



PANDEMIC RECOVERY OFFICE

One Capitol Hill, 4th Floor
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Director

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Subrecipients vs. Contractors vs. Beneficiaries

Each state agency (“Agency”) that is administering a Coronavirus State Fiscal Recovery Fund (SFRF) program or project is responsible for overseeing, managing, and properly categorizing each entity or individual that receives SFRF program funds from the Agency. For SFRF reporting purposes, each such entity or individual must be categorized as either (i) a subrecipient, (ii) a contractor, or (iii) a beneficiary. This categorization is significant because it determines the compliance obligations of the entity/individual and the level of oversight and monitoring that is required by the Agency, as described herein.

Beneficiaries

Beneficiaries are individuals or entities that receive SFRF funds as end users to address a COVID related public health impact or negative economic impact. Pursuant to applicable guidance from the U.S. Department of Treasury (Treasury), only impacted households, communities, small businesses, nonprofits, and/or impacted industries may be identified as beneficiaries of projects that are carried out using SLFRF funds. **The Pandemic Recovery Office (PRO) will identify the beneficiaries for your SFRF project in the Reporting and Compliance Form provided to Agency at the start of the PRO review and approval process.**

Beneficiaries are not subject to stringent oversight and reporting requirements.

Subrecipients and Contractors

If Agency intends to provide SFRF funding to any individuals or entities that are not designated as beneficiaries by PRO, such individuals or entities must be categorized by Agency as either subrecipients or contractors.

The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards in 2 CFR Part 200 (“Uniform Guidance”) definitions apply to this analysis:

- ***Subrecipient*** – Subrecipient means a non-federal entity that receives a subaward from a pass-through entity to carry out a part of a federal program; but does not include an individual that is a beneficiary of such program. ***Subaward*** means an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a federal program. A subaward may be provided through any form of legal agreement, including an agreement that the passthrough entity considers a contract.
- ***Contractor*** – Contractor means an entity that receives a contract. A ***contract*** is 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.

Agency should use the “[Subrecipient v. Contractor Determination Tool](#)” to help determine whether each entity or individual that receives SFRF program funds is a subrecipient or a contractor. Agency program



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leads should consult with Agency legal counsel in making these determinations. Completed and signed forms must be submitted to PRO. All subrecipients and contractors must be properly identified in the PRO Reporting and Compliance Form. If the Appropriations Act specifies a subrecipient for an SFRF project, the Agency does not need to complete the determination tool.

Subawards and Contracts

Agency must enter into a subaward agreement with each subrecipient of SFRF program funds. PRO will provide a template subaward form which contains the necessary requirements according to SFRF rules and regulations and the Uniform Guidance. The compliance and reporting requirements in the subaward template may not be changed or modified without prior approval from PRO; however, other modifications to the template by Agency legal counsel are permissible. The subaward scope of services and subaward budget must be consistent with the project scope and budget outlined in the approved PRO Reporting and Compliance Form.

Agency must enter into a contract with each contractor that receives SFRF program funds. All contracts must be competitively bid in accordance with the State's procurement requirements. Agency's procurement process must also comply with §§ 200.321 - 200.323 of the Uniform Guidance. Agencies may use their own contract forms, provided that: (i) the contract complies with applicable Uniform Guidance requirements (including any relevant contract provisions under 2 CFR Part 200, Appendix II); and (ii) the contract's scope of services and budget are consistent with the project scope and budget outlined in the approved PRO Reporting and Compliance Form.

Agencies are prohibited from using SFRF funds to enter in to subawards and contracts with parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs.

Subrecipient Monitoring

Agency is responsible for management and oversight of its subrecipients. This oversight includes: (1) regular reporting to PRO on subrecipients' use of funds; and (2) monitoring and overseeing subrecipients' use of funds and other activities related to the award to ensure that the subrecipient complies with the SFRF statutory and regulatory requirements, the terms and conditions of the SFRF award, and the Uniform Guidance. This oversight includes applicable audit requirements pursuant to the Single Audit Act and subpart F of the Uniform Guidance.

Prior to providing funding to a subrecipient, Agency program leads, in consultation with Agency legal counsel, must evaluate such subrecipient's risk of noncompliance based on a set of common factors. These risk assessments must be documented and should include factors such as prior experience in managing federal funds, previous audits, personnel, and policies or procedures for award execution and oversight. PRO will provide Agency with a template [risk assessment tool](#) (and [related guidance](#)) that the State's Grants Management Office strongly recommends for purposes of this evaluation.



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(See §§ 200.331 - 200.333 of the Uniform Guidance and pages 10-11 of Treasury's SFRF Compliance and Reporting Guidance and for additional information regarding subrecipient monitoring and management requirements.)

Contractors and beneficiaries are not subject to subrecipient monitoring and reporting requirements.