



Subaward Expenditure Documentation

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I. Introduction

FHI 360 issues and manages thousands of subawards which require systems, standards, and expertise to minimize risk and ensure compliance with funder regulations and FHI 360 policies. All projects are required to monitor subaward expenditures and ensure they are aligned with project activities and the terms of the subaward. This includes collecting documentation, performing sufficient review, and ensuring access to documents for future audits. As such, this guidance was developed to provide a standard for determining the expenditure documentation required of subrecipients, as well as how to properly review that documentation. See the [Subrecipient Monitoring Requirements and Toolkit](#) for more details on other aspects of subrecipient monitoring.

This document was created with input from Operations Area staff, CMS, and Corporate Finance and will be adapted as the organization changes and adopts new system, tools, and processes. Please provide feedback and suggestions to the Project Management Quality and Support (PMQS) team at subawardmanagement@fhi360.org.

Roles and responsibilities

Adequately reviewing subaward invoices/Subrecipient Financial Reports (SFR) and assessing the accompanying backup documentation takes time and specific skills. The leadership team, including the Business Unit (BU) Director/ Regional Director, Country Director and other senior staff have a responsibility to ensure appropriate structure and systems are in place to properly manage subawards, with the Project Director/COP being ultimately responsible for the overall sound management of the project, which includes subaward management. Project staff assigned to review and assess SFRs or invoices and accompanying supporting documentation should be equipped with sufficient knowledge and skills in financial management, and/or have been provided with the necessary training. If a subrecipient is not providing timely or complete information, the staff reviewing the documentation are responsible for informing project leadership so that appropriate action can be taken; project staff are expected to incorporate these senior-level staff into the process as needed. When a Satellite Office is the first point of contact with subrecipients, the roles and responsibilities of the Country Office and Satellite Office should be clearly delineated and documented at the time when the subawards are issued, if not earlier.

Funder regulations

Funder regulations provide high-level guidance on the responsibilities of an organization issuing a subaward, but generally do not provide detailed instruction on how to manage subawards. In many cases, the same terms that apply to FHI 360 as the prime award recipient also apply to our subrecipients. FHI 360 receives most of our funding from the U.S. Government. Critical U.S. Government regulations are listed in this document; however, it is important to recognize that other funders may have different regulations and terms; thus it is imperative that each project become familiar with the specific regulations of the funders with whom they are working.

Subrecipient monitoring is specifically mentioned in 2 CFR 200, subpart D, the Subrecipient Monitoring and Management section of the [Uniform Administrative Requirements, Cost principles and Audit Requirements for Federal Awards](#). This section tells us that based on our risk assessment (the Pre-Award Assessment Tool (PAT) for FHI 360), we must determine the appropriate level of subrecipient monitoring. 2 CFR 200.331(d) states that as a pass-through entity we are required to:

“Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward: and that subaward performance goals are achieved.”

Thus, FHI 360 must take the necessary steps to ensure subrecipients use the funding provided to them in a way that meets the goals of the project while following all applicable laws and regulations as well as the terms of the subaward.

It is important to become familiar with the terms of the award issued to FHI 360, and to note any special terms that may relate to reporting or expenditure documentation. In most cases, special terms included in the prime award should flow down to subrecipients and be included within the terms of the subaward. Please consult with Contract Management Services (CMS) for additional assistance with interpreting funder regulations and the terms of your award or issuing subawards.

II. Documentation Requirements

Pre-Award Assessment Tools

The appropriate pre-award assessments must be completed to determine the subaward expenditure documentation requirements. Corporate Finance has developed several versions of pre-award assessment tools to fit a number of different scenarios. Segments 1 and 3 use the Financial Pre-Award Assessment Tools (PATs) and Segment 2 uses the Due Diligence Questionnaire (DDQ). The current templates can be found on the Connect site for the [Financial Management Team](#).

