



Policy Title:	Subrecipient Monitoring
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Policy Management Area(s):	Research

SUMMARY:

This policy describes the requirements related to sponsored project subawards, in accordance with the requirements set forth in Title 2, *Code of Federal Regulations* (CFR), Part 200 “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.” This applies to all subawards funded directly or indirectly from federal funds, or those used as cost sharing or matching for federally funded programs, and to subawards with state and local governments, institutions of higher education and non-profit organizations. This does not apply to vendor agreements, agreements with for-profit entities or works for hire.

POLICY:

I. DEFINITIONS

- A. Award - financial assistance that provides support or stimulation to accomplish a public purpose. Awards include grants and other agreements, in the form of money or property in lieu of money, by the federal government to an eligible recipient. The term does not include:
 - 1. Technical assistance, which provides services instead of money;
 - 2. Other assistance in the form of loans, loan guarantees, interest subsidies, or insurance;
 - 3. Direct payments of any kind to individuals; and
 - 4. Contracts that are required to be entered into and administered under procurement laws and regulations.

- B. Contract - a legal instrument by which a non-federal entity purchases property or services needed to carry out a project or program under an award. The term as used in this document 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 an award or subaward as defined herein.

- C. Contractor - an entity that receives a contract. Characteristics indicative of a payment for goods and services received by a

contractor are when the organization:

1. Provides similar goods or services to many different purchasers;
2. Normally operates in a competitive environment;
3. Provides goods or services that are ancillary to the operation of the federal program; and
4. Is not subject to compliance requirements of the federal program as a result of the agreement, though similar requirements may apply for other reasons.

D. Pass-through entity - a non-federal entity (e.g., Coastal Carolina University) that provides a subaward to a subrecipient to carry out part of a federal program.

E. Subaward - an award of financial assistance, in the form of money or property in lieu of money, made under an award by a pass-through entity to an eligible subrecipient. The term includes financial assistance when provided by any legal agreement, even if the agreement is called a contract, but does not include payments to a contractor or 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.

F. Subrecipient - a non-federal entity that expends federal awards received from a pass-through entity to carry out a federal program, but does not include an individual that is a beneficiary of such a program. A subrecipient may also be the recipient of other federal awards directly from a federal awarding agency. Characteristics indicative of a federal award received by a subrecipient are when the organization:

1. Determines who is eligible to receive federal assistance and the type of assistance to be received;
2. Has its performance measured to determine whether the objectives of a federal program were met;
3. Has responsibility for programmatic decision making;
4. Is responsible for adherence to applicable federal program requirements specified in the federal award; and
5. In accordance with its agreement, uses the federal funds to carry out a program for a public purpose specified in the authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity.

II. AGREEMENT REQUIREMENTS

Agreements with subrecipients will be drafted by the Office of Sponsored Programs

and Research Services (OSPRS) and routed to University Counsel for review and execution.

A. Agreements with subrecipients that meet the applicability tests outlined in Section I. of this policy will contain the following clauses:

1. Allowable costs
 - a. Invoices submitted to Coastal Carolina University for payment will contain the following certification: “By signing this report, I certify to the best of my knowledge and belief that the report is true, complete and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal Award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise.”
 - b. “In the event that any payments to the subrecipient under this subaward are subsequently disallowed by Coastal Carolina University or the prime recipient as items of costs of this subaward, the subrecipient shall repay Coastal Carolina University, on demand, the amount of any such subsequent payments to be made to the subrecipient hereunder, without prejudice, however, to the subrecipient’s right thereafter to establish the allowability of any such item of cost under this subaward.”
2. Institutional information - Subrecipient shall submit to Coastal Carolina University the following information in compliance with 2 CFR 200 and the Federal Funding Accountability and Transparency Act (FFATA) of 2006:
 - 1) Name of entity receiving award
 - a. Amount of award;
 - b. Funding agency;
 - c. NAICS (North American Industry Classification System) code for contracts/CFDA (Catalog of Federal Domestic Assistance) program number for grants;
 - d. Program source;
 - e. Award title descriptive of the purpose of the funding action;
 - f. Location of the entity (including congressional district);
 - g. Place of performance (including congressional district);
 - h. SAM (System for Award Management) registration; and
 - i. Unique identifier of the entity and its parent (DUNS prior to April 4, 2022 and UEI after April 4, 2022).
 - 2) Total compensation and names of top five executives (same threshold for prime)

If...

- a. More than 80% of annual gross revenues come from the Federal government, and those revenues are greater than \$25M annually; and
- b. Compensation information is not already available through reporting to the SEC.

Classified information is EXEMPT from the prime and sub-award reporting requirement as are **contracts with individuals**.

