

Capital Projects Fund Guidance for Digital Connectivity and Navigators (5-CPF-2024)

This document is intended as a reference to help recipients of certain federal funds make a judgment as to whether each agreement it makes for the disbursement of federal program funds casts the entity receiving the funds in the role of a subrecipient or a contractor. Based on [2 CFR 200.331](#), the following information is intended for use by all non-federal entities. The 2024 Uniform Guidance updates, effective October 1, 2024, **do not apply** to Capital Projects Fund (CPF). Capital Projects Fund (CPF) Grants will be monitored based on the Uniform Guidance available prior to October 1, 2024.

It is important to understand the distinctions between subrecipient and contractor. A subaward is an award to a subrecipient and the term applies only to the relationship between the pass-through entity and the subrecipient. A contract, on the other hand, is not a subaward, but rather a procurement of goods or services from a contractor. Under the Uniform Guidance, the pass-through entity is responsible for the actions of its subrecipients as the subrecipient is acting on behalf of the pass through entity and, as an agent of the pass-through entity, is carrying out part of a Federal program.

Important Terms: (see 2 CFR 200)

Non-Federal Entity is a State, local government, Indian Tribe, Institution of Higher Education, or nonprofit organization that carries out a Federal award as a recipient or subrecipient.

Recipient is a non-federal entity that receives a federal award directly from a federal awarding agency to carry out an activity under a federal program.

Subrecipient means an entity, usually but not limited to non-Federal entities, that receives a subaward from a pass-through entity to carry out part of a Federal award; but does not include an individual that is a beneficiary of such award.

Contractor means a dealer, distributor, merchant or other seller providing goods or services that are required to implement a Federal program. These goods or services may be for an organization's own use or for the use of the beneficiaries of the Federal program.

Below is a list of characteristics that will determine if the party is a subrecipient or a contractor.

Subrecipient	Contractor
<ul style="list-style-type: none"> Determines who is eligible to receive what Federal assistance 	<ul style="list-style-type: none"> Provides similar goods or services to many different purchasers
<ul style="list-style-type: none"> Performance is measured by whether objectives of Federal program are met 	<ul style="list-style-type: none"> Provides the goods and services within normal business operations
<ul style="list-style-type: none"> Has responsibility for programmatic decision making 	<ul style="list-style-type: none"> Provides goods and services that are ancillary to the operation of the Federal program
<ul style="list-style-type: none"> Responsible for adhering to applicable Federal program requirements 	<ul style="list-style-type: none"> Not subject to the compliance requirements of the Federal program
<ul style="list-style-type: none"> Uses Federal funds to carry out a program for a public purpose 	<ul style="list-style-type: none"> Provides goods and services for the grant recipient's own use, creating a procurement relationship
<ul style="list-style-type: none"> Funded by a subaward 	<ul style="list-style-type: none"> Typically, funded by a procurement contract

Instructions: The "Characteristics" column in this checklist is based on language in the Uniform Guidance. The column lists characteristics that support the classification of a non-federal entity as a subrecipient or contractor.

Contractor or Subrecipient Checklist



Since all the characteristics listed may not be present in all cases, the Uniform Guidance recognizes that the recipient “...must use judgment in classifying each agreement as a subaward or a procurement contract.” (2 CFR 200.331 (c))

The “Explanations” column, provides additional information to assist in answering the questions under “Characteristics.” Answer each question by checking “yes” or “no” where indicated. Based on responses to the questions, a key provided at the end of each section will help in making a judgment as to whether a subrecipient or contractor relationship exists.

Note: One check in a subrecipient box does not necessarily mean the entity is a subrecipient. A judgment should be based on the totality of responses.