Segments 1 and 3: For new subawards with a start date of April 1, 2022 and thereafter, it is an FHI 360 requirement for all non-US based entities, receiving a cost reimbursable subaward, regardless of PAT risk rating to **submit full expenditure documentation with their SFRs/invoices throughout the life of the subaward, or until a written modification documents otherwise.**

Segment 2 Effective October 1, 2023, if the funder requires full documentation from the subrecipients, then FHI 360 must always comply with funder requirements.

Determining Expenditure Documentation Requirements (Segments 1 and 3 only)

The risk rating determined by the Pre-Award Assessment will indicate the type of documentation required. Refer to **Table 1** to see the documentation requirements that correspond to the risk rating and other criteria. The minimum documentation requirement for all subrecipients is:

Minimum documentation requirements for all cost-reimbursable subawards:

- Invoice/SFR
- Transaction List
- Labor Summary

The frequency of a Full Documentation Review (see page 6 for definition), during which supporting documentation for all expenses included in the invoice is examined, is based on the risk level.

1. For U.S. based subawardees, the PAT risk rating of medium or high, will determine if full documentation is required, refer to Table 1; and
2. For non-U.S based subawardees, receiving a cost reimbursable subaward, with a start date of April 1, 2022 and thereafter, regardless of PAT risk rating, full expenditure documentation collection is required throughout the life of the subaward.

In some cases, the Full Documentation Review for US based subrecipients is only required for a specified period of time to determine if the subrecipient is able to properly manage the funds. If, at the end of the specified period, it is determined that the subrecipient has not consistently provided complete information, the Full Documentation Review should continue until the subrecipient demonstrates proper management of the funds. Organizations that graduate from providing full expenditure documentation will periodically be asked for full documentation after they have submitted their invoice. For some subawards, a Full Documentation Review (included with the submission of each invoice) may be required for the life of the subaward. It is the responsibility of the project staff to determine if the subrecipient has demonstrated that they have adequate systems and capacity to manage the funds.

Retention of Documents

Ensuring proper retention of documentation is a critically important step to this process. Documentation must be filed in the project files and retained for the appropriate amount of time after the close of the project [per FHI 360 Policy 01013 Record Retention](#) and [Records Management Guidance](#). Auditors will request evidence of timely submitted financial reports and documentation of review of reports and supporting documentation so each project must ensure that filing systems are established and maintained so that records can be located and provided as needed.

Reading Table 1

To read Table 1. Expenditure Documentation Requirements, first identify the category the subrecipient falls under: Organization with a Single Audit; Organization with a Financial Statement Audit; Organization without an audit receiving \$250,000 or less; or Organization without an audit receiving more than \$250,000, then identify the risk level as determined by the Pre-Award Assessment. For example, an organization without an audit receiving an award of under \$250,000 that has ranked as a medium risk will be required to submit an SFR with a labor summary and a transaction list, as well as Full Documentation for the first two monthly invoices. If the first two submissions are complete, and demonstrate accurate invoicing, then Full Documentation will only be required once per quarter thereafter.

Segments 1 and 3: New subawards with a start date of April 1, 2022 and thereafter, it is an FHI 360 requirement for all non-US based entities, receiving a cost reimbursable subaward, regardless of PAT risk rating to submit full expenditure documentation with their SFRs/invoices throughout the life of the subaward, or until a written modification documents otherwise.

Segment 2 Effective October 1, 2023, if the funder requires full documentation from the subrecipients, then FHI 360 must always comply with funder requirements.

Table 1: U.S. Based Organization, Applicable to Segments 1 and 3 Subaward Expenditure Documentation Requirements

Organizations with Single Audit	
Low Risk¹	<ul style="list-style-type: none"> • Subrecipient’s invoice, labor summary and transaction list required monthly.
Medium Risk¹	<ul style="list-style-type: none"> • Subrecipient’s invoice, labor summary and transaction list required monthly.
High Risk¹	<ul style="list-style-type: none"> • Subrecipient’s invoice, labor summary and transaction list required monthly. • Additional documentation required as needed to address deficiencies identified in the audit.

