

Subrecipients and Contractors: Characteristics, Determination and Compliance Requirements

Presented by

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2 CFR 200.331 - Subrecipient and Contractor determinations

- *Subrecipients* - subaward is for the purpose of carrying out a portion of a Federal award and creates a Federal assistance relationship with the subrecipient.
- *Contractors* - 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.



2 CFR 200.331(a) - Subrecipient characteristics

- Determines eligible recipient;
- Measures federal program objectives;
- Makes programmatic decisions;
- Adherence to applicable Federal program requirements;
- Uses the Federal funds to carry out a program for a public purpose specified in authorizing statute.



2 CFR 200.331(b) - Contractor characteristics

- 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; and
- Is not subject to compliance requirements of the Federal program.



2 CFR 200.331(c) - Use of Judgement

- The substance of the relationship is more important than the form of the agreement.
- Characteristics listed above may not be present in all cases.
- The pass-through entity must use **judgment** in classifying each agreement as a subaward or a procurement contract.



Procurement Standards

2 CFR 200.318 General Procurement Standards

- Documented procurement procedures consistent with state, local , and tribal laws and regulations and the standards
- Maintain oversight to ensure that contractors perform accordingly
- Maintain records sufficient to detail the history of procurement:
 - Method of procurement
 - Selection of contract type
 - Contractor selection or rejection, and
 - Basis for the contract price



2 CFR 200.320 - Five Methods of Procurement Methods

Informal Procurement

1. Micro-purchases
2. Small purchases

Formal Procurement

3. Sealed bids
4. Proposals
5. Noncompetitive procurement



2 CFR 200.320 (a) - Informal Procurement Methods

1. Micro-purchases
2. Small purchases
 - Small purchase procedures
 - Simplified acquisition threshold



2 CFR 200.320 (a) - Informal Procurement Methods

Micro-purchases –

- Threshold: \$10,000 per 48 CFR part 2, subpart 2.1
- Non-Federal entities can increase threshold up to or over \$50,000 per 2 CFR 200.320
- Distribute purchases equally among qualified suppliers
- May be awarded without soliciting competitive price or rate quotations



2 CFR 200.320 (a) - Informal Procurement Methods

Simplified acquisition threshold (SAT)


- Threshold: \$250,000 per 48 CFR part 2, subpart 2.1



2 CFR 200.320 (a) - Informal Procurement Methods

Small purchase procedures

- Aggregate dollar amount: higher than the micro-purchase threshold but does not exceed the SAT.
 - Price or rate quotations must be obtained from an adequate number of qualified sources as determined appropriate by the non-Federal entity.



2 CFR 200.320 - Formal methods of procurement

3. Sealed Bids

4. Proposals

5. Noncompetitive

- Total dollar amount does not exceed micro-purchase threshold
- Single source
- Public Emergency
- Authorization from federal agency or pass-through entity
- Competition is determined inadequate *after solicitation of a number of sources.*




2 CFR 200.332 - Subrecipient requirements

- 2 CFR 200.332 (a)(1) Provide necessary subaward information
- 2 CFR 200.332 (b) Evaluate the risk of subrecipient noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring



2 CFR 200.332(d) and (f) - Monitoring Activities

- Review of required financial and performance reports
- Ensure subrecipients take timely and appropriate action on deficiencies pertaining to the Federal award
- Issue management decision for applicable audit findings pertaining only to federal award
- Resolve audit findings related to the subaward
- Verify each subrecipient expending more than \$750k receives a Single Audit



Technical Update ALN 21.027 – Alternative Compliance

- Recipients eligible for the alternative compliance must:
 - Total SLFRF award received as a non-entitlement unit of local government is at or below \$10 million;
 - Other non-SLFRF Federal award funds are less than \$750,000 during the recipient's fiscal year.
- Alternative compliance
 - Eligible recipients can engage a practitioner to perform a compliance examination engagement in accordance with the GAO.



Any Questions?

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Thank you!