

About This Policy

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Responsible University Administrator(s):

Assistant Provost for Research

Approving Body:

Office of the Provost

Policy Contact:

Office of the Provost, The Citadel

Purpose and Scope

The purpose of this policy is to ensure that The Citadel, as a prime recipient of federally sponsored awards, fulfills its stewardship responsibilities by implementing appropriate oversight of subrecipient organizations. Pursuant to 2 CFR §200.332 of Uniform Guidance (Requirements for pass-through entities), The Citadel is required to assess subrecipient risk of noncompliance (Subpart C), monitor their activities (Subpart E), and ensure they undergo required audits (Subpart F). This policy establishes the requirements and framework for monitoring subrecipients of both federally and non-federally sponsored awards to ensure that funds are used appropriately and project goals are met. It applies to all subawards issued by the Office of Research & Grants and is intended to promote accountability, reduce risk, and protect the institution's reputation and eligibility for future funding. The corresponding procedures define the roles and responsibilities of the Principal Investigators (PIs) and the Office of Research & Grants in assessing subrecipient risk, monitoring performance and expenses, and ensuring compliance. This policy does not apply to procurement relationships, such as those involving contractors, vendors or consultants. Failure to comply with subrecipient monitoring requirements may result in audit findings, financial penalties, or loss of funding.

Policy Statement

The Citadel is committed to complying with all applicable federal regulations and sponsor-specific requirements related to subrecipient monitoring. In accordance with these obligations, the Office of Research & Grants will implement monitoring activities proportionate to each subrecipient's assessed risk of noncompliance with applicable laws, regulations, and the terms and conditions of the subaward. Monitoring efforts by the PI will include ongoing evaluation of subrecipient performance and compliance. If noncompliance is identified, The Citadel will take appropriate and timely corrective actions. These may include imposing additional conditions, disallowing unallowable costs, or, when necessary, terminating the subaward in accordance with applicable regulations and policies.

Process and Procedures

Pre-Award Documentation and Verification

The PI should select a subrecipient based on his/her assessment of the subrecipient's ability to perform the work successfully. This assessment should include an analysis of the subrecipient's past performance and technical capability as well as an assessment of the proposed costs for the work to be done. During the proposal development stage, the PI will coordinate with the subrecipient to provide the following items to the Office of Research & Grants:

- Completed Subrecipient Eligibility Form approved by Authorized Organizational Representative
- Federally negotiated F&A rate agreement
- Fringe rate (composite employee rate projections or federally negotiated agreement)

- Statement of work
- Itemized budget and budget justification
- Most recent Single Audit (A-133) report
- If the subrecipient is not subject to the audit requirements of Uniform Guidance (e.g., For-Profit organizations), alternative documents will be requested. For subrecipients deemed to require closer scrutiny, PIs will work with the Office of Research & Grants to specifically describe applicable compliance requirements and responsibilities.

As part of the Pre-Award process, the Office of Research & Grants will ensure that the subrecipient has not been suspended or debarred by the federal government by checking the System for Award Management web site (www.sam.gov). The Office of Research & Grants will document the suspension and debarment verification by including a screen capture of the Exclusions search in the appropriate Pre-Award SharePoint file.

Risk Assessment and the Establishment of the Subaward

Once the federal awarding agency has approved the selection of a subrecipient, either by issuing an award that includes budget provisions for the subrecipient or through other formal approval, the Office of Research & Grants will complete a Risk Assessment Questionnaire (RAQ) available through the Federal Demonstration Partnership (FDP) website (theFDP.org). This tool is designed to evaluate the subrecipient's risk level of noncompliance with Federal regulations based on key organizational and financial indicators. Using the score provided by the RAQ, the Office of Research & Grants will classify the risk associated with the subrecipient as low, medium, or high. The scope and frequency of post-award subrecipient monitoring will then be determined and implemented based on the assigned risk level.

Subawards are issued only after a fully executed award agreement is received by the Office of Research & Grants from the funding agency, the budget has been established in Banner, and copies of all approvals and protocols are received from the subrecipient (e.g., Institutional Review Board (IRB), Institutional Animal Care and Use Committee (IACUC), etc.). The Citadel uses FDP standard subaward templates (theFDP.org) when issuing subawards. These templates have been designed to include all the information required by Uniform Guidance while allowing for subaward specific terms and conditions. The Office of Research & Grants initiates and negotiates all subaward agreements in consultation with Financial Services. The Vice President of Finance and Business, CFO executes all subaward agreements on behalf of The Citadel.

Post-Award Subrecipient Monitoring

The PI is responsible for monitoring the technical progress of the subrecipient to ensure the effort outlined in the subaward agreement's statement of work are being met and that reimbursement requests align with the technical progress achieved. The PI may request technical reports as needed to support monitoring efforts; these reports should supplement informal communications. If there are specific deliverables or reporting requirements, these should be clearly defined in the subaward agreement. Additionally, the PI is responsible for informing the Office of Research & Grants prior to any changes in project expectations, including, but not limited to, the following: payment terms, key personnel, reporting requirements, budget modifications, or deliverables. Such modifications may require prior approval from the federal sponsoring agency and may necessitate an amendment to the subaward agreement.