Organization without audit receiving US\$250,000 and Less	
Low Risk¹	<ul style="list-style-type: none"> • SFR/invoice with labor summary and transaction list required monthly. • Full documentation required with first 2 monthly invoices.²
Medium Risk¹	<ul style="list-style-type: none"> • SFR/invoice with labor summary and transaction list required monthly. • Full documentation required with the first 2 monthly invoices.² • If first 2 invoices are complete, full documentation required once per quarter thereafter.²
High Risk¹	<ul style="list-style-type: none"> • SFR/invoice with labor summary and transaction list required monthly. • Full documentation required with first 6 monthly invoices.² • If first 6 invoices are complete, full documentation required once per quarter thereafter.²

Organizations with Financial Statement Audit	
Low Risk¹	<ul style="list-style-type: none"> • Subrecipient’s invoice, labor summary and transaction list required monthly.
Medium Risk¹	<ul style="list-style-type: none"> • Subrecipient’s invoice, labor summary and transaction list required monthly. • Full documentation required once per quarter.
High Risk¹	<ul style="list-style-type: none"> • Subrecipient’s invoice, labor summary and transaction list required monthly. • Full documentation required with first 2 monthly invoices.² • If first 2 invoices are complete, full documentation required once per quarter thereafter.²

Organization without audit receiving Over US\$250,000	
Low Risk¹	<ul style="list-style-type: none"> • SFR/invoice with labor summary and transaction list required monthly. • Full documentation required with the first 2 monthly invoices. • If first 2 invoices are complete, full documentation required once every 6 months.²
Medium Risk¹	<ul style="list-style-type: none"> • SFR/invoice with labor summary and transaction list required monthly. • Full documentation required for the first 6 monthly invoices.² • If first 6 invoices are complete, full documentation required once per quarter thereafter.²
High Risk¹	<ul style="list-style-type: none"> • SFR/invoice with labor summary and transaction list required monthly. • Full documentation required with first 6 monthly invoices.² • If first 6 invoices are complete, full documentation required once per quarter thereafter.²

¹ Risk ranking is determined by Financial Pre-Award Assessment Tool (PAT)

² In all cases where Full Documentation is required for U.S. based subawards for a specified period time at the beginning of the award, a determination must be made at the end of the time period on the quality and completeness of the documentation, and a decision made on whether to continue requiring the same documentation, require more documentation, or require less documentation.

There may be cases where the circumstances of a high risk subrecipient necessitates that full documentation must be collected for the entirety of the award. These cases will be identified by the Pre-Award Assessment.

Definitions of documents required

The list below provides definitions of some of the terms shown in Table 1 and used throughout this document.

Labor Summary - list of employees including name, position title, basic/gross pay, net pay, allowances (examples: housing, service, transportation, meals, etc.), fringe benefits paid by the employer and employee, tax withheld, and hours or days worked for the project during the reporting/billing period. This schedule must be generated from the subrecipient's time-keeping system or source documents, such as timesheets. A labor summary is required from all subrecipients with each monthly invoice/SFR. This listing is accompanied by the copied time sheets.

- **Payroll Summary with allowances and taxes withholding** – This information should include a listing of employees by name, position title, basic/gross pay, net pay, plus allowances, fringe benefits paid by the employee, tax withheld. (Example of allowances: housing, service, transportation, meals, etc.)
- **Transaction List** – a detailed breakdown of non-labor costs, for the reporting/billing period, as generated by the subrecipient's accounting system or manually prepared. Transaction list must include a transaction reference number (examples: PO number, voucher number, check number) for each transaction. This reference number must be included in the file name of the corresponding supporting documentation.
 - If providing a manual report, transactions should be reported by major budget line category, matching the SFR. The transaction list should, at a minimum, include the date of the transaction, vendor name, description of transaction, transaction amount and a reference number. A transaction list is required from all subrecipients with each monthly invoice/SFR.
- **FHI 360's Subrecipient Financial Report template (SFR) or Subrecipients Invoice** - An invoice/SFR is required monthly from all subrecipients.
 - **Subrecipient's Invoice** – U.S. or International organizations with an audit may use their own billing or invoicing template if it includes the required information. If the subrecipient does not have their own template, the FHI 360 SFR should be used. An invoice/SFR is required monthly from all subrecipients.

