


**Congratulations!  
You're a Subrecipient.**


**What does that mean?**



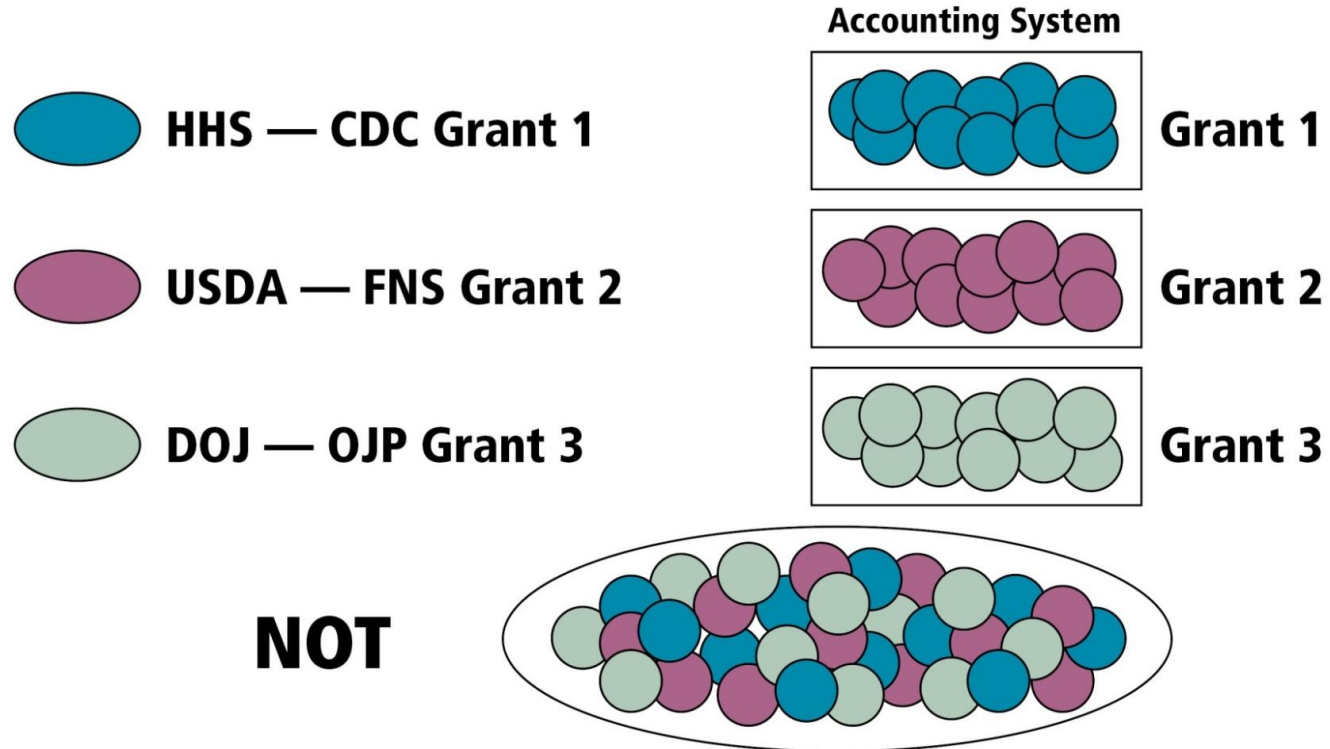
## What is a Subrecipient?

- A ***subrecipient*** is a non-federal entity that receives a subaward from a pass-through entity to carry out part of a federal program.
  - A ***subrecipient*** may also be a recipient of other federal awards directly from a federal awarding agency.
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# Subrecipient Agreement


- The terms and conditions of the subrecipient agreement contain state and federal regulations that all parties must follow.
  - Each agreement lists the links to the federal guidance which governs the award. By accepting this award, all parties agree to follow these regulations.
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## Segregation of Funds




- Make separate accounts
- Do **NOT** commingle federal funds


# General Ledger Account

- Create a separate general ledger account for each federal fund.
  - The general ledger account will show the revenue and expenditures and should net to zero.
  - The Division of Finance will verify expenses and revenues are recorded in a separate account during desk and on-site reviews.
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## What does DOH review?

- Department of Health (DOH) validates the provided Unique Entity Identifier (UEI) on the federal website [Sam.gov](https://sam.gov) for suspension and debarment.
  - DOH reports subawards (over \$30,000) within 30 days of signing the agreement as required by [Federal Funding Accountability and Transparency Act](#) (FFATA).
  - Awards can be found on [USAspending.gov](https://USAspending.gov).
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## What Records Need to be Maintained?

