



Welcome Packet for New Johns Hopkins University Subrecipients Receiving Cost-Reimbursable Federal Subawards

Dear Subrecipient,

As the recipient of a federal cost reimbursable subaward from Johns Hopkins University (JHU), there is a great deal of information that your organization will need in order to be successful. This Welcome Packet provides guidance to help ensure that JHU protects the funds it disburses, and that subrecipients are in compliance with applicable federal laws, rules, and regulations.

Information contained in this packet is critical to those with responsibility for the administrative and fiscal management of these subawards.

The packet serves several purposes:

- 1) to ensure that subrecipient funds are used for the purposes for which they were awarded;
- 2) to safeguard public monies to the greatest extent possible; and
- 3) to provide guidance to subrecipients in establishing procedures in accordance with federal requirements.

While this resource packet highlights or summarizes important issues, it does **NOT** serve as a substitute for the terms set forth in your Subaward, JHU Policies or any prime sponsor requirements or provisions.

Specific topics that the packet addresses include:

- Assurances and Regulations
 - Administrative Requirements
 - Cost Principles
 - Audit Requirements
- Financial Standards including:
 - Internal Controls
 - Effort Reporting
 - Procurement, Suspension and Debarment
 - Property Standards
 - Expense Reporting
- Documentation Requirements
- Worksheets

Assurances and Regulations

Each subrecipient must assure that it will comply with the regulations, policies, guidelines, and requirements imposed by the prime sponsor and JHU. The subrecipient is responsible for being familiar with the required assurances listed in the subaward, including all exhibits and attachments, and adhering to them throughout the life of the subaward.

When a subrecipient receives U.S. Federal Government funds from JHU under a subaward, there are federal regulations they must adhere to. There are regulations applicable to all awards and there are

also agency-specific regulations which can vary based on the department through which the federal dollars are received.

The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards found in 2 CFR Part 200 (Uniform Guidance) provides regulations related to all projects funded with Federal dollars. These regulations must be followed and should be supported by your organization’s own institutional policies and procedures. The Uniform Guidance provides the regulations associated with administrative requirements, cost principles and audit requirements.

Administrative Requirements

The Uniform Guidance provides requirements for pre-award, during the award, and post-award compliance. There are specific rules governing how an organization must administer their federally-funded awards. Several of those areas covered by the guidance are covered in more detail in the Financial Standards section below.

Cost Principles

The cost principles section of the Uniform Guidance provides regulations regarding how organizations should determine whether or not a charge is allowable on a federally-funded award. These principals help determine whether a cost is reasonable, necessary, allowable, and allocable. In addition, this section provides a list of actual selected items of cost and provides specific clarification on whether a certain type of cost is allowable on a federal award.

Audit Requirements

Organizations who are subrecipients of federal funds passed through JHU may have to have fiscal and compliance audits that are required by the Uniform Guidance. In most cases, these audits are required based on an entity’s location (domestic vs. foreign) the type of organization (non-profit vs. for profit), the federal agency through which the funding is received and how much federal funding the entity expends during its fiscal year.

Here are some common examples:

Location:	Type of organization:	Federal agency:	Audit threshold:	Regulation:
Domestic	Non-profit	USAID	\$500,000 USD or \$750,000 USD*	45 CFR 75.501
Domestic	For profit	USAID	Risk to be assessed annually to determine if an audit is required	USAID – ADS Chapter 591
Domestic	Non-profit	DHHS	\$500,000 USD or \$750,000 USD*	45 CFR 75.501
Domestic	For profit	DHHS	\$500,000 USD or \$750,000 USD*	45 CFR 75.501(h) through 45 CFR 75.501(k)
Foreign	Non-profit	USAID	\$300,000 USD	USAID – ADS Chapter 591
Foreign	For profit	USAID	Risk to be	USAID – ADS Chapter 591

			assessed annually to determine if an audit is required	
Foreign	Non-profit	DHHS	\$500,000 USD or \$750,000 USD*	45 CFR 75.501(h) through 45 CFR 75.501(k)
Foreign	For profit	DHHS	\$500,000 USD or \$750,000 USD*	45 CFR 75.501(h) through 45 CFR 75.501(k)

* Audit threshold varies based upon the year of the federal allocation of funding as well as the subrecipient entity's fiscal year.