At a minimum, invoices must include the following:

 - ✓ Budget
 - ✓ previously reported expenditures, reported by budget category
 - ✓ expenditures in the current reporting period, reported by budget category
 - ✓ cumulative expenditures, reported by budget category
- **Full Documentation** – Supporting documentation for all expenses included in the invoice. Items should be submitted in the order of the transaction list and may include:
 - Photocopies of payroll report
 - timesheets
 - invoices/receipts and procurement documentation (e.g. quotes, bid comparison table, evidence of terrorism and debarment searches)

For a more detailed list, please refer to Table 2. Sample Documentation by Category in section 3.2.

When Full Documentation is required on a quarterly basis, additional documentation will be requested specific to an invoice after it is submitted. Inform the recipient that full documentation will be required once during each quarter, but do not identify for which month the additional information will be required.

FHI 360 retains the right to request additional documentation when deemed necessary to properly review the invoice. Please see additional details on invoice review in Section 3.

Including Expenditure Documentation Requirements in the Subaward

When preparing the subaward, the invoice and documentation requirements, as indicated in Table 1 or identified in the DDQ must be included in the SFR/Invoice Requirements or the Specific Conditions section of the subaward. Please work with CMS to include the appropriate invoice and documentation requirements language. Any additional requirements of the subrecipient should also be included.

Changing Expenditure Documentation Requirements

During the course of the subaward, a subrecipient's risk may be reassessed to determine if adjustments are needed. For instance, if a subrecipient consistently provides inadequate documentation, or another factor indicates a potential change in their ability to manage the funds, it is necessary to re-assess the risk and possibly increase the documentation requirements.

Alternately, if a subrecipient consistently provides complete supporting documentation and proves to have the systems and staff necessary to properly manage the award, less documentation may be required.

All factors and circumstances must be reviewed with the Project Director, and other appropriate project, finance, and contracts staff. If the reporting requirements need to be changed, a modification to the subaward must be issued. Project staff should engage with CMS to modify the terms of the subaward.

III. Review of Subaward Expenditure Documentation

The required supporting expenditure documentation will be based on the pre-award assessment and either the risk rating (PAT) or risk identified (DDQ). In addition to the invoice or SFR, a labor summary and transaction list, will be required.

Segments 1 and 3: New subawards with a start date of April 1, 2022 and thereafter, it is an FHI 360 requirement for all non-US based entities, receiving a cost reimbursable subaward, regardless of PAT risk rating to submit full expenditure documentation with their SFRs/invoices throughout the life of the subaward, or until a written modification documents otherwise.

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Projects should not request documentation beyond what is specified by the terms of the subaward unless one of the following reasons indicates otherwise: to perform a spot check (a request for information that is carried out at random or limited to a few instances); to clarify an item(s) that appears on the invoice, labor summary or transaction list; or if the reviewer determines additional

documentation is needed to justify invoice or SFR expenses. When additional documentation is requested, a note to the file should be made to indicate the reason for requesting additional documentation.

Invoice/SFR Review Process

Invoices or SFRs must be submitted by the due date specified in the invoicing clause of the subaward and with enough detail to determine the reasonableness of the charges. For the non-U.S. subrecipients that are required to submit full expenditure documentation, documents should be filed as follows:

DPA-Payment request submitted in DPA, should have the full documentation filed with the SFR in the DPA system.

Costpoint-Payment request submitted in Costpoint, should have the full documentation filed in Costpoint.

SharePoint-Payment request submitted in GFAS (non-DPA), should have the full documentation filed in the organizational SharePoint Document Library.

