

Subrecipient vs. Vendor vs. Beneficiary

Question: How do I know if an entity is a subrecipient, a vendor, or a beneficiary of a grant?

Answer: The designation of an entity that receives funding or services from a federal grant is dependent on the type of relationship established, regardless of the form used to document the relationship.

A vendor (or sub-contractor) is an entity that enters into a procurement relationship with the grantee. The vendor provides goods or services to the grantee in support of the program activities.

Characteristics of a vendor:

- ✓ Provides goods and services within normal business operations.
- ✓ Provides similar goods or services to many different entities.
- ✓ Operates in a competitive environment.
- ✓ Provides goods or services in a manner which enables the grantee to carry out a program.

A subrecipient is a non-federal entity that carries out the grant funded program but does not include an individual that is a beneficiary of such program. Subrecipients are not beneficiaries of the Federal grant; rather, they act as the conduit for federal support of the public purpose by delivering services, conducting research, or performing other activities for the beneficiaries' benefit.

Characteristics of a subrecipient:

- ✓ May have responsibility to select program beneficiaries.
- ✓ Has performance measured against the objectives of the program.
- ✓ Has responsibility for programmatic decision making.
- ✓ Uses the funds to carry out a program of the organization as compared to providing goods or services.

A beneficiary is an entity that stands to benefit from the performance of the grant activities. Beneficiaries are the interest for whom the grant project is undertaken. For example, a beneficiary may be an attendee at a grant-funded conference, or a landowner who has hazardous fuel removed from his property by a State fire-crew. Typically, there is little to no expectation for performance from beneficiaries.

Oversight requirements: Vendor relationships are covered under procurement standards and guidelines. Subrecipients must follow regulations found in the OMB Uniform Administrative Requirements, Cost Principles, and A-133 Audit Standards as well as the pass-through entity's policy regarding subrecipients.