Characteristics	Explanations
Decision Making Authority	
2 CFR 200.331(a)(1) Determines who is eligible to receive what Federal assistance; a. Does the entity determine who is eligible to participate in the federal program? Yes <input type="checkbox"/> No <input type="checkbox"/>	If the entity determines whether a participant meets a federal program’s eligibility requirements for assistance, it is most likely a subrecipient.
2 CFR 200.331(a)(3) Has responsibility for programmatic decision making; a. Does the entity have the ability to make decisions about how services will be delivered to participants, in accordance with federal programmatic requirements? Yes <input type="checkbox"/> No <input type="checkbox"/>	A contractor may provide services to clients in a program after eligibility has been determined by the recipient.
OR	
2 CFR 200.331(b)(4) Provides goods or services that are ancillary to the operation of the Federal program; b. Does the entity provide goods or services for the recipient’s own use? Yes <input type="checkbox"/> No <input type="checkbox"/> b. Does the entity provide services designated by the recipient to serve the recipient’s participants without regard to specific federal programmatic requirements? Yes <input type="checkbox"/> No <input type="checkbox"/>	If the entity has authority to make decisions regarding the delivery of service, operations, or types of assistance provided within the terms of the agreement, it is typically a subrecipient.
If you selected “yes” to EITHER item a , this is an indicator of a subrecipient relationship. If you selected “yes” to EITHER item b , this is an indicator of a contractor relationship <p style="text-align: center;">Determination: Subrecipient <input type="checkbox"/> Contractor <input type="checkbox"/></p>	If the entity provides goods or services directly to the recipient or to program participants at the direction of the recipient and does not make programmatic decisions or adhere to program requirements, it is typically a contractor.
Nature of Award	Explanations
2 CFR 200.331(a)(2) Has its performance measured in relation to whether objectives of a federal program were met; a. Are the scope of work (or portion, if applicable) and terms and conditions of the agreement the same for the entity as they are for the recipient that received the federal funds? Yes <input type="checkbox"/> No <input type="checkbox"/>	If the entity is providing a service for the recipient to meet the goal of the grant, it is a contractor; if the entity is providing a service that carries out a goal within the scope of the grant, it is a subrecipient.

Contractor or Subrecipient Checklist

<p>a. Is the entity carrying out completion of the goal of the grant (or part, if applicable) as stated in the federal award? Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p style="text-align: center;">OR</p> <p>2 CFR 200.331(b)(5) Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons.</p> <p>b. Does the recipient develop the scope of work and terms and conditions of the agreement to meet the recipient’s needs? Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>If you selected “yes” to EITHER item a, this is an indicator of a subrecipient relationship.</p> <p>If you selected “yes” to item b, this is an indicator of a contractor relationship.</p> <p style="text-align: center;">Determination: Subrecipient <input type="checkbox"/> Contractor <input type="checkbox"/></p>	<p>When a grant program contains multiple goals, it is possible for the recipient to complete part of the goals and for the entity to perform another part.</p> <p>If the scope of the agreement is per the federal program terms/guidance, the entity is a subrecipient. A subrecipient may also provide programmatic or progress reports to ensure compliance with federal program requirements.</p> <p>Conversely, if the scope of the agreement is per the recipient’s terms and not federal program guidance, and if the recipient’s oversight is governed only by the contract terms and conditions, it is a contractor.</p>
Award Risk	Explanations
<p>2 CFR 200.331(a)(4) Is responsible for adherence to applicable Federal program requirements specified in the Federal award;</p> <p>a. Funding to the entity depends on the entity’s ability to best meet the objectives of the award. Although performance is measured against federal award objectives, the entity assumes little risk if the objectives are not met. Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p style="text-align: center;">OR</p> <p>2 CFR 200.331(b)(5) Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons.</p> <p>b. The entity assumes financial risk if they fail to deliver the goods or services agreed upon. Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>If you selected “yes” to item a, this is an indicator of a subrecipient relationship.</p> <p>If you selected “yes” to item b, this is an indicator of a contractor relationship.</p> <p style="text-align: center;">Determination: Subrecipient <input type="checkbox"/> Contractor <input type="checkbox"/></p>	<p>If the funding is given to the entity with a purpose of completing the goal of the grant, the recipient will be required to ensure the entity adheres to federal grant program guidance. The recipient will also be required to monitor the activities of the entity per Uniform Guidance section 200.331. The entity assumes little risk should Federal grant guidance not be met. The risk falls with the recipient.</p> <p>If the recipient directs specific activities to be completed by the entity, by providing goods or services, the risk falls on the entity to deliver, per the agreement terms. In this case, the entity would not be required to adhere to the federal grant program requirements, just the terms and conditions in the agreement with the recipient.</p>

