

Subrecipient Invoice Review Policy



Policy Number: 600-023
Effective Date: April 3, 2007
Last Updated: April 3, 2007
Issuing Authority: Vice President for Research and Compliance
Responsible Offices: Office of Sponsored Programs/Post Award Services Unit (PASU) and Accounts Payable

Purpose:

To provide guidance to Howard University and all related entities, business units, subsidiaries and affiliated organizations including, but not limited to, Howard University Hospital (hereinafter referred to collectively as “Howard University”) in order to ensure that project costs incurred by subrecipients are reasonable, allocable, and allowable. Howard University is required by the federal government to monitor expenses of awarded federal funds subcontracted to another organization (subrecipient). Requirements include:

- *Audits of States, Local Governments, and Non-Profit Organizations* (OMB Circular A-133). A-133 Subpart D (A-133.400 (d)(1-7)) includes the following sub-recipient monitoring requirement:

“Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and provisions of contracts or grants agreements and that performance goals are achieved.”

- The policy statement to the *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organizations* (OMB Circular A-110) states:

“Recipients shall apply the provisions of this Circular to subrecipients performing substantive work under grants and agreements that are passed through or awarded by the primary recipient....”

- *Principles for Determining Costs Applicable to Grants, Contracts, and other Agreements with Educational Institutions* Subpart A.3 (OMB Circular A-21) states:

“These principles shall be used in determining the allowable costs of work performed by colleges and universities under sponsored agreements. The principles shall also be used in determining the costs of work performed by such institutions under subgrants, cost-reimbursement subcontracts, and other awards made to them under sponsored agreements.”

Policy

It is the policy of Howard University to provide the monitoring required by the federal regulations and to ensure good stewardship of sponsored projects. Howard University ensures review of all subrecipient invoices for allowability and proper compliance. Prior to the payment of subrecipient invoices, a review is conducted and an approval is obtained from both the Principal Investigator/Project Director (PI/PD) and the PASU Accountant.

Business Process Description

Subrecipient Invoice Review Policy



OSP/PASU receives all subrecipient invoices. The invoice is scanned and distributed via email to both the 1) Office of Sponsored Programs/Post Award Services Unit (OSP/PASU) and the 2) PI/PD. Before AP distributes a payment to the subrecipient, approval from both the PI/PD and the PASU Accountant is required.

Upon receipt of the invoice from the PASU Accountant conducts a review of the invoice for allowability, compliance with the agreement's terms and conditions, and the following fiscal requirements:

1. The invoice clearly states the date range or time period for the expenses (e.g., Invoice for 10/1/06 – 10/31/06, October 2006, etc.).
2. The requested payment falls within the approved date range or time period.
3. The current invoice, when added to the cumulative amount invoiced, does not exceed the budgeted amount in the subcontract agreement.
4. The invoiced expenses are consistent with the subrecipient's budget (e.g., invoiced expenses are within the expected budget categories and the amounts do not deviate significantly).
5. The calculations for the fringe benefit and the subrecipient's facilities and administrative (F&A) charged on the invoice, if any, are verified for accuracy with the terms of the approved subaward budget and F&A cost rate agreement.
6. The charges are deemed allowable based on the terms and conditions of the agreement (e.g., no equipment allowed) and/or applicable regulations (e.g., OMB Circular A-21).
7. Explanations and/or additional supporting documentation are provided for any unusual, miscellaneous, apparently excessive, or other potentially problematic charges invoiced by the subrecipient. Documentation should be provided by the subcontractor to enable the PASU Accountant and PI/PD to render a determination based on prudent judgment as to whether the charges are consistent with sponsor requirements and the agreement's terms and conditions. For subrecipients deemed high risk (i.e. significant finding on the A-133 Report), documentation and justification for all expenses will be required. Examples of documentation include, but are not limited to:
 - Payroll records/data
 - Copies of paid invoices reflecting the cost of items purchased and vendor justification forms, if required
 - Descriptions of services rendered by consultants including hourly rates and time reports
 - Details of incurred travel charges including the purpose of the travel, airfare, meals, ground transportation, etc.
8. The invoice is reasonable based on the agreement's terms (e.g., no invoicing of the entire amount of a one year agreement in the first monthly invoice, invoicing is significantly behind schedule, etc.). As necessary, the Howard University PI/PD is contacted for additional information.
9. In the event that the subrecipient does not use the Howard University invoice template, the subrecipient invoice provides all necessary information. If not, the PASU Account contacts the subrecipient to obtain the necessary information and encourages the subrecipient to utilize the Howard University template for future invoicing.

