**GRANT COORDINATOR MEETING 5/19/16**

**SPONSORED PROGRAMS ACCOUNTING (SPA)**

**Documentation of Principal Investigator (PI) Approval for Subrecipient Invoices in the VO System**

The Uniform Guidance at 2 CFR 200.331 requires ISU to review required financial reports from subrecipients. The financial reports under most subaward agreements are subrecipient invoices; the person with the best knowledge of the financial performance of the subrecipient is the Principal Investigator (PI). Documenting the review and approval of the invoice is the most important part of the approval process! The latest Internal Audit report suggests that the best practice for documenting approval is within the VO system itself.

Internal Audit Summary: During a recent departmental review conducted by ISU Internal Audit their testing found that of nine subrecipient invoices examined none of invoices had approval documented in the VO system. The department was able to locate approval in the department file or email for three of the invoices, but could not locate approval for the other six.

Acceptable methods of obtaining PI approval are listed below along with explanations of each and how they can be stored in the VO system.

**Paper**

The department approver can obtain PI approval of an invoice by having the PI sign and date the invoice.

* The approver would print a copy of the invoice from the VO system for the PI to review.
* The PI would review the charges on the invoice and would document their approval to pay by signing and dating the invoice. Any notes such as “OK to pay” could also be added to verify their approval.
* Retain the supporting documentation of the approval.
* Scan and attach the signed/approved invoice the VO system using the “Attach document” feature under in the Notes and Attachment tab within the VO.

**PI Approval within the VO System**

In order to use the VO system for approval, a PI would need to have access set up to the KFS system.

* Once the PI has access to the KFS system, the department approver can ad hoc route the VO document to the PI for approval.
* Under the Ad Hoc Recipient tab in the VO document, the department approver would ad hoc route the PI using the “Approve” action request.
* The PI would then receive an email indicating they had a KFS action item to approve.
* The PI would open the VO, open and review the invoice and then approve the item acknowledging their approval of the invoice for payment.

**Email**

The department approver in the VO system can email the PI to obtain their approval.

* Open the invoice attached in the VO document
* Save this invoice as a PDF file
* Attach this newly created PDF file to an email. An email template to send to the PI has been developed for use in obtaining email approval (see attached).
* After the PI replies to the email, retain the email for supporting documentation of the approval.
* Attach the documentation to the VO system by saving the email as a file and then using the “Attach document” feature under in the Notes and Attachment tab within the VO.

Below is the suggested email template to use when sending the invoice to the PI. The easiest way to use this is to copy and paste this template into a custom signature in outlook, and then use the signature to email the PI.

Dr. XXXXX

Please review the attached invoice and send your approval to pay by (Insert Date). (Attach copy of invoice from VO system)

Subrecipient – PO Number
eDoc ID:
Amount: $
Account Number:

**The PI is responsible for reviewing subrecipient invoices on all sponsored funding**

* Do costs incurred follow the subrecipient’s approved budget?
* Are costs reasonable based on the amount of work performed and the activities reported in the technical report?

**If you don’t feel comfortable with the charges**because they are unusual, excessive, or appear unrelated to the project, you have the right to request clarification and details from the subrecipient for invoiced charges.  Examples of detailed support may include:

* Copies of payroll records
* Copies of paid invoices and receipts
* Written justification for expenditures
* Sole source justification if required by Federal guidelines
* Descriptions of services rendered by consultants including hourly rates and time reports
* Detail of travel charges incurred stating the purpose and amounts charged for airfare, meals, lodging, ground transportation, etc.

**Costs determined to be unallowable or unreasonable should be disallowed. Contact your sponsored programs accountant if there’s a problem.** Federal regulations suggest enforcement action can be taken, when warranted, against a non-compliant subrecipient. These actions include:

* Temporarily withholding cash payments pending correction of deficiency
* Disallowing all or part of the activity not in compliance
* Wholly or partly suspending or terminating the subrecipient agreement
* Taking other legal remedies

The Subrecipient Monitoring Guide (also attached) provides more detailed information on sub monitoring responsibilities.
Thank you,



Guide available on SPA website: <http://www.controller.iastate.edu/spa/subrecipient.html>

Reminders:

1. 2016 Year-End Financial Processing Information & Schedule were sent to CIN by Kevin Houlette
2. Encumbrance tracking available in the Budget Portal
 then 

Choose at least one Resource Unit, select and run.

Choose the “Encumbrance Tracking” report and run.

Choose your Org Dept to filter down to the department level.

NEW: The Faculty Start Up accounts are now in the list, so you may choose them if you want!



The results will show all of your encumbrances subtotaled by Sub Fund Group. This report is extremely comprehensive and helpful at the end of the fiscal year. Here is an example:

