

DHHS POLICIES AND PROCEDURES

Section IV:	General Administration
Title:	Subrecipient Monitoring Manual
Chapter:	Subrecipients
Current Effective Date:	12/1/02
Revision History:	12/1/02
Original Effective Date:	12/1/02

Subrecipients

The first step in developing a subrecipient monitoring plan is to identify all of the division's subrecipients. This is not as elementary as it may first appear since the relationship between a division and another agency may constitute either financial assistance (FA) or purchase of service (POS). Only a FA relationship causes the agency performing the service for the division to be a subrecipient. A purchase of service relationship is with a vendor. The distinction is critical because federal and state rules and regulations pertaining to funding do not extend to vendors; therefore, subrecipient monitoring is not necessary.

The format of the agreement does not determine the relationship. Contractors may be either subrecipients or vendors. The primary criteria that distinguish between a vendor and a subrecipient are: the degree of autonomy of the agency performing the service; whether the performing agency provides the good or service to other entities (especially non-governmental agencies); whether the performing agency operates in a competitive environment; and whether the services performed are central to the state or federal program's mission.

OMB Circular A-133 offers the following characteristics for subrecipients and vendors:

Subrecipient	Vendor
Determines who is eligible to receive assistance for the program being administered.	Provides goods and services to many different purchasers and any willing buyer.
Has its performance measured against whether the objectives of the program were met.	Provides goods and services within normal business operations.
Has responsibility for programmatic decision-making.	Operates in a competitive environment.
Has responsibility for adherence to state and federal program compliance requirements.	Provides goods and services that are ancillary to the operation of the state or federal program.
Uses state or federal funds to carry out a program for which the state has responsibility as compared to	Is not subject to compliance requirements of the state or federal program.

providing goods and services for the state to use in a program it operates.	
---	--

The common types of subrecipient entities receiving financial assistance from the Department of Health and Human Services (DHHS) and its divisions/offices include: (1) Public (Local governments, State agencies, and Public Authorities, e.g., Counties, Area Programs, Councils of Government, District Health Departments, School Systems/Boards of Education, Municipalities); (2) For-profit agencies; (3) Non-profit agencies; (4) Constituent members of the University of North Carolina system; (5) North Carolina Community Colleges; (6) Private In-State Colleges and Universities; and (7) Out of State Colleges and Universities.

For questions or clarification on any of the information contained in this policy, please contact [Office of the Controller](#). For general questions about department-wide policies and procedures, contact the [DHHS Policy Coordinator](#).