# SAMPLE Checklist to Determine if Partner Entity is a Subrecipient or Contractor Classification for Purposes of the Uniform Guidance

*The following is a sample checklist for a NC local government to determine if a partner entity is a subrecipient or contractor for purposes of the Uniform Guidance in administering the Coronavirus State and Local Fiscal Recovery Funds of the American Rescue Plan Act of 2021. It is adapted from a sample by the* [*Federal Demonstration Partnership*](http://thefdp.org/default/subaward-forms/)*. A local government should review this sample with its attorney and make any necessary changes to conform with its grant management policies and procedures.*

**If a local government wishes to contract with another government entity or a private entity (nonprofit) and use ARP/CLFRF funds to pay for that contract, a local government must determine if the relationship with the outside entity is a contractor or subrecipient.** To make this determination the local government [DESIGNATE LOCAL GOVERNMENT OFFICIAL OR EMPLOYEE HERE] must review the proposal narrative, budget justification, and other related proposal documents, as well as engage in discussions with key personnel prior to proposal submission. When the relationship remains unclear, this form may aid in making an accurate determination.

**DEFINITIONS FROM UNIFORM GUIDANCE (2 CFR 200):**

**Subrecipient:** *§200.93 Subrecipient means a non‐Federal entity 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 program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding*

**Contractor:** *§200.23 Contractor means an entity that receives a contract as defined in §200.22*

**Contract:** *§200.22 Contract means a legal instrument by which a non‐Federal entity purchases property or services needed to carry out the project or program under a Federal award.*

**INSTRUCTIONS:** Complete sections one and two of the checklist by marking all characteristics that apply to the outside entity. The section with the greatest number of marked characteristics indicates the likely type of relationship the entity will have with the local government. On occasion there may be exceptions to the type of relationship indicated by the completed checklist. In these situations, the substance of the relationship should be given greater consideration than the form of agreement between the local government and the outside entity. Section 3 should be used to provide documentation on the use of judgment in determining the proper relationship classification.

**NAME OF OUTSIDE ENTITY:**

**SECTION 1 ‐ SUBRECIPIENT.** *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 contractor:*

* Determines who is eligible to receive what Federal assistance;
* Has its performance measured in relation to whether objectives of a Federal program were met;
* Has responsibility for programmatic decision-making;
* 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.

*Entities that include these characteristics are responsible for adherence to applicable Federal program requirements specified in the Federal award.*

**SECTION 2 ‐ CONTRACTOR.** *A contract is for the purpose of obtaining goods and services for the non‐Federal entity's own use and creates a procurement relationship with the contractor. Characteristics indicative of a procurement relationship between the non‐Federal entity and a contractor are when the non‐Federal entity receiving the Federal funds:*

* Procurement relationship
* Provides the goods and services within normal business operations;
* Provides similar goods or services to many different purchasers;
* Normally operates in a competitive environment;
* Provides goods or services that are ancillary to the operation of the Federal program.

*Entities that include these characteristics are not subject to compliance requirements of the Federal program because of the agreement, though similar requirements may apply for other reasons.*

**SECTION 3 ‐ USE OF JUDGMENT.** (Use only when the determination cannot clearly be made using the above criteria) *In determining whether an agreement between a pass‐through entity and another non‐Federal entity casts the latter as a subrecipient or a contractor, the substance of the relationship is more important than the form of the agreement. All the characteristics listed above may not be present in all cases, and the pass‐through entity must use judgment in classifying each agreement as a subaward or a procurement contract.*

*Explanation of Use of Judgment Determination:*

**FINAL DETERMINATION:**

* **SUBRECIPIENT**
* **CONTRACTOR**

**[LOCAL GOVERNMENT OFFICIAL OR EMPLOYEE] Signature: Date:**