3. Retention requirements for records - Financial records, supporting documents, statistical records, and all other records pertinent to an award shall be retained for a period of at least three years from the date of the final payment on the subaward. If any litigation, claim or audit is started before the expiration of the three-year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved and final action is taken.
4. Access requirements for records - In accordance with 2 CFR 501ff, Coastal Carolina University and its representatives, the federal awarding agency, the inspector general, the comptroller general of the United States, or any of their duly authorized representatives have the right of timely and unrestricted access to any books, documents, papers, or other records of recipients that are pertinent to the awards, in order to make audits, examinations, excerpts, transcripts, and copies of such documents. This right also includes timely and reasonable access to a recipient's personnel for the purpose of interview and discussion related to such documents. The rights of access in this paragraph are not limited to the required retention period, but shall last as long as records are retained.
5. Audits
 - a. Subrecipients receiving subawards totaling \$10,000 or more will submit to Coastal Carolina University one copy of the federal compliance audit reporting package described below when the schedule of findings and questioned costs disclose audit findings relating to subawards that Coastal Carolina University provided, or when the summary schedule of prior audit findings reported the status of any audit findings relating to subawards with Coastal Carolina University. The reporting package shall include:
 - (1) Financial statements and schedule of expenditures of federal awards;
 - (2) Summary schedule of prior audit findings;
 - (3) Auditor's report(s); and
 - (4) Corrective action plan, if applicable.
 - b. Or the subrecipient will provide written notification to Coastal Carolina University that: "An audit of the subrecipient was conducted in accordance with federal compliance requirements (including the period covered by the audit and the name, amount, and number of the subaward(s) provided by Coastal Carolina

University); the schedule of findings and questioned costs disclosed no audit findings specifically related to the subaward that Coastal Carolina University provided; and the summary schedule of prior audit findings did not report on the status of any audit findings relating to the subaward that Coastal Carolina University provided.”

The audit information required by a. or b. of this section shall be submitted within the earlier of thirty (30) days after receipt of the auditor’s report(s) by the subrecipient or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit. In the event that the submissions cannot be made within nine months following close of a budget period, the subrecipient must notify Coastal Carolina University in writing of the anticipated date of submission. All submissions required under this article shall be submitted to the following address:

Office of Sponsored Programs and Research
Services Coastal Carolina University
PO Box 261954
Conway, SC 29528-
6054

6. Financial Conflict of Interest - Subrecipients will provide evidence that they have a financial conflict of interest policy and procedure that is in compliance with federal regulations or, in the absence of having their own conflict of interest policy, certify that they will follow Coastal Carolina University’s policy. Should any conflicts of interest exist, subrecipients will certify that such conflicts have been reduced, eliminated or managed.

III. RESPONSIBILITIES OF THE OFFICE OF SPONSORED PROGRAMS AND RESEARCH SERVICES AND GRANTS ACCOUNTING

- A. Identify federal awards made by informing each subrecipient of the Catalog of Federal Domestic Assistance (CFDA) title and number, award name and Federal Award Identification Number (FAIN), federal award date, subaward period of performance, amount of federal funds obligated by each action, total federal funds obligated to the subrecipient, total amount of the federal award, federal award project description, whether the award is classified as research and development (R&D), name of federal agency, and contact information for Coastal Carolina University’s awarding official. When any of this information is not available, the University will provide the best information available to describe the federal award and subaward.
- B. Inform subrecipients of the following:

1. Requirements imposed on them by the pass-through entity so that the federal award is used in accordance with federal statutes, regulations, and the terms and conditions of the federal award;
 2. Additional requirements imposed on them by Coastal Carolina University to meet its own responsibility to the federal awarding agency, including identification of any required financial and performance reports;
 3. Requirement that the subrecipient permit Coastal Carolina University and its auditors to have access to the subrecipient's records and financial statements in compliance with section I.C.5. of this policy; and
 4. Relevant terms and conditions concerning closeout of the award.
- C. Establish written procedures for pre- and post-award monitoring of the activities of subrecipients as necessary to ensure that federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and performance goals are achieved.
- D. Ensure that subrecipients expending \$750,000 or more in federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year.
- E. Review management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action.
- F. Consider whether subrecipient audits necessitate adjustment of Coastal Carolina University records.

IV. PRE-AWARD PROCEDURES

- A. During the Proposal Development/Pre-Submission Phase Before Coastal Carolina University submits a proposal for funding involving one or more subrecipients, the University must obtain verification from the subrecipient, as evidenced by receipt of a subrecipient commitment form, that the proposed subrecipient is committed to participating in the project and is generally eligible to receive federal funds, and confirms having policies and procedures in place to manage federal funds.
- B. In addition to the subrecipient commitment form, the subrecipient must also provide to Coastal Carolina University a statement of work, budget and justification and other required documents as outlined by the proposal guidelines, such as a copy of its federally negotiated F&A rate agreement, if applicable. These documents should inform the overall content of the

University's funding proposal and will form the basis for the subaward agreement if the grant is awarded.