However, it is important to note that there may be additional regulations that are not included in the chart above. It is the subrecipient's responsibility to understand and comply with the audit requirements specific to their award.

Financial Standards

Federal regulations require that a subrecipient organization must, at a minimum, follow these control procedures:

- Financial records must show the source of funds received and the uses to which these funds are put;
- Receipts and expenses must be recorded in a consistent and orderly manner in your financial record keeping system;
- Receipts and expenses must be supported by documentation (bank receipts, invoices, cancelled checks, travel receipts, purchase orders, time records, etc.). These documents must be stored so that they are readily available for inspection. Copies of these documents must be provided to JHU upon request;
- Expenses must be recorded in a manner that permits comparison with your budget attached in your subaward. They must be actual, reasonable, documented in accordance with generally accepted accounting principles, and allowable under the most restrictive provision of your subaward in the event there is any confusion or contradiction among two or more provisions. Expenses must be accounted for separately, and not combined with any other expenses or funds. Finally, they must not be included in or attributed to activities paid for with non-JHU funds;
- Responsibilities and functions of accounting staff should be documented, in writing, prior to the start of the project. Any changes during the implementation of the project also must be in writing;
- Responsibilities should be separated so that the same employee is not in a position to request, approve and make payments;
- Authority for approval regarding purchases of goods and services should be specified clearly before project implementation. All purchases must be approved prior to the placement of orders. Goods and services received should be verified against orders before paying invoices;
- Financial records should be reviewed regularly by a second responsible person other than the one who normally maintains these records.

The basic accounting records and documents listed below comprise the framework for a good financial

management system. If implemented properly, such a system can provide accurate, current, and complete disclosure of the financial status of each grant supported program, work activity, and cost category:

- Cash Receipts Journal
- Cash Disbursements Journal
- Payroll Journal
- General Ledger
- Subsidiary Ledger(s)

Internal Controls

Procedures and rules (controls relating to your organization's financial accounting system) are very important. They must ensure that:

- Funds are guarded in a reasonable fashion; and
- Financial information is accurate.

Subrecipients should have a management system in place that contains adequate internal controls (accounting and administrative) for the administration of the subaward. This system of internal controls will be tested during reviews of the subrecipient. The following are suggested internal accounting control procedures for subrecipients:

- Record all cash receipts immediately;
- Conduct periodic independent comparison of deposit slips with receipts and bank statements;
- Deposit cash receipts frequently;
- Make all payments by pre-numbered checks (if applicable);
- Reconcile bank accounts monthly and retain a copy of the reconciliation in the files;
- Issue checks to vendors only in payment of approved invoices which have been matched with purchase orders and receiving reports;
- Separate staff duties so that one person does not perform all accounting functions from the time funds are received until the funds are disbursed;
- Mark all documentation "paid" to prevent duplicate payments; and
- Retain a CPA firm for an audit or review (if applicable).

Careful review of all vouchers and invoices by subrecipients is necessary to verify that they are legitimate costs eligible under the governing regulations. Further, officials should note that costs are properly allocated to the correct program or work activity. A receiving report system should be utilized to ensure payment for only those goods and services that are received.

Acknowledging that some subrecipients are small organizations with few internal resources, the following internal control suggestions should be considered by those entities:

- All checks should be cosigned and all supporting documentation should be closely reviewed and marked "paid" before or as each check is signed;
- The principal officer of the subrecipient organization should oversee all cash collections;
- A close examination of all financial reporting to JHU should be made, noting in particular any unusual month-to-month and budget-to-actual account variances; and
- Someone other than the person who prepares the checks and the bank deposits should reconcile the monthly bank statement.

Effort Reporting

Effort is defined as the amount of time spent on a particular activity. It includes the time spent working on a federally-funded project in which salary is directly charged. Individual effort is expressed as a percentage of the total amount of time spent on work-related activities (instruction, research, patient care, administration, etc.) for which the subrecipient organization compensates an individual. Effort reporting is the mandated method of certifying to the granting agencies that the effort charged to each award has actually been completed.

