

Subrecipient Monitoring

Guidelines for Departmental/PI Review of Invoices from Subrecipients

The following checklist is a guide for reviewing subrecipient invoices. If you have questions regarding the accuracy and/or allowability of the expenses invoiced, ask the subrecipient for additional information and DO NOT APPROVE the invoice for payment until all items are resolved appropriately. Please contact your Sponsored Projects Accounting grant accountant for any assistance.

Please remember that any SPO voucher totaling \$4,500 or less will be paid after 20 days even if you do not approve it in the System. Therefore, if you are waiting for additional information before your approval, please place a “hold” on that voucher so it will not go into “autopsy”.

- 1) **Calculate the total expenses.** Enter the expense category totals into the invoice template and ensure that the total of expenses agrees with the total in the Direct Expense subtotal listed on the invoice received from the subrecipient. Or, alternatively, check the totals with a hand calculator to ensure the invoiced totals are correct.
- 2) **Is the F&A calculated accurately with the correct and agreed upon rate for the subrecipient?** Some expenses are exempt from F&A charges. Ensure the F&A calculated agrees with the methodology in the budget and only includes expenses that can be charged F&A. Some examples of expenses exempt from F&A include:
 - Capital equipment expenses
 - NSF does not allow F&A to be charged on Participant Support Costs
- 3) **Does the Direct Expense subtotal plus F&A subtotal agree with the total invoice amount?**
- 4) **Were all expenses incurred within the subcontract start and end dates?** Ensure that the dates on the invoice are within the award's period of performance. If you have received copies of receipts for any of the expenses on that invoice, ensure they were incurred during the period of performance.
- 5) **Are the expenses in agreement with the subcontract budget? If not, alert the PI.**
 - The subrecipient should only invoice for approved expenses per the subcontract or ask for approval of changes. For example: if the subrecipient's proposed budget did not include expenses for capital equipment, their invoices should not include reimbursement for such items.
 - Are cumulative expenses per budget category in agreement with budget amount category?
 - Does the total spent per budget category agree with the subcontract budget categories? Is the subrecipient overspent in one budget category and underspent in another budget category? For example, are they charging less in salaries but more laboratory expenses?
 - If there have been changes to the budget, ensure the changes are in agreement with the programmatic objectives and allowable per the prime Sponsor. Some awards require prior approval from the Sponsor for budget changes. Review this with OCG or SPA, if in doubt.
 - Are the cumulative expenses within the overall budget amount? Ensure that subrecipients are not invoicing for amounts over their total budget. Our financial system will stop the payment if over the authorized budget amount.

- 6) **Are the expenses in agreement with the programmatic plan or work completed to date? If not, alert the PI.** (The programmatic plan will be described in the proposal SOW, along with the planned timetable. Any agreed-upon changes to the plan would be in writing and would be filed with the subrecipient agreement and other paperwork). Expenses invoiced should agree with the work incurred if the agreement is a cost reimbursable contract.
- Were there programmatic changes that would cause changes to the types of expenses? For example, if the programmatic changes resulted in eliminating the need for study subject payments, subcontractors to the subrecipient, or consulting, the invoices should not contain these types of expenses.
 - Is the subrecipient invoicing for salaries during a time when it is known that no work should be occurring due to the programmatic plan? For example, the subcontract involves holding summer camps with all effort occurring during May through September. The subrecipient should not invoice salary costs that were incurred during January.
- 7) **Are the expenses allowable per the subcontract and the prime award?** Remember the prime award requirements and budget restrictions flow down to the subrecipient. If there are specific disallowances listed in the prime award, these will also apply to the subrecipient.
- If the prime agreement will not pay for tuition remission or general fringe benefits, the subrecipient should not invoice for such expenses
 - If the prime does not allow travel expenses, the subrecipient should not invoice for travel related expenses.
- 8) **For a cost reimbursable subcontract, are expenses that are charged based on actual expenses** or does it appear to be an allocation of the budget? For example, are the invoices consistently the same amount each month or always round dollar amounts? Cost reimbursable subcontracts require invoicing **based on actual expenses only**. If you suspect an allocation is occurring, you can ask for receipts or other documentation to substantiate their charges.
- 9) **Does the invoice contain the following statement:**
"I certify that, to the best of my knowledge and belief, all expenditures reported represent actual expenditures incurred during the period listed and were incurred for the purposes of this award. I further certify that all expenditures are on file and are available for review or audit and that payment for the costs claimed above have not been received." or something similar to substantiate the validity of the expenses being charged. It is not necessary to have the second sentence included in the certification statement.
- 10) **Is the invoice signed by the subrecipient?**
- 11) **If the subcontract includes cost sharing requirements, does the invoice contain the required cost sharing information?** Cost sharing expenses must follow the same rules as the expenses paid by the prime award. Ensure the cost sharing expenses comply with the agreement, including amounts and types of expenses

REMEMBER: IF THERE ARE ANY QUESTIONS ON THE INVOICES, DO NOT APPROVE UNTIL ALL ITEMS ARE APPROPRIATELY RESOLVED