If the PAT risk rating is medium or high, documents are to be collected and reviewed monthly.

If the PAT risk rating is low, documents are to be collected monthly and reviewed 2 times per year. Be sure to document the review months in the Subrecipient Monitoring Plan.

Those non-U.S. subrecipients must use FHI 360's SFR template. U.S. or International organizations may use their own template that includes the required information. At a minimum, invoices will include the following: the budget, expenditures previously reported, expenditures in the current reporting period, and cumulative expenditures; all reported by budget category. The invoice or SFR will be accompanied by a separate detailed transaction list (including dates, description, and amounts for each transaction), and a labor summary (including name, position title, salary and hours/days worked during for each employee).

Critical steps of invoice review include:

1. Review the SFR/Invoice submission package to make sure that minimum required documentation is included.
2. Perform arithmetic check on the reported expenditures (cumulative amounts tied to previously reported amounts, all summations are correct, etc.)
 - a. Verify that the previous cumulative amounts per budget category, and in total, match the cumulative amounts from the previous invoice.
 - b. Verify that the total expenses reported in the reporting period match the total from the transaction list. Complete a similar check for each budget category (e.g. Ensure that the sum of all travel related items in the transaction list matches the sum reported under travel.)
 - c. Perform a math check to ensure that the previous cumulative totals added to the reporting period totals equal the total cumulative figures, by budget category.
 - d. Verify and crosscheck any other information on the invoice as possible (e.g. Check that the amount indicated as received from FHI 360 matches FHI 360 records of fund sent.)
 - e. Ensure that staff/positions listed in the labor summary were named in the budget, and that the rates being billed are actuals based on payroll records.
 - f. If any listed transactions appear unusual, excessive, or unrelated to the program, the subrecipient should be contacted to resolve any concerns before the invoice is approved.

3. Thoroughly review supporting documentation using Sample Documentation list in Table 2. Ensure documentation matches transaction details in transaction summary. Be on the lookout for indications of fraud or erroneous documentation.
4. Complete the SFR Review Checklist
5. Certify the Checklist

For U.S. Government-funded awards, all documents submitted by subrecipients should be reviewed to verify that the expenses are reasonable, allowable and allocable as stipulated in [2 CFR 200 Subpart E- Cost Principles](#).

Reasonable: *Are the invoiced costs reasonable?* Costs are not excessive, supported in actual cost data and items and quantities are determined to be appropriate for the tasks/activities performed.

Allowable: *Is the expense allowable under the funder's regulations?* 2 CFR 200 Subpart E provides details on different cost categories and specifies what costs can be expended under a USG award. A detailed list of selected items of cost begins in 2 CFR 200.420 and continues through section 2 CFR 200.476

Costs must be allowable under this regulation to be considered for funding. Additionally, the US Government has determined that certain items cannot be procured using USG funding under any circumstances. While instances of programs that would encounter these types of expenditures are rare, please note that these items cannot be considered for inclusion in the subrecipient's budget.

Allocable: *Was the expense required to complete the work?* All expenditures must be allocable to the program, meaning that the cost must be derived from the sponsored activity. FHI 360 cannot pay for costs attributable to other activities of the organization.

Note: Reviewing costs for reasonableness, allowability and to ensure they are allocable are required for all subawards. Some non-U.S. Government funders may have different regulations, or the terms of the award may specify something different. Please refer to the terms of the award or the specific funder's regulations for guidance.

Full Expenditure Documentation Review

The Full Documentation Review is more robust than the invoice review process. If the pre-award assessment risk categorization determines that a subrecipient is subject to a Full Documentation Review, then the subrecipient must submit an electronic copy of their supporting documentation for each item invoiced. This documentation is in addition to the labor summary and transaction list required as part of the standard invoice submission. The documentation should be sorted and submitted in the same sequence as the transactions appear in the detailed transaction list. File name should start with the transaction reference number included in the transaction list. Examples of the types of documentation the subrecipient should submit are found in **Table 2: Sample Documentation**.