Time distribution records must be maintained for all employees whose salary is paid in whole or in part with federal funds. Payroll allocations among grant awards cannot be based on budgeted distributions alone. Rather, allocations of salaries and wages among grant programs need to be supported by actual hours worked. If budgeted numbers are used to allocate salaries and wages among grant programs, the entity's system of internal controls should include an after-the-fact review of the grant programs. If actual time worked differs from the budgeted allocations, adjustments should be made such that the final amount charged to each grant is accurate, allowable, and appropriately allocated.

Time distribution records must be signed by the employee and approved by an individual with a first-hand knowledge of the project who can certify the level of effort reported.

Procurement, Suspension and Debarment

A subrecipient must use its own documented procurement procedures which reflect applicable local laws and regulations provided that the procurements conform to applicable federal law and standards set forth in 2 CFR 200.318-324.

General considerations for procurement are that the subrecipient must award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration should be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.

In addition, the subrecipient must maintain sufficient records to detail the history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

Subrecipients must also ensure that the vendors they choose to do business with are not suspended or debarred from conducting business with the United States government.

Suspension and debarments are defined as follows:

Suspension - A disqualification from government contracting and subcontracting for a temporary period of time because a company or individual is suspected of engaging in criminal, fraudulent, or seriously improper conduct. Suspension is to be used on an interim basis pending debarment proceedings.

Debarment - An exclusion from government contracting and subcontracting for a reasonable, specified period of time because an organization, individual or vendor failed to perform or their performance was inadequate.

All individuals and entities suspended or debarred are listed on the United States' Government's

System for Award Management (SAM) site. The search can be performed at www.sam.gov.

Property Standards

Property purchased with federal funds must be properly insured, maintained and tracked throughout the life of the award. It is important to note that property as described in this section of the guidance can be real property, equipment, supplies, or intangible property. The type of property determines the regulations specific to the use and treatment of the property during the award and after the award is concluded.

For example, procedures for managing equipment purchased with federal dollars must meet minimum requirements as defined by the Uniform Guidance. Property records (inventory lists) for equipment must contain the following items:

- Description of the property,
- a serial number or other identification number,
- the source of funding for the property,
- who holds title,
- the acquisition date, and cost of the property,
- percentage of Federal participation in the project costs for the Federal award under which the property was acquired,
- the location, use and condition of the property, and
- any ultimate disposition data including the date of disposal and sale price of the property.

In addition, a physical inventory of the property must be taken and the results reconciled with the property records at least once every two years and a control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property.

This list of guidelines is not all-inclusive and it is important for the subrecipient to familiarize themselves with the other requirements of this section so that they may be in compliance.

Expense Reporting

In order for reimbursement to be made, it is recommended that the attached worksheets are used in order to fully complete the detailed invoice included as part of your subaward, and sent to JHU for examination and approval unless a similar system is already in place.

If the subaward contains a local currency budget in addition to a U.S. dollar budget, the attached Worksheets (A(1)-(6) and B), may be completed using local currency amounts. The invoice is required to be submitted in U.S. dollars, however.

If the subaward contains only a U.S. dollar budget and the funds will be expended in local currency, two sets of accounts will have to be maintained for monitoring and reporting purposes. Each expenditure made with local currency will have to be converted to U.S. dollars and the financial reports and invoices will be submitted to JHU in U.S. dollars.

Review this process carefully and discuss with JHU if the process is not clear. ***Incorrect financial reporting may result in delays in payment or possible disallowance of expenditures.***

Documentation Requirements

The accounting system of each JHU subrecipient should provide adequate documentation to support the subrecipient's financial claims. The following is a list of examples of adequate documentation for selected transaction types:

