



SUBJECT: Responsibility for Grant Administration

ISSUED: July 1, 2015

DISTRIBUTED TO: Office of Community Development Award Recipients and their Affiliates

PROGRAM POLICY

This notice frames the Office of Community Development's (OCD) longstanding policy regarding subrecipient relationships in the language of 2 CFR 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("uniform guidance"). As a general policy, grantees may not act as pass-through entities, and may not grant subawards to subrecipients to carry out part of an activity included in a grant agreement with OCD. Grantees maintain a contractor relationship with non-employee grant administrators, and retain full responsibility for all federal compliance requirements. Designated agencies that administer statewide programs on behalf of the Ohio Development Services Agency shall be exempt from this policy on a grant-by-grant basis, at OCD's sole discretion.

Background

The uniform guidance outlined at 2 CFR 200 consolidates requirements from eight Office of Management and Budget Circulars (A-21, A-87, A-89, A-102, A-110, A-122, A-133, and A-50), and provides streamlined guidance regarding administrative requirements, cost principles, and audit requirements for federal award-making agencies. Federal agencies, including the U.S. Department of Housing and Urban Development (HUD), adopted 2 CFR 200 as the requirements for federal financial assistance programs by an interim final rule published December 19, 2014 (79 Federal Register 75871). The guidance became effective for all federal awards made on or after December 26, 2014, and becomes effective for all OCD awards, both federally and state-funded, made on or after July 1, 2015.

Definitions

The uniform guidance outlines the structure of federal funding relationships, and defines participants as recipients, pass-through entities, subrecipients, and contractors. The following table provides a summary of relevant terms.

	Reference	Definition
Recipient	§200.86	A non-federal entity that receives a federal award directly from a federal awarding agency to carry out an activity under a federal program. The term recipient does not include subrecipients. See also §200.69 Non-federal entity.
Pass-through entity	§200.74	A non-federal entity that provides a subaward to a subrecipient to carry out part of a federal program.
Non-federal entity	§200.69	A state, local government, Indian tribe, institution of higher education (IHE), or nonprofit organization that carries out a federal award as a recipient or subrecipient.
Subrecipient	§200.93	A non-federal entity that receives a subaward from a pass-through entity to carry out part of a federal program, but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other federal awards directly from a federal awarding agency.
Subaward	§200.92	An award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.
Contractor	§200.23	An entity that receives a contract as defined in §200.22 Contract.
Contract	§200.22	A legal instrument by which a non-federal entity purchases property or services needed to carry out the project or program under a federal award. The term as used in this part does not include a legal instrument, even if the non-federal entity considers it a contract, when the substance of the transaction meets the definition of a federal award or subaward (see §200.92 Subaward).

Responsibility for Grant Administration

In the language of 2 CFR 200, OCD is a *recipient* of federal awards that acts as a *pass-through entity* to provide *subawards* to *subrecipients* to carry out eligible activities. An OCD grantee may not act as a *pass-through entity* unless specifically designated by OCD. Grant administrators that are not grantee employees have a *contractor* relationship with OCD grantees.

Activities undertaken with funds distributed by OCD are the grantee's sole responsibility, and no contracted administrator may assume any autonomy in activity selection, implementation, decision-making, or adherence to applicable state or federal statutes, regulations, or program requirements.

Maintenance of Records

OCD grantees are responsible for the maintenance and physical control of all records associated with the execution of grant terms, conditions, and compliance requirements. Recordkeeping requirements are outlined in OCD grant agreements, and in program-specific regulations for HUD programs.

* For U.S. Department of Housing and Urban Development program-specific recordkeeping requirements, see 24 CFR 570.506 (Community Development Block Grants), 24 CFR 92.508 (HOME Investment Partnerships Program), 24 CFR 576.500 (Emergency Solutions Grants Program), and 24 CFR 574.530 (Housing Opportunities for Persons with AIDS).