Applicable to Segments 1 and 3, non-US cost reimbursement subawards issued April 1, 2022 and thereafter, are required to submit full documentation. If the PAT risk rating is medium or high, documents are to be collected and reviewed monthly.

If the PAT risk rating is low, documents are to be collected monthly and reviewed 2 times per year. Be sure to document the review months in the Subrecipient Monitoring Plan.

Table 2. Sample Documentation by Category

Budget Category	Sample Documentation
Salaries	<ul style="list-style-type: none"> ✓ Payroll report or paystubs ✓ Timesheets that comply with applicable requirements (2 CFR 200.430) <ul style="list-style-type: none"> • Time and salaries must reflect actual time and not budgeted time • Salary rates reflected on invoices should be the same as those reflected in the staff’s contract and payroll records. ✓ For new hires, verification of terrorism and debarment searches {Excluded Parties List (Debarred, Suspended, and Ineligible Contractors), OFAC list as ineligible, UN List of Sanctioned Entities as ineligible}
Fringe Benefits and Payroll Taxes (if applicable) <i>Note: If a fringe rate has been included and approved in the subaward budget, documentation detail shown to the right does not need to be submitted. The fringe rate used in the invoice should match the rate in the approved award budget.</i>	<ul style="list-style-type: none"> ✓ Detail itemized by employee ✓ Appropriate supporting calculation and copy of regulation or organizational policy that explains or mandates the benefit (e.g. 13 month or other bonuses, severance payments). This information may be collected at the time the subaward is executed. When reviewing the invoice and documentation, this information should be reviewed. ✓ Evidence of payroll withholding, taxes, insurance, pension, and other required payroll obligations, including bank payment transfers and schedules submitted to the local government for payment of payroll taxes submitted during the period. This may be for the prior period. (monthly, quarterly, etc.). Provide receipt of payment from tax authority.
Consultants/Professional fees	For initial payment: <ul style="list-style-type: none"> ✓ Copy of signed consultancy agreement/contract ✓ Documentation of selection process including price reasonableness and documentation of competition ✓ Verification of terrorism and debarment searches {Excluded Parties List (Debarred, Suspended, and Ineligible Contractors), OFAC list as ineligible, UN List of Sanctioned Entities as ineligible} ✓ Consultant invoice ✓ Certification of deliverables & time worked by the consultant as stated in the agreement by person overseeing the consultancy on behalf of the subrecipient For subsequent payments: <ul style="list-style-type: none"> ✓ Consultant invoice ✓ Certification of deliverables and time worked by the consultant as stated in the agreement by person overseeing the consultancy on behalf of the subrecipient ✓ Documentation supporting bank payment transfers and schedules submitted to local government for payment of consultant taxes submitted during the period, if

	applicable. This may be for the prior period. (monthly, quarterly, etc.).
Equipment	<ul style="list-style-type: none"> ✓ Copy of approval if necessary, per the terms of the subaward ✓ Invoice or receipt ✓ Purchase order ✓ Goods received note signed by the subrecipient employee who received the item ✓ Vendor selection process including competition, price reasonableness ✓ Verification of terrorism and debarment searches - Excluded Parties List (Debarred, Suspended, and Ineligible Contractors), OFAC list as ineligible, UN List of Sanctioned Entities as ineligible}
Travel, Transportation, and Per Diem	<ul style="list-style-type: none"> ✓ Copy of approval if necessary ✓ Receipts for lodging, airfare, car rental, taxi, etc. ✓ Documentation of per diem calculation ✓ Documentation of dates, name of travelers and programmatic necessity of trip
Contractual/Subrecipients	<ul style="list-style-type: none"> ✓ Certified invoice and transaction list from subrecipient <p>For initial payment also include:</p> <ul style="list-style-type: none"> ✓ Documentation of approval by FHI 360 and funder
Other Direct Costs	<ul style="list-style-type: none"> ✓ Receipts or invoice for all items ✓ Goods received note signed by the employee who received item(s), when applicable ✓ Evidence of vendor selection process and price reasonableness ✓ Purchase order, if applicable ✓ Verification of terrorism and debarment searches (Excluded Parties List [Debarred, Suspended, and Ineligible Contractors], OFAC list as ineligible, UN List of Sanctioned Entities as ineligible), if applicable <p>Examples:</p> <ul style="list-style-type: none"> • Rent payments - a copy of the lease agreement should be collected with first payment • Vehicle operating costs – invoice(s), log sheets, fuel tracker and accompanying documentation showing calculation for fair share portion charged to FHI 360, as applicable • Utilities – invoice(s) from utility company and accompanying documentation showing calculation for fair share portion charged to FHI 360 if necessary • Fair share schedules detailing allocation of common shared costs when these costs are directly charged. (e.g. security, photocopies, rent, utilities, general supplies, etc.). The shared cost methodology should be submitted and reviewed at least annually; the calculation should be shared with each SFR.
Workshop, Training, Meeting	<ul style="list-style-type: none"> ✓ Agenda

