



Quick Reference Guide - Subrecipient vs. Beneficiary vs. Contractor

Introduction

Non-Entitlement Units of Local Government (NEUs) can provide funds to individuals, nonprofit, and for-profit entities for eligible uses and activities. When establishing relationships with external entities, NEUs must determine whether the entities it provides funds to are subrecipients, beneficiaries, or contractors. This determination will enable the NEU to properly apply financial management, compliance, and reporting requirements found within the Final Rule¹, Treasury's Coronavirus Local Fiscal Recovery Funds (CLFRF) Compliance and Reporting Guidance², and 2 C.F.R. part 200 – Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards³ (Uniform Guidance).

Subrecipient: A subrecipient is an entity that receives a sub-award to administer an eligible project, program, or activity on behalf of the recipient (NEU). Subrecipients receive funding using a subrecipient agreement and, through that agreement, assume responsibility for various financial management, compliance, and reporting requirements.

Example: The Town of Sunnydale (Town) received \$1.7 million from the U.S. Treasury Department's CLFRF program. Interested in mitigating the spread of COVID-19 throughout one of Sunnydale's most vulnerable populations, the Town publicizes a notice of funding for eligible nonprofit or for-profit organizations able to provide housing to Sunnydale's homeless population. After careful review of numerous applications, the Town determined Fair Housing for All, a local nonprofit committed to providing safe and accessible housing to persons experiencing homelessness, has the necessary experience to provide these services. The Town enters into a subrecipient agreement outlining all relevant federal and programmatic requirements of the grant, and awards Fair Housing for All \$567,000.

Beneficiary: A beneficiary is an individual or entity that receives funds or services as an end-user and derives ultimate benefit from an eligible activity. Beneficiaries generally request funding via an application process and/or receive funding through a notification letter or grant agreement.

Example: The Town of Sunnydale set aside \$300,000 of its \$1.7 million CLFRF funding to offset economic impacts that individuals with an income of less than \$45,000 may have experienced throughout the COVID-19 public health emergency. Eligible individuals will receive stimulus checks of \$7,000.

Contractor: A contractor is an entity that receives funding to provide goods or services in furtherance of an eligible activity. Contractors receive funding using vendor agreements or contracts and are selected through a competitive procurement process.

Example: Sunnydale will use some of its \$1.7 million CLFRF funding to improve its sewer and wastewater infrastructure. The Town drafts and publicizes an Invitation to Bid (ITB) to identify contractors able to perform pipeline repair and replacement. After reviewing the bids, the Town decides Contractor X is the most responsive and responsible contractor able to perform the work at the lowest cost. The Town enters into a contract with Contractor X, in compliance with all relevant federal procurement regulations found at 2 C.F.R. §§ 200.317-327.

¹ CLFRF Final Rule (87 Fed. Reg. 4338 – 4454 (January 27, 2022)), p. 4394

² CLFRF Compliance and Reporting Guidance, Part 1: General Guidance, D. Uniform Administrative Requirements, Item 4, page 9

³ 2 C.F.R. part 200 – Uniform Guidance, §200.92 Subaward

Table 1: Subrecipient vs. Beneficiary vs. Contractor Overview

	Subrecipient	Beneficiary	Contractor
Objective/Role	Administers eligible programs	Receives assistance in the form of funds, goods, or services	Provides goods and/or services
Entity Type	Nonprofit and for-profit	Individual, nonprofit, for-profit	Nonprofit and for-profit
Selection Process	Subrecipients submit applications for funding consideration	Beneficiaries are deemed eligible if they meet specific program and/or need-based requirements	The Recipient conducts a competitive procurement process to identify the most qualified, cost-effective, responsible, and responsive contractor.
Agreement Format	Subrecipient Agreement	Grant Agreement/Notification Letter	Vendor Agreement or Contract
Risk Assessment	Yes	No	No
Monitoring & Oversight Requirements	Yes	No	Yes
Single Audit	Yes*	No	No

For more information on eligible entity types and the applicable federal and programmatic requirements, please review:

- [CLFRF Final Rule](#)
- [CLFRF Compliance and Reporting Guidance](#)
- [2 C.F.R. Part 200 Uniform Guidance](#)

Please contact the [State of Maryland NEU Technical Assistance Team](#) with any questions regarding the information contained within this Quick Reference Guide.