Contractor or Subrecipient Checklist

Criteria for Selection	Explanations
<p>2 CFR 200.331(a)(5) 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.</p> <p>a. Does the entity demonstrate a financial or public need for funding to carry out a project or provide a service? Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>a. Will the entity be contributing match or other non-Federal funding in support of the award? Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>a. Will the entity be reimbursed for only actual costs incurred? Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p style="text-align: center;">OR</p>	<p>If the entity was chosen because it has the best widgets or service for the price, it has a contractor relationship with the recipient. Typically, a procurement method is followed, such as a competitive bid or RFP process. In this type of agreement, the entity usually makes a profit by delivering this good or service to the recipient. Payments to contractors are typically made based on contract terms.</p>
<p>2 CFR 200.331(b)(3) Normally operates in a competitive environment;</p> <p>b. Were procurement policies applied in the selection of the entity? Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>b. Was the entity's proposed price a factor in the selection process? Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>b. Will the entity derive a profit from the agreement? Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>If you selected "yes" to ANY item a, this is an indicator of a subrecipient relationship.</p> <p>If you selected "yes" to ANY item b, this is an indicator of a contractor relationship.</p>	<p>Conversely, if the entity was chosen because it was already providing a service within the guidelines of the grant program and wants to partner with the recipient to expand the delivery or assist in meeting the goal of the grant, it may be a subrecipient. Typically, the entity may not make a profit and may provide its own non-federal funding as match or cost sharing. The entity may have been chosen through an application process or an announcement of funding, as opposed to the procurement process described above. Payment to a subrecipient is generally based on actual expenses unless awarded on a fixed amount subaward (2 CFR 200.333). It is typical of subrecipients to submit budgets, financial reports, or copies of invoices to the recipient to document activity.</p>
<p>Determination: Subrecipient <input type="checkbox"/> Contractor <input type="checkbox"/></p>	
Criteria for Selection	Explanations
<p>2 CFR 200.331(b)(1) Provides the goods and services within normal business operations;</p> <p>b. Is the entity's normal business to provide the goods or services being purchased in the agreement? Yes <input type="checkbox"/> No <input type="checkbox"/></p>	<p>If a federal program provides funding to modify public buildings for handicapped accessibility and the recipient provides funds to an entity to update the entity's building, per the terms of the award, then a subrecipient relationship exists.</p>
<p>2 CFR 200.331(b)(2) Provides similar goods or services to many different purchasers;</p> <p>b. Does the entity provide the same goods or services to other organizations?</p>	

Contractor or Subrecipient Checklist



Yes No

If you selected “no” to **EITHER** item, it is an indicator of a subrecipient relationship. If you selected “yes” to **BOTH** items, it is an indicator of a contractor relationship

Determination: Subrecipient **Contractor**

Conversely, if the recipient hires an entity to update their own building to be handicapped accessible, then a contractor relationship exists.

Determination	Explanations
<p style="text-align: center;">Final Determination: Subrecipient <input type="checkbox"/> Contractor <input type="checkbox"/></p>	<p>Review all the entries and make an overall determination of the relationship. Check the appropriate box in this section.</p>
<p>Based on the relationship determined above, see additional guidance on requirements governing agreements. Section 2 CFR 200.332 - “Requirements for pass-through entities,” for subrecipient agreements.</p>	