<p>Costs</p>	<ul style="list-style-type: none"> ✓ Participant attendance (sign-in) sheet ✓ Listing and acknowledgement of transport/meal/per diem allowance payment ✓ Evidence of vendor selection, cost reasonableness for procurement of venue, refreshments, and other associated procurements. ✓ Activity report <p>Examples</p> <ul style="list-style-type: none"> – photographs or video of event
<p>Bank Statement and Bank Reconciliation</p>	<ul style="list-style-type: none"> ✓ Bank reconciliation required only when a separate bank for FHI 360's subaward was established. • Ensure that interest earned is noted on SFR/Invoice and that annually amounts above thresholds are resubmitted to FHI 360 then to funder. Threshold is \$500 per 2 CFR 200.305(b)(9). Per USAID ADS 303mab RAA1, non-US organizations threshold amount is \$250. Other funders may have different requirements.
<p>Value Added Taxes (VAT)</p>	<ul style="list-style-type: none"> ✓ For organizations charging VAT to FHI 360, documentation supporting proof of filing VAT returns, and bank payment transfers to local government during the period. This may be for the prior period. (monthly, quarterly, etc.).
<p>Indirect Costs/G&A <i>Note: Indirect cost rates may only be used if included in the approved subaward</i></p>	<ul style="list-style-type: none"> ✓ All indirect charges must match the approved rate, or an updated NICRA, or documentation of change must be provided and approved.
<p>Equipment Annual Verification</p>	<ul style="list-style-type: none"> ✓ Annually, an Asset/Equipment form demonstrating periodic physical verification of FHI 360 subaward's assets is submitted with the SFR. Verification certification should imply that asset tag number matches the asset number in the Equipment Register. As applicable per funder, verification columns to include: (1) a description of the property, (2) a serial number or other identification number, (3) the source of funding for the property (including the Federal Award Identification Number), (4) who holds title, (5) the acquisition date, (6) cost of the property, (7) percentage of funder participation in the project costs for the Federal award under which the property was acquired, (8) the location, (9) use and condition of the property, (10) any ultimate disposition data including the date of disposal, sale price of the property, and method used to determine current fair market value at disposal, as applicable.

Missing or incomplete information should be reported to the subrecipient with a request for further explanation and clarification.

Any indication or suspicion of fraud or potential compliance issues should be reported to OCIA. Staff can report them directly to OCIA team members or at compliance@fhi360.org.

File Management

Invoices or financial reports should be filed together with all supporting documentation to facilitate internal or external auditor review.

For applicable, cost reimbursable subawards issued to non-US based organizations (see Page 8) the following filing instructions are as followed:

DPA users – Upload full documentation along with the submitted SFR/invoice in the DPA system. It is acceptable to have one (1) .pdf with all documentation. Please ensure the .pdf does not convert into a corrupted file.

