

<b>Procedure Title:</b>	Subrecipient and Vendor Determination		
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**Approved By:** *Jim Scherzinger, Deputy Director*

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## Procedure

As a recipient of federal financial assistance, DHS is required to adhere to state and federal laws and regulations governing federal awards. This process will help ensure consistent interpretation of the laws and regulations when determining whether a contractor is a subrecipient or vendor.

## Responsible Party

All DHS personnel directly or indirectly receipting, administering, or expending federal funds through a grant application or contractual agreement process shall adhere to this procedure.

The DHS Controller, or designee is the final authority in determining the subrecipient or vendor relationship.

Step	Action
1. Laws and Regulations	<p>Personnel shall stay abreast with applicable federal regulations, OMB Circulars, and State laws and policies governing federal financial assistance awards.</p> <p>Personnel shall consult with Financial Services, Finance &amp; Policy Analysis, and Contracts and Procurement staff on the proper interpretation and application of amendments to state and federal requirements.</p>
2. Final Decision	<p>In making the determination of whether a subrecipient or vendor relationship exists, personnel shall understand the substance of the relationship is more important than the form of the agreement. It is not expected that all of the characteristics will be present and judgment should be used in determining whether an entity is a subrecipient or vendor.</p> <p>The DHS Controller, or designee, is the final authority in determining whether a contractor is a subrecipient or vendor.</p>

<p>3. Vendor</p>	<p>Personnel shall use the following criteria to distinguish a vendor relationship.</p> <p>A vendor is a dealer, distributor, merchant or provider of goods or services that are necessary to support the federal program. A vendor may do one or more of the following:</p> <ul style="list-style-type: none"> <li>◆ Provide the goods or services within their normal business operations</li> <li>◆ Provide similar goods or services to many different purchasers</li> <li>◆ Operate in a competitive environment</li> <li>◆ Provide goods or services that are ancillary (not essential) to the operation of the federal program</li> <li>◆ Be subject only to the contract requirements.</li> </ul>
<p>4. Title XIX and XXI of the Social Security Act</p>	<p>The U. S. Department of Health and Human Services (HHS) Centers for Medicare and Medicaid Services (CMS) administers the Medicaid program in cooperation with State governments. Medicaid operates as a vendor payment (direct expenditure) program.</p> <p>Personnel shall identify all non-federal entities that receive Title XIX and XXI federal funding from DHS as vendors.</p>
<p>5. Subrecipient</p>	<p>Personnel shall use the following criteria to distinguish a subrecipient relationship.</p> <p>A subrecipient is a non-federal entity that expends federal funds received from DHS to carry out a federal program, excluding Title XIX and XXI.</p> <p>A subrecipient may do one or more of the following:</p> <ul style="list-style-type: none"> <li>◆ Determine who is eligible to receive federal assistance</li> <li>◆ Have its performance measured against whether the objectives of the federal program are met</li> <li>◆ Have responsibility for programmatic decision making</li> <li>◆ Have responsibility for adhering to applicable federal program compliance requirements</li> <li>◆ Use federal funds to carry out a DHS program as compared to providing goods or services.</li> </ul> <p>Personnel can never consider another state agency within Oregon to be a subrecipient because the State is considered one entity by the Federal government.</p> <p>An individual (client) who is a beneficiary of the program is not considered a subrecipient.</p>

<p>6. Subrecipient Monitoring</p>	<p>Subrecipient monitoring is the process and procedures to ensure that subrecipients are complying with applicable laws, regulations, contract or grant agreement provisions, and that performance goals are being achieved.</p> <p>As part of ensuring legal requirements are met, personnel shall adhere to the processes and procedures to ensure that applicable audit requirements are satisfied and audit findings are reviewed for timely corrective action.</p> <p>Factors such as the size of the award, the percentage of total program funds awarded to the subrecipient and the complexity of compliance requirements influence the nature and extent of appropriate monitoring guidelines.</p> <p>Subrecipients that expend less than \$500,000 per fiscal year in federal awards are not subject to having an annual independent audit. However, these subrecipients remain subject to fiscal compliance reviews and other requirements specified in OMB Circular A-133 and all applicable federal, state, and local laws, rules and regulations, and any compliance or audit requirements that are part of the grant or contractual agreement.</p>
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## Policy that applies

- [DHS-010-007, Federal Financial Assistance Compliance](#)

## Related procedures that apply

- [DHS-010-007-02, Grant Application Governance](#)
- [DHS-010-007-03, Contractual Governance](#)
- [DHS-010-007-04, SEFA Fiscal Year-End Reporting](#)
- Office of Contracts & Procurement – Federal Debarment & Suspension Confirmation
- [DHS Federal Grant Application Process](#)

## Form(s) that apply

- DHS 0118 - Contract Request Form ([Word](#)) or ([PDF](#))
- DHS 0174 - Request to Apply For Funding ([Word](#)) or ([PDF](#))
- DHS 2411 - Request for Grant Accounting Codes ([Word](#)) or ([PDF](#))
- DHS 2412 - Request for Cost Allocation Exemption ([Word](#)) or ([PDF](#))
- DHS 0126 - Intra-Agency Letter of Agreement ([Word](#))

## Definitions

- See [Common Terms](#) for Federal Financial Assistance Compliance policy and procedures
- See [Common Terms](#) for all department-wide support services policies

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## Procedure History

- **Version 1.0:** 07/01/2007 - Initial Release