- Source documents - documentation that provides back up for **all revenue and expenditures** charged to the federal award **including time and effort reports** for staff paid by the award
  - All completed financial or programmatic reports
  - A copy of the agreement and any third-party agreements
  - All records, associated with this award, must be kept for a **minimum** of 3 years from close out date of the award
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# Acceptable Invoices Will Include:

## Actual, Allowable, and Reasonable Expenses

- Invoice date
- DOH assigned subrecipient agreement number
- Time period covered
- Submission by original invoice or contractor letterhead
- Subrecipient entity signature will include, “I certify that this request represents actual, allowable costs incurred during the invoice period and these costs are appropriate in accordance with the subrecipient agreement.”
- Invoice must be auditable, clear, and detailed



## Invoice

Subrecipient Name  
Subrecipient Address  
Subrecipient City, State, Zip+4

Invoice Date \_\_\_\_\_  
Invoice Number \_\_\_\_\_

**Subrecipient Agreement Number** 21SC09XXX

Period covered by this Invoice \_\_\_\_\_

### Total Expenses by Category

Salaries	\$	-
Fringe Benefits	\$	-
Supplies	\$	-
Travel	\$	-
Other (please explain)	\$	-
<b>Total Direct Expenses</b>	<b>\$</b>	<b>-</b>

Indirect Cost: \$ -

Total Expenses for billing period \$ -

**Amount to be reimbursed by DOH** \$ -

*I certify that this request represent actual, allowable costs incurred during the invoice period and these costs are appropriate in accordance with the above mentioned subrecipient agreement.*

\_\_\_\_\_  
Signature of Authorized Official


For questions on this invoice, please contact: \_\_\_\_\_  
Subrecipient contact info

# Sample Invoice



SOUTH DAKOTA DEPARTMENT OF HEALTH

## Do You Pass Any of These Federal Funds from DOH to Another Entity?

- The entity must receive **written approval** from DOH prior to entering into any agreement with a third-party.
  - The entity must perform an analysis to determine if the relationship with the third-party will be that of a contractor or a subrecipient.
  - If the agreement with the approved entity is a subrecipient agreement, then certain information is required to be in the agreement and additional actions are required by the entity.
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## Requirements of a Subrecipient for Monitoring their own Subrecipient

### 18. SUBCONTRACTORS/SUB-SUB-RECIPIENTS:

The Sub-Recipient will not use subcontractors or other sub-recipients to perform work under this Agreement without the express prior written consent from the State. The State reserves the right to complete a risk assessment on any proposed sub-contractor or sub-recipient and to reject any person or entity presenting insufficient skills or inappropriate behavior.

The Sub-Recipient will include provisions in its subcontracts or sub-grants requiring its subcontractors and sub-recipients to comply with the applicable provisions of this Agreement, to indemnify the State, and to provide insurance coverage for the benefit of the State in a manner consistent with this Agreement. The Sub-Recipient will cause its subcontractors, sub-recipients, agents, and employees to comply with applicable federal, state and local laws, regulations, ordinances, guidelines, permits and requirements and will adopt such review and inspection procedures as are necessary to assure such compliance. The State, at its option, may require the vetting of any subcontractors and sub-recipients. The Sub-Recipient is required to assist in this process as needed.

### 19. STATE'S RIGHT TO REJECT

- **The entity should only accept funds for activities it can carry out for the scope of the federal funds awarded.**
  - **When a subrecipient accepts federal funds for an activity it is unable to perform and passes those funds on to their subrecipient, additional subrecipient monitoring is required for the entity.**



## Does the entity have a subrecipient agreement with the federal funds received from DOH?

- **Prior to completing the agreement, the entity will need to follow Federal guidance for subrecipients which includes, but is not limited to:**
  - Complete a risk assessment of the entity
  - Make sure the entity has a "**Conflict of Interest Policy**"
  - Verify the entity's DUNS and that the entity is not listed on the Suspension and Debarment Federal website
  - Have policies, procedures, and forms in place for monitoring to make sure the entity follows federal requirements
  - Have a procedure to close out the award at the end of the period of performance prior to the end of the agreement with DOH to allow time for reporting
  - Reference all federal guidance found in the DOH subrecipient agreement to ensure the third-party monitoring and federal requirements are met
- **Why is this important?**
  - Agencies are focused on ensuring that prime grantees are acting in accordance with their duties and that they have comprehensive policies, procedures, and monitoring tools in place to ensure that terms and conditions are met by the subrecipient to not put federal funding in danger.
  - Grantees that are pass-through entities must be prepared to evaluate subrecipients' compliance with their subawards, monitor the activities of their subrecipients, impose specific conditions as necessary, ensure required audits are completed, and take enforcement action when and if necessary.



## Does the Entity's Agreement with DOH allow Staff to Code Time to the Federal Funding Source?

- If the entity will charge employee time to the award, verify with the entity's financial staff to set up proper tracking of time and effort for the federal award.
- If time and service are included in the agreement, correct documentation is required. Timecards should be kept on-site and accurately reflect employees time with managerial authorization/signed approval.