Costpoint users - Upload full documentation along with the submitted SFR/invoice in Costpoint

GFAS users-Upload full documentation along with the submitted SFR/invoice in the new SharePoint Repository. Note: subaward folders auto-populate at the time of project set-up. If you cannot locate your project folder in the [SharePoint Repository](#), please contact subawardmanagement@fhi360.org.

It is at the discretion of the project team to also file these documents in the overall Project files.

It is important to document the review of invoices/SFRs. Each Invoice/SFR must be signed by the FHI 360 staff responsible for the review to certify that a complete review has taken place. In addition, the required SFR Checklist should also be completed and filed. Any follow up actions should be documented and stored in the file. This could be in the form of email correspondence or written notes documenting follow up phone calls or meetings. See the Subrecipient Monitoring Requirements and Toolkit for more information on documenting subrecipient monitoring activities. For more information on setting up and maintaining subaward files in the Project folders, please see the guidance on the CMS Grants Manual.

IV. Insufficient Documentation

It is critical that invoices/SFRs and supporting expenditure documentation are reviewed timely and that action is taken if expenditure documentation is not sufficient. Each project or office should have a protocol for who is notified when a subrecipient does not provide timely or adequate expenditure documentation. If a subrecipient is not submitting invoices/SFRs on time, or if invoices/SFRs lack appropriate expenditure documentation, the following steps must be taken:

- 1) Follow up with the subrecipient in writing to request the missing information.
 - Be specific about what is missing or unclear and provide examples of what would suffice.
 - Give a specific timeframe for providing sufficient documentation, which should be on or before next invoice due date.
 - Once documentation is received, either confirm the item's sufficiency with the subrecipient, or ask for further clarification, as necessary.
- 2) If the subrecipient does not respond by the deadline provided, consult with the Project Director or Finance Manager about next steps. A second request should be sent to the subrecipient, which may be best directed to the subrecipient's Project Director or a senior level staff member.
 - If additional requested expenditure documentation is received, but is still not clear, the subrecipient should be asked for further clarification. The FHI 360 Project Director or Finance Manager should be informed and consulted.

- ❖ **If the subrecipient fails to submit an invoice or SFR, additional advance payments or reimbursement should not be made. Project staff must consider the implications of withholding funds and use good judgment on how to proceed.**
- 3) If information is still not received after the second request, the issue should be escalated to the Country Director or Regional Office/Business Unit Director and to HQ Finance. A team (including the Project Director, Finance Manager, HQ Finance, CMS staff, and others as determined by the project) should meet to determine a possible course of action, which may include disallowing costs or terminating the subaward.

V. Tools and resources

- [CMS Grants Manual](#)
- [Pre-Award Assessment Tools](#)
- [Subgrant Budget, SFR, and Advance Request Template](#)
- [Subrecipient Monitoring Minimum Requirements and Toolkit](#)
- Links to U.S. Government regulations
 - [eCFR :: 2 CFR Part 200 -- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#)
 - [USAID Automated Directives System \(ADS\) 303, Grants and Cooperative Agreements to Non-Governmental Organizations](#)
- Tables and Templates
 - Table 1. Expenditure Documentation Requirements Page 5
 - Table 2. Supporting Documentation Page 10-12

Revision History

December 11, 2013 Version 1.1	New guidelines effective
March 2017 Version 2.1	<ul style="list-style-type: none"> • Updated reference to 2 CFR 200 • Updated links to PAT and Sub Monitoring Toolkit • Formatting and minor edits to wording
October 2020 Version 3.0	<ul style="list-style-type: none"> • Updated Table 1 • Updated Table 2 • Additional detail added throughout document, particularly in table 2 to provide more detailed guidance.
March 2022 Version 4.0	<ul style="list-style-type: none"> • New full documentation collection and review requirement • Updated all links • Formatting and minor edits to wording
December 2023 Version 5.0	<ul style="list-style-type: none"> • Provide updated guidance on required full documentation for Segments 1,2 and 3 • Referenced DDQ for Segment 2