SUBAWARD EXPENDITURES

<i>Category</i>	<i>Explanation</i>	<i>Documentation</i>
Salaries & Fringe Benefits	Wages for all subrecipient personnel charged to subaward. Fringe benefits may include insurance, vacation/sick time, or other benefits given to employees.	Personnel records, time sheets, and time distribution sheets. Distribution sheets are required when personnel time is charged to more than one grant program. Sheets must reflect actual time, not budgeted figures. Documentation should include gross pay and all amounts withheld, matched, or paid by the subrecipient for various taxes paid.
Travel	Local or long distance travel, including transportation costs, hotel, M&E per diems.	Evidence of authorized travel, travel expense voucher showing all travel expenses were incurred for the benefit of the subaward program; copies of supporting bills. It should be noted that no one is authorized to charge for "entertainment" expenses such as food, drink or other refreshments for guests. No alcoholic beverages for project personnel or guests will be reimbursed.
Equipment	Any purchase of equipment over \$500 with a useful life of more than 1 year.	Bids, quotations, purchase orders, receiving reports, invoices, bills of lading and property records.
Supplies	Consumables less than \$500 per item.	Invoices/receipts and receiving reports.
Contractual/Subcontracts	Independent contractors or consultants. Lower-tier subawards.	Evidence that established procurement process was followed – competitive bid documents, sole source justification. In addition, other documents may be provided: request for proposal announcements, copies of agreements, client attendance records, documentation (payments to/for clients) of services provided including dates, times, names.
Other Direct Costs	Telecommunications, leases, repairs/maintenance, participant costs.	Invoices, receipts, lease or maintenance agreements. For telecommunications: telephone bills, telephone logs, the date time calls, the reason and the number called.
Indirect costs	Costs that cannot be directly allocated to a particular subaward.	Approved indirect cost rate or cost allocation plan, analysis of indirect costs charged in accordance with approved plan; rate is applied to the distribution base per the approved plan.

Worksheets

The attached Worksheets are provided as a tool for preparation of the invoice and final financial report. The following information provides further instructions regarding the completion of the forms.

Expenditures Worksheets (Worksheets A(1) – (6))

The Expenditures Worksheets are designed to help you organize expenditures by budget line items. They also assist you to collect the appropriate signatures for salaries and consultants expenditures.

Details of each expenditure should be listed on the correct form. The specific forms are:

- Worksheet A (1) - Salaries/Fringe
- Worksheet A (2) - Travel and Allowances
- Worksheet A (3) - Equipment
- Worksheet A (4) - Supplies
- Worksheet A (5) - Contractual
- Worksheet A (6) - Other Direct Costs

Worksheets A (1) should list individually the names of all employees who received salaries during the period. The individual's title or occupation should also appear with the name of that employee. The original signature of the person receiving payment should be obtained on these forms each time they receive payment, and copies of payment receipts with signatures must be kept on file and submitted to JHU upon request. So, if an employee receives his/her salary payments monthly, he/she should sign Worksheet A (1) each month.

Please note that on Worksheets A(2), A(3), and A(4), descriptions of each expenditure should be included. These descriptions need to be specific. For example, it is not enough to write "per diem" or "hotel accommodations". Instead, the description should read, "per diem for Mrs. Smith--Materials Development Workshop."

Worksheet A(5) should list the names and titles of all individuals paid as consultants and all organizations paid as lower-tier subcontractors.

Voucher Summary Page (Worksheet B)

This is a basic form used to record expenditures as they are incurred. All expenditures should indicate which expense category was charged as this form will then be used to create Worksheets A(1) – A(6). The amount expended is entered in the total column. Use of Worksheet B is not required if you have your own basic reporting form.

SAMPLE INVOICE ATTACHED SAMPLE GENERAL LEDGER ATTACHED

Please see sample of invoice template and general ledger attached. JHU needs to see a detailed breakdown of all the expenses listed on the invoice; a summary of receipts.

invoices, stated in U.S. dollars, to JHU in accordance with this sample invoice. All invoices must: (i) be sequentially numbered; (ii) indicate the date(s) of performance by the Subrecipient; (iii) state the JHU Purchase Order number, the title of the project, and the name of the JHU Principal Investigator; (iv) itemize costs in detail, in correspondence with the subcontract budget; (v) include both current costs and cumulative costs, with the amount previously invoiced subtracted from the billing; (vi) be supported by a general ledger report originating directly from Subrecipient's financial record keeping system; and (vii) include the Subrecipient's certification that the invoice is just and correct and that payment therefore has not been received. This invoice shall be filled out in English Only.