ABC Non-profit  
 1254 United Blvd  
 Pierre, SD 57501  
 Telephone 605.223.1234

Employee Name \_\_\_\_\_  
 Title \_\_\_\_\_  
 Department \_\_\_\_\_

Project Name \_\_\_\_\_  
 Pay Period \_\_\_\_\_  
 Supervisor \_\_\_\_\_

**Bi-Weekly Timesheet**

Day Date	Sun 3.7.21	Mon 3.8.21	Tue 3.9.21	Wed 3.10.21	Thu 3.11.21	Fri 3.12.21	Sat 3.13.21	Sun 3.14.21	Mon 3.15.21	Tue 3.16.21	Wed 3.17.21	Thu 3.18.21	Fri 3.19.21	Sat 3.20.21	Total Hours
<b>Task or Grant Project</b>															
After School Program		5	4.75	4.5		2			4	8	7	8	8		<b>51.25</b>
Fundraising				2							1				<b>3</b>
Headstart Program		3				6			4						<b>13</b>
Annual Leave			3.25		8										<b>11.25</b>
Sick Leave															<b>0</b>
Holiday															<b>0</b>
Leave: Other															<b>0</b>
<b>TOTALS</b>	<b>0</b>	<b>8</b>	<b>8</b>	<b>6.5</b>	<b>8</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>0</b>	<b>78.5</b>

*By signing below, I hereby attest that the time recorded on this time sheet is true and accurate to the best of my knowledge.*

\_\_\_\_\_  
 Employee Signature                      Date

\_\_\_\_\_  
 Supervisor Signature                      Date

# Example of Proper Time and Effort Reporting





# How to Capture Time & Effort

The entity must have a **Time and Effort written policy** that address the following:

- Record actual hours worked for each federal and non-federal project for those employees that work on multiple projects within your organization
- Employee signature on time forms and review and approval signature by the employee's supervisor
- Electronic timesheets are allowed when an entity has an established written policy recorded by the electronic timekeeping system



# Top 5 Items DOH Division of Finance Staff Will Review

1. **Inadequate policies and procedures**

- Internal Controls
- Security of Data
- Procurement – Equipment Management and Fixed Asset Inventory
- Subrecipients

2. **Reporting**

- Inaccurate and/or late financial/performance reports
- Cash Management – Advance Draw Down – Interest Earned
- Audit requirements not met

3. **Allowable Costs / Unallowable Expenditures**

- Unallowable expenditures
- Unsupported
- Unauthorized
- Unreasonable

4. **Documentation of Time and Effort**

- No Time and Effort Policy
- Not recording Federal funding correctly

5. **Program Income**

Gross income – earned by a recipient, subrecipient, or a contractor under a grant – directly generated by the grant-supported activity or earned as a result of the award.

- Not properly recorded
- Sliding Fee causes improper calculation of program income generated
- Improper use of program income





# What DOH Provides to a Subrecipient

- Welcome letter, forms, and **“What to Expect as a DOH Subrecipient”**, will be sent with agreement
- A request for proof of insurance, if applicable
- Invoice checklist guidance, minimum requirements for invoices requesting payment through reimbursement
- Guidance from your DOH contact
- Links to Federal requirement and guidelines
- On-going monitoring, training, and technical assistance given the dollar amount of the agreement, risk assessment score, experience of Entity, percentage of Federal funds that make up Entity’s Income
- Possible desk review monitoring or on-site review monitoring from DOH Division of Finance
- Program reviews
- Notice of Single Audit requirements and disclosure of amount of federal funding paid to your entity
- Close out letter



# What to Take Away

- Ask DOH for additional training, if needed
- Work with your DOH contact to answer any questions that arise
- Remember every federal award is different
  - **Review each agreement to know what is required of your entity**
- Make sure your finance office, accountants, and supervisors are aware of subrecipient funding
- Ask questions



- **Awards funded with Health and Human Services funds:**
  - The HHS Grants policy manual  
<https://www.hhs.gov/sites/default/files/grants/grants/policies-regulations/hhsgps107.pdf>
  - The Uniform Administrative Requirements, Cost Principals, and Audit requirements for HHS awards (45 CFR part 75)  
[https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title45/45cfr75\\_main\\_02.tpl](https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title45/45cfr75_main_02.tpl)
- **Awards funded with US Dept. of Agriculture WIC funds:**
  - The Child Nutrition Act of 1966 (WIC is section 1786)  
[https://fns-prod.azureedge.net/sites/default/files/CNA\\_1966\\_12-13-10.pdf](https://fns-prod.azureedge.net/sites/default/files/CNA_1966_12-13-10.pdf)
  - The Healthy, Hunger-Free Kids Act of 2010  
<https://www.gpo.gov/fdsys/pkg/PLAW-111publ296/pdf/PLAW-111publ296.pdf>
  - The Electronic Code of Federal Regulations (7 CFR 246)  
<https://www.ecfr.gov/cgi-bin/textidx?SID=a42889f84f99d56ec18d77c9b463c613&node=7:4.1.1.1.10&rgn=div5>