

## Guidance on the Use of Subrecipients and Vendors

### Characteristics of a subrecipient include:

- Determines eligibility to receive Federal financial assistance
- Has performance measured against whether objectives of a Federal program are met
- Has responsibility for programmatic decision making
- Is responsible for adherence to applicable Federal program compliance requirements
- Uses 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

### Characteristics of a vendor include:

- Provides goods or services within normal business operations
- Provides goods or services to many different purchasers
- Operates in a competitive environment
- Provides goods or services ancillary to the operation of the Federal program
- Is not subject to compliance requirements of the Federal program

General administrative requirements to related subrecipients are contained in 45 CFR 92.37.

Subgrants to subrecipients are not subject to federal procurement standards found in 45 CFR 92.36. However, contracting with vendors is subject to these procurement rules as well as OAC 5101:9-4-07.

Further requirements for pass-through entities which provide federal funding to subrecipients can be found in OMB Circular A-133 Subpart D.

### Advantages and Disadvantages to Using Subrecipients and Vendors:

	Advantages	Disadvantages
Subrecipients	<ul style="list-style-type: none"><li>• Handle short-term programs quickly without hiring more staff</li><li>• Provide flexibility</li><li>• Pass compliance responsibility</li><li>• Procurement not necessary</li></ul>	<ul style="list-style-type: none"><li>• Agreement language more complex</li><li>• Increased monitoring and oversight responsibilities</li><li>• Shifting current staff to monitoring</li><li>• Less control over program administration</li></ul>
Vendors	<ul style="list-style-type: none"><li>• Keep control over the program</li><li>• Agreements usually less complex</li><li>• Less monitoring responsibility</li></ul>	<ul style="list-style-type: none"><li>• Vendors bound to contract terms, less discretion or ease to make changes</li><li>• Keep compliance responsibility</li><li>• Procurement required, time involved</li></ul>