If expenses are not compliant with the above, the PASU Accountant determines that the expense is unallowable or unreasonable and the expense is not paid. OSP/PASU provides notification to the subrecipient if expenses will not be paid by Howard University. Documentation of this decision and notification provided to the subrecipient is retained by OSP/PASU. (THE PROCEDURE DOCUMENT WILL ELABORATE ON WHAT THE DOCUMENTATION SHOULD INCLUDE AND WHERE IT WILL BE FILED)

Subrecipient Invoice Review Policy

When OSP/PASU determines that the invoice is properly prepared and deemed acceptable, the PASU Accountant notifies AP that the invoice is approved and includes the appropriate accounting distribution for the payment. For final invoices, OSP/PASU contacts the PI/PD and requests notification by email or letter that all of the terms and conditions of the agreement have been met. If necessary, payment of the final invoice is withheld until all deliverables, reports, etc. are received from the subrecipient.

The PI/PD is responsible for confirming that the invoice is consistent with the budget and is reasonable based on the technical progress being made by the subcontractor. This review includes:

1. A determination that all expenses are consistent with the scope of work performed by the subrecipient.
2. An evaluation that all required information and deliverables, such as technical reports, have been received from the subcontractor and are consistent with requirements.
3. A review of the invoice for consistency with sponsor requirements and the terms and conditions of the agreement.

The PI/PD notifies OSP/PASU if additional documentation or justification is desired from the subrecipient. **Concerns with the subrecipient, such as non-compliance with reporting requirements or dissatisfaction with technical progress, should be reported immediately to OSP/PASU. Invoice payment will not be made until invoice approval has been obtained from the PI/PD, or other appropriate individual (such as the PI's department chairperson).**

Upon receipt of both invoice approvals, AP processes payment for the invoice.

Roles and Responsibilities:

Office of the Associate Vice President and Controller

- **Accounts Payable (AP):** When both approvals are received, AP processes payment for the invoice in accordance with the accounting distribution provided by the PASU Accountant.

Office of Sponsored Programs, Post Award Services Unit (OSP/PASU)

- **PASU Accountant:** When a subrecipient invoice is received, the RA conducts a full review of the subrecipient invoice for: errors, compliance with the terms and conditions of the subcontract; and compliance with applicable federal regulations. Once the review is complete, an email is forwarded to AP and the PI/PD that includes an approval or any issues raised by the review as well as the appropriate accounting distribution. The PASU Accountant has approval authority for invoices under \$10,000. Additionally, the PASU Accountant is the primary resource to help PI/PDs with any questions during this process.
- **OSP/PASU Manager (Manager):** The Manager oversees the *Subrecipient Invoicing Review* process by providing assistance, guidance, and performance evaluation as necessary. The OSP/PASU Manager has approval authority for invoices up to \$25,000 and completes a Quality Assurance review for all invoices between \$10,000 and \$25,000.

Office of the Vice President for Research and Compliance

- **Associate Vice President for Sponsored Programs (AVPSP):** The AVPSP has approval authority for invoices over \$25,000 and completes a Quality Assurance review for all invoices over \$25,000.

Academic Department

- **Principal Investigator/Program Director (PI/PD):** The PI/PD is responsible for confirming that invoices are accurate and the expenses comply with the (Direct and Indirect Cost Charging Policy #OSP-015). The PI/PD monitors progress reports for compliance with technical requirements of the

Subrecipient Invoice Review Policy



statement of work assigned to the subrecipient. In addition, the PI/PD notifies the RA of any problems that occur during the process or any changes that take place in the award.

Related Processes/Events:

- Subrecipient Monitoring Policy
- Subcontracts Execution and Approval Policy
- Direct and Indirect Charging Policy

Forms and Links

- OSP/PASU Website <http://howard.edu/ovprc>
- Howard University Subrecipient Invoice template