Organization Name:
 Address:
 Project Title:
 Award Period:
 Purchase Order #:
 Award #
 Project Director
 Current Billing Period:
 Invoice #:
 Date of Invoice:
 Amount of Invoice:
 Prepared By:
 Title:

SUBMIT TO:
 Johns Hopkins University
 Baltimore, MD

Description of Work Performed:

	Approved Budget	Prior Cumulative	Current Period Expense	Total Cumulative	Remaining Balance
Salaries					
Fringe Benefits					
Travel					
Equipment					
Supplies					
Contractual					
Other Direct					
Indirect Costs					
Totals					

If foreign, REMIT PAYMENT TO (Domestic sub sites will have payment directed to its address)

Bank Name:
 Bank Address:

Routing/ABA #:
Account #:
SWIFT Code:

By signing this invoice, I certify to the best of my knowledge and belief that the information is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Subaward and the federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise.

Subrecipient Authorized Signature and Date:

JHU Principal Investigator Signature and Date:

General Ledger

<i>GL CATEGORY</i>	<i>DESCRIPTION</i>	<i>PERIOD</i>	<i>DOC NO</i>	<i>TOTAL EXPENSE LOCAL CURRENCY</i>	<i>TOTAL EXPENSE IN USD</i>
SALARIES/FRINGE	Research Officer	5/31/2014	AB123	39,448.01	512.00
SALARIES/FRINGE	Accounts Officer	5/31/2014	AB234	34,920.02	453.23
SALARIES/FRINGE	Lab Assistant	5/31/2014	AB345	20,884.03	271.06
SALARIES/FRINGE	Project Officer	5/31/2014	AB456	66,758.04	866.46
SALARIES/FRINGE	Field Supervisor	5/31/2014	AB678	199,880.02	2,594.27
SALARIES/FRINGE	Community Health Workers	5/31/2014	AB789	604,441.00	7,845.11
SALARIES/FRINGE	Porter	5/31/2014	AB987	25,436.28	330.14
SALARIES/FRINGE	Security Guard	5/31/2014	AB765	7,920.12	102.80
SALARIES/FRINGE	Driver	5/31/2014	AB543	18,376.10	238.51
SALARIES/FRINGE	Project Director	5/31/2014	AB321	132,400.32	1,718.44
			SUBTOTAL	1,150,463.94	14,932.00
SUPPLIES	Medical Supplies Inc	5/2/2014	SS123	21,569.10	279.95
SUPPLIES	Medical Supplies Inc	5/15/2014	SS234	16,321.01	211.83
SUPPLIES	Medical Supplies Inc	5/23/2014	SS456	15,691.02	203.66
SUPPLIES	Lab Supplies Inc	5/1/2014	SS789	9,631.01	125.00
SUPPLIES	Lab Supplies Inc	5/10/2014	SS963	6,549.20	85.00
SUPPLIES	Lab Supplies Inc	5/16/2014	SS741	11,236.32	145.84
SUPPLIES	Lab Supplies Inc	5/21/2014	SS568	8,562.10	111.13
SUPPLIES	Advanced Med Kits Inc	5/13/2014	SS325	45,369.96	588.86
			SUBTOTAL	134,929.72	1,751.27

TRAVEL	PI's travel Anytown to Town B 5/1-5/10	5/15/2014	TR123	23,654.10	307.01
TRAVEL	PI's travel Anytown to Town B 5/15- 5/17	5/25/2014	TR321	21,659.30	281.12
TRAVEL	PI's travel Anytown to Town B 5/23- 5/27	5/31/2014	TR258	22,658.30	294.08
			<u>SUBTOTAL</u>	<u>67,971.70</u>	<u>882.21</u>
TRAINING/WORKSHOP	Training/update on maternal infections	5/21/2014	TW123	32,411.00	420.67
			<u>SUBTOTAL</u>	<u>32,411.00</u>	<u>420.67</u>