SECTION 5 – SUBRECIPIENT AND CONTRACTOR INVOICE REVIEW WORKFLOW

(Applies to all funding streams and all subrecipients and contractors)

5.1 Purpose

This section establishes standardized procedures for:

- Reviewing subrecipient invoices
- Reviewing contractor invoices
- Ensuring allowability of costs
- Preventing over-expenditure
- Verifying documentation
- Maintaining segregation of duties
- Ensuring compliance with 2 CFR §200.332 (Subrecipient Monitoring)

NRMRWDACB retains ultimate fiduciary responsibility as the Grant Recipient.

5.2 Definitions

Subrecipient – An entity receiving a subaward to carry out part of a federal program.

Contractor – An entity providing goods or services for the Board's use.

Invoice Review Depth – Level of documentation and verification required based on risk.

5.3 Invoice Submission Requirements

All subrecipient and contractor invoices must include:

- Invoice number and date
- Billing period
- Funding stream
- Budget category breakdown
- Line-item detail

- Certification statement affirming:
    - Costs are allowable
    - Costs are allocable
    - Costs are not charged to another award
- Supporting documentation (as required)

Required supporting documentation may include:

- Payroll registers
- Time and effort records
- Receipts
- Vendor invoices
- Allocation worksheets
- Match documentation
- Performance reports (if applicable)

Invoices lacking required documentation will be returned.

5.4 Multi-Layer Invoice Review Workflow

STEP 1 – Program Manager Review (Programmatic Review)

The Program Manager reviews for:

- Service delivery alignment
- Performance consistency
- Contract scope compliance
- Budget utilization trends
- Participant counts (if applicable)
- Duplication of service risk

Program Manager signs off for programmatic approval.

Programmatic approval confirms services were delivered appropriately.

STEP 2 – Finance Manager Review (Fiscal Authorization)

The Finance Manager reviews for:

- Allowability under 2 CFR §§200.403–200.405
- Budget availability
- Administrative cap compliance
- Proper cost allocation
- Documentation sufficiency
- Mathematical accuracy
- Match verification (if applicable)
- Obligation balance verification

The Finance Manager may:

- Approve
- Partially approve
- Request clarification
- Disallow questioned costs

All questioned costs must be documented.

No invoice proceeds without fiscal authorization.

STEP 3 – Fiscal Agent Processing (Execution)

Upon fiscal authorization:

Fiscal Agent shall:

- Verify approval signatures
- Confirm documentation present
- Code expenditure appropriately
- Issue payment
- Record in general ledger
- Include in monthly reporting

Fiscal Agent may not process invoices lacking authorization.

STEP 4 – Reconciliation and Oversight

Monthly:

- Accounting Technician reconciles invoice payments to:
    - Obligation spreadsheet
    - General ledger
- Finance Manager reviews expenditure trends.
- Executive Director reviews quarterly subrecipient summary.

5.5 Risk-Based Invoice Review Depth

NRMRWDACB applies risk-based review in accordance with 2 CFR §200.332.

Subrecipients may be classified as:

- Low Risk
- Moderate Risk
- High Risk

Risk factors may include:

- New subrecipient
- Prior audit findings
- Late reporting
- Inadequate documentation history
- Rapid spending patterns
- Turnover in fiscal staff

5.5.1 Low Risk Review

- Invoice summary review
- Budget category verification
- Spot-check documentation

5.5.2 Moderate Risk Review

- Line-item documentation review
- Payroll verification sampling
- Allocation method verification
- Match documentation review

5.5.3 High Risk Review

- Full supporting documentation review
- Payroll and time records review
- Vendor invoice verification
- On-site fiscal monitoring
- Increased reporting frequency
- Potential special conditions

5.6 Questioned Costs Procedure

If a cost appears unallowable:

1. Finance Manager documents questioned cost.
2. Written notice sent to subrecipient.
3. Subrecipient given timeline to respond.
4. If unresolved:
    - Cost disallowed.
    - Repayment required.
    - Special conditions imposed.
    - Escalation to Executive Director.

Persistent issues may result in contract modification or termination.

5.7 Over-Expenditure Prevention

Before approval:

Finance Manager must verify:

Total Award
– Total Expenditures
– Total Obligations
= Available Balance

If invoice would exceed available balance:

- Payment shall be reduced or denied.
- Budget modification may be required.

5.8 Monthly Subrecipient Review Checklist

Finance Manager must verify:

☐ Invoice includes required certification
☐ Documentation sufficient
☐ Budget category accurate
☐ Administrative cap within limits
☐ Obligation balance sufficient
☐ Match documentation verified
☐ Risk level updated if needed

Checklist completion must be documented.

5.9 Segregation of Duties

- Program Manager cannot authorize payment alone.
- Finance Manager cannot issue payment.
- Fiscal Agent cannot approve allowability.
- No staff may approve their own expense.
- All review layers must be documented.

5.10 Subrecipient Monitoring Integration

Invoice review is integrated with:

- Annual risk assessment

- Desk review procedures
- On-site monitoring
- Single Audit review
- Management decision issuance

Subrecipient fiscal monitoring findings must be documented and tracked to resolution.

5.11 Internal Control Statement

This layered structure ensures:

Programmatic review → Fiscal review → Accounting execution → Reconciliation → Executive oversight

No single individual controls all aspects of the transaction.