Subrecipient Invoice Review and Payment Process

The PI is responsible for establishing a blanket purchase order (PO) tied to the grant index, corresponding to the amount allocated for the subrecipient in the approved project budget. The Office of Research & Grants will review this process with the PI at the initial post-award meeting to ensure the PO and subrecipient invoiced costs are properly established and charged in Banner.

Upon receipt of subrecipient invoices, the PI must:

1. Review and verify all invoiced costs to ensure they are:
 - Allowable, allocable, and reasonable under the terms of the subaward agreement;
 - Consistent with the approved budget and project scope;

- Supported by appropriate documentation, if applicable.

2. Ensure that invoices are aligned with the technical and programmatic progress made by the subrecipient. Payment approval should only be granted when sufficient progress, as outlined in the subaward's scope of work, has been demonstrated.

The PI is responsible for requesting clarification of any invoiced charges that appear unusual, excessive, or otherwise questionable. In certain cases, the PI may need to request detailed justification to confirm the allowability of specific costs. If the PI becomes aware of any issues of noncompliance with the terms of the subaward, they must immediately notify the Office of Research & Grants.

Following review and verification of both the financial and technical aspects, the invoice must be submitted and processed for payment through the institution's designated financial system (e.g., Chrome River). The Departmental/School Administrative Assistant is responsible for initiating this process and ensuring timely payment in accordance with institutional and sponsor guidelines. The approval queue in Chrome River should include those normally associated with standard financial approvals; however, the PI must be included in the approval workflow.

Audit and Risk Management

Each year, subrecipients must provide a complete copy of their most recent independent Federal Single Audit report. The Office of Research & Grants will review these reports to determine whether any findings may impact the subaward. This review assesses internal control deficiencies, noncompliance with federal regulations, questioned costs, or other reportable audit findings that could affect the sponsored program.

In addition, the Office of Research & Grants will randomly audit invoices annually. These audits assess the following:

- Whether expenses are reasonable, accurate, allowable, allocable, and properly documented;
- Correct calculation of Facilities & Administration (F&A) costs;
- Compliance with cost-sharing requirements throughout the life of the subaward; and
- For fixed price subawards, whether invoices identify the deliverables or tasks being billed, the corresponding award amount, and any applicable timelines or due dates.

When the subrecipient is assessed as "medium" or "high" risk of noncompliance (based on the Office of Research & Grants Risk Assessment Procedure described above), additional oversight through special terms and conditions may be imposed to mitigate risk. These special terms and conditions will vary from one subrecipient to another based on risk identification, but may include the following:

- Providing training materials;
- Requiring detailed backup documentation for invoiced expenses;
- Implementing prior approval requirements;
- Requiring additional, more detailed programmatic reporting;
- Restricting carry forward of unexpended funds; and/or
- Conducting site visits and audits to verify financial, technical, and programmatic performance.

Corrective Action and Sanctions

If audit findings are related to a subaward funded by The Citadel, the subrecipient must comply with a Corrective Action Plan as required by Uniform Guidance. The PI is responsible for monitoring the subrecipient's compliance with this plan. Failure by the subrecipient to complete required audits, exercise due diligence in complying with subaward terms and conditions (including reporting and invoicing requirements) or fulfill their Corrective Action Plan obligations may result in sanctions. In coordination with the Office of Research & Grants, the PI may enforce sanctions such as withholding payment, suspending the award, or terminating the subrecipient relationship.

Subrecipient Closeout Procedures

A subaward is considered closed when its period of performance has ended, regardless of whether the prime award (to The Citadel) is still active. The final invoice must be submitted to The Citadel no later than 45 days after the end performance date to allow sufficient time for review and integration of final deliverables. Before processing a

subrecipient's final invoice, the PI must confirm that all work has been satisfactorily completed and that all required technical reports, including the final one, have been received. The final invoice should not be approved by the PI for payment until these conditions are met.

As part of the closeout process, the Office of Research & Grants will also verify that all required documentation has been submitted, subrecipient expenditures are final and appropriate, and all compliance obligations have been fulfilled.

Definitions

Pass-through entity – Non-federal entity that provides a subaward to a subrecipient to carry out part of a Federal program. The authority of the pass-through entity flows through the subaward agreement between the pass-through entity and subrecipient. Sometimes referred to as the “prime” or “lead” institution. For this Policy, The Citadel is acting as the Pass-through entity.

Subaward - An enforceable agreement provided by a pass-through entity (e.g. The Citadel) to a subrecipient for the subrecipient to contribute to the goals and objectives of the project by carrying out part of a Federal award received by the pass-through entity.

Subrecipient – The legal entity that receives a subaward from a pass-through entity (e.g. The Citadel) to carry out part of a Federal award. The term subrecipient does not include a beneficiary or participant. A subrecipient may also be a recipient of other Federal awards directly from a Federal agency.

Related Policies/Documents

Federal Uniform Guidance – <https://www.ecfr.gov>