V. DURING THE AWARD NEGOTIATION PHASE

- A. After the federal agency has issued a notice of award to Coastal Carolina University, the University is responsible for initiating a subaward agreement with the proposed subrecipient. In some cases, before sending the subaward agreement, the University will conduct a risk assessment of the subrecipient's compliance processes and eligibility to receive federal funds. This could include review of the following databases and other materials:
1. Online System for Award Management (SAM), to confirm the subrecipient's registration is current and that neither it nor its PIs/PDs are debarred, suspended, or otherwise ineligible to receive federal funds;
 2. Federal Audit Clearinghouse's Website, if the subrecipient expends \$750,000 or more in federal funds each year, to confirm past years' reports have been submitted and to determine whether there were any material weaknesses or deficiencies reported related to their grant program(s);
 3. Subrecipient's most recent federal compliance audit, which must be provided to Coastal Carolina University for review prior to award in an electronic format;
 4. Information on the subrecipient's recent grant management experience, including biographical sketches and/or CVs from key personnel; or
 5. Electronic copies of the subrecipient's policies and procedures as related to federal grants management that may include, but are not limited to the following:
 - a. Financial conflict of interest;
 - b. personnel activity reporting (time and effort reporting and certification);
 - c. procurement; and
 - d. others, where applicable.

These documents would be reviewed to provide assurance that the subrecipient has the appropriate internal controls to manage their projects successfully.

VI. POST-AWARD PROCEDURES

- A. Initiating the Subaward Agreement
1. After the subrecipient has been assessed for risk, if necessary, and any potential concerns have been adequately addressed, Coastal Carolina University may issue the subaward agreement.

2. The subaward agreement must be accepted and signed by individuals at Coastal Carolina University and at the subrecipient agency who have the authority to enter into sponsored agreements on behalf of each institution.
3. Although the following information is contained within the terms and conditions of the subaward agreement, the subrecipient agency should be made particularly aware of the following items during the award initiation phase of the project:
 - a. records retention requirements (generally three years after project closeout, unless otherwise specified);
 - b. access to records by Coastal Carolina University, the federal awarding agency, and/or their authorized representatives;
 - c. due dates for financial, technical and/or performance reports; and
 - d. general format for and content of invoices.
4. Depending on the scope and nature of the subaward, other items Coastal Carolina University may need to review or address during the award initiation process include, but are not limited to:
 - a. Confirmation of Institutional Review Board (IRB) or Institutional Animal Care and Use Committee (IACUC) approvals;
 - b. Existence and enforcement of a Responsible Conduct of Research policy and procedure (NSF, NIH and USDA proposals only); or
 - c. Cost sharing/matching commitments and reporting.

B. Monitoring

1. The Office of Sponsored Programs and Research Services (OSPRS), Grants Accounting and the Principal Investigator (PI) are jointly responsible for regular monitoring of the subaward throughout the life of the award. The purpose of monitoring is to:
 - a. ensure federal funds are spent in compliance with the applicable laws, regulations and provisions; and
 - b. ensure performance goals are met.
2. The level of monitoring engaged in by each office should correlate directly with the risk associated with the subrecipient and the project. Large projects involving subawards of \$100,000 or more and/or projects with subrecipients that have limited experience with successfully managing grants should be monitored closely throughout the life of the project.
3. The OSPRS and Grants Accounting are responsible for macro- (institutional) level monitoring processes while the PI is responsible for micro- (project) level monitoring.
 - a. Macro-level monitoring processes are outlined in the checklists provided at the end of this document, and they should include

advising the subrecipient of requirements imposed on them by federal laws, regulations and the provisions of the subaward agreement, and conducting periodic spot checks of reports to ensure the award is being carried out according to the terms and conditions of the agreement. These offices should also be aware of the subrecipient's audit findings related to the award and review management decisions and corrective actions taken on said findings.

- b. Micro-level monitoring, conducted by the PI, involves regular (as often as daily, but no less than monthly) communication between Coastal Carolina University and the subrecipient organization to ensure the project is being carried out as proposed and according to schedule. Minor variations are allowable, but major variations – change of project scope, omission/addition of major activities, and/or re-budgeting between line-item categories that exceeds 25% of the total annual budget – should be addressed as soon as possible. If changes need to be made to the budget, reporting deadlines and/or performance goals as indicated in the agreement, the PI must notify the OSPRS as soon as possible to confirm the allowability of the revisions and to issue a revised subaward agreement, if necessary. In addition to maintaining regular communications, micro-level monitoring by the PI should include the following activities:

- (1) Review and approval (or request for revision/additional information) of periodic technical/performance reports;
- (2) Review and approval (or request for revision/supporting documentation) of subrecipient invoices; and
- (3) Monitoring of general rate of expenditures and implementation of activities. If the project appears to be significantly behind or ahead of schedule, follow up with the subrecipient to review the project requirements and progress.

C. Continuation Awards

- 1. Follow the same procedures as for the initiation of the subaward, but issue an amendment to the agreement rather than a new agreement.
- 2. Additionally, review the subrecipient's audit from the previous year and address any concerns, weaknesses, and/or deficiencies noted in relation to the project.