHER question 1 or 2, this is an indicator of a subrecipient relationship. If you selected "yes" to question 3, this is an indicator of a contractor relationship. If you selected "no" to questions 1-3, select "neither" below. This is an indicator of a beneficiary relationship.*

Explanation: **Subrecipient** **Contractor** **Neither**

Determining Award Risk

Is responsible for adherence to applicable Federal program requirements specified in the Federal award (Uniform Guidance)

If the funding is given to the entity with a purpose of completing the goal of the grant, the recipient will be required to ensure the entity adheres to federal grant program guidance. The recipient will also be required to monitor the activities of the entity per Uniform Guidance. The entity assumes little risk should federal grant guidance not be met. The risk falls with the recipient.

1. Funding to the entity depends on the entity's ability to best meet the objectives of the award. Although performance is measured against federal award objectives, the entity assumes little risk if the objectives are not met.

Explanation: Yes No

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Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons (Uniform Guidance)

If the recipient directs specific activities to be completed by the entity, by providing goods or services, the risk falls on the entity to deliver, per the agreement terms. In this case, the entity would not be required to adhere to the federal grant program requirements, just the terms and conditions in the agreement with the recipient.

2. The entity assumes financial risk if they fail to deliver the goods or services agreed upon.

Yes No

Explanation:

Scoring for this Section: *If you selected “yes” to question 1, this is an indicator of a subrecipient relationship. If you selected “yes” to question 2, this is an indicator of a contractor relationship. If you selected “no” to questions 1-2, select “neither” below. This is an indicator of a beneficiary relationship.*

Explanation: **Subrecipient** **Contractor** **Neither**

Determining Criteria for Selection

In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity (Uniform Guidance)

If the entity was chosen because it was already providing a service within the guidelines of the grant program and wants to partner with the recipient to expand the delivery or assist in meeting the goal of the grant, it may be a subrecipient. Typically, the entity may not make a profit and may provide its own non-federal funding as match or cost sharing. The entity may have been chosen through an application process or an announcement of funding. Payment to a subrecipient is generally based on actual expenses unless awarded on a fixed amount subaward (2 CFR 200.332). It is typical of subrecipients to submit budgets, financial reports, or copies of invoices to the recipient, to document activity.

1. Does the entity demonstrate a financial or public need for funding to carry out a project or provide a service?

Yes No

Explanation:

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2. Will the entity be contributing match or other non-Federal funding in support of the award?

Yes No

Explanation:

3. Will the entity be reimbursed for only actual costs incurred?

Yes No

Explanation:

Normally operates in a competitive environment (Uniform Guidance)

If the entity was chosen because it has the best widgets or service for the price, it has a contractor relationship with the recipient. Typically, a procurement method is followed, such as a competitive bid or RFP process. In this type of agreement, the entity usually makes a profit by delivering this good or service to the recipient. Payments to contractors are typically made based on contract terms.

4. Were procurement policies applied in the selection of the entity?

Yes No

Explanation:

5. Was the entity's proposed price a factor in the selection process?

Yes No

Explanation:

6. Will the entity derive a profit from the agreement?

Yes No

Explanation:

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Final Determination

Review all entries and make an overall determination of the relationship. If the entries do not support a subrecipient or contractor determination, it is likely the entity may be a beneficiary.

Subrecipient

Contractor

Beneficiary

Explanation:

Please note: CFO review of this checklist is required, regardless of your ultimate classification of the relationship, and written approval is required to classify any entities as “beneficiaries” of COVID-19 federal payments. Please complete it, sign it, and submit it together with your completed SFR questionnaire.

By signing below, I certify that this checklist is a complete and accurate analysis of the relationship created by the program or project described herein.

Signature:	
Printed Name & Title:	Date: