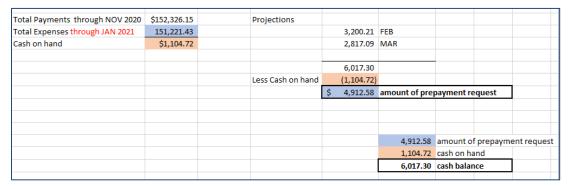
Subrecipient Prepayment Issuance and Tracking

- 1. Read and understand <u>Policy 1307</u> Subrecipient Establishing, Managing, and Monitoring, <u>Section 1307.4</u> Subrecipient Prepayments, and <u>Procedure 1307 PR.02</u> Managing Subrecipient Activity Associated with Sponsored Programs.
- 2. Complete Form 1307 FR.01 Request for Subrecipient Prepayment and obtain all necessary signatures.
- 3. Departmental Business Office ("DBO"): build and maintain an internal tracking spreadsheet to manage subrecipient prepayments. See example below:

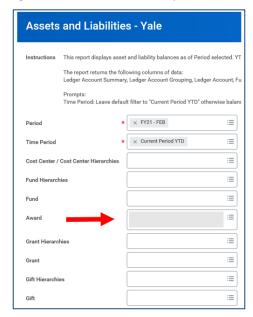


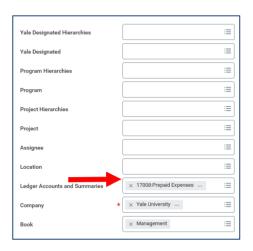
- 4. Initiate Supplier Invoice Request ("SIR") in Workday and attach signed form and supporting documentation.
 - a. Use Prepaid Expenses (SC658). Charging should include the appropriate Grant worktag, followed by non-grant Chart of Accounts ("COA") values matching the departmental charging instructions.
 - b. Use Ledger Account 17008: Prepaid Expenses, with a fund other than FD02 or FD28

Reconciliation of Subrecipient Prepayments

As part of the monthly reconciliation process for DBOs, subrecipient prepayments are reconciled using the "Assets and Liabilities – Yale" report in Workday.

1. Run the "Assets and Liabilities – Yale" report in Workday using the appropriate Award worktag and the prepaid Ledger Account in the search parameters, as demonstrated in the screenshots below:





2. Reconcile the totals on the report to the internal tracking spreadsheet (discussed in <u>Subrecipient Prepayment Issuance and Tracking</u>, above). The "Ending Balance" on the "Assets and Liabilities – Yale" report should match the "Cash on hand" on the internal tracking spreadsheet. This is the prepayment amount still outstanding. If the figures do not match, drill down into the details by clicking on the "Ending Balance" figure on the "Assets and Liabilities – Yale" report in Workday and investigate the cause(s) of the discrepancy.

Clearance of Subrecipient Prepayments

- 1. The PI reviews and approves subrecipient invoices in the approved format, as described in Procedure 1307
 PR.02 Managing Subrecipient Activity Associated with Sponsored Programs.
- 2. The DBO reconciles subrecipient invoices. The DBO builds and maintains an internal tracking spreadsheet (discussed in Subrecipient Prepayment Issuance and Tracking, above) for subrecipient invoices.
- 3. The PI (or designee) sends the invoice, along with any backup documentation, to the for DBO for signature.
- 4. The DBO saves a copy of the subaward invoice, along with the backup documents, in the subrecipient's folder.
- 5. Once the DBO signs the subrecipient invoice, the DBO adds the amount of the invoice to the internal tracking spreadsheet, listing both the month and dollar amount.
- 6. The DBO create a journal entry in Workday to move the expenses from the prepaid account to the subaward account. Best practice is to use a standardized memo (e.g., "Journal to apply expenses for January 2020 to [project name] [CON-8000xxxx (GRxxxxxxx)] due to advance of funds related to IR-xxxxxx").

Debit:

- a) Use Ledger Account 81030: Services Subaward Expense for the amount of the subaward expense (debit)
- b) Enter a short memo on the memo line for each invoice. The memo should include:
 - i. The month of the invoice;
 - ii. Subrecipient name;
 - iii. GR number;
 - iv. Subaward contract number; and
 - v. Related IR number and SI number.
- c) Enter the budget date. This can be found on the subrecipient invoice. Use the last day of the period of performance (e.g., for January 2020, use 1.31.20 as the budget date).
- d) Enter the COA for the subaward.
- e) Enter additional Worktags, as appropriate:
 - i. Cost transfer reason code;
 - ii. Spend Category: Subaward Expense (SC217); and
 - iii. Subaward contract number.

Credit:

- a) Use Ledger Account 17008: Prepaid Expenses for the prepaid expense amount (credit)
- b) Enter a short memo on the memo line for each invoice. The memo should include:
 - i. The month of the invoice;
 - ii. Subrecipient name;

- iii. GR number;
- iv. Subaward contract number; and
- v. Related IR number and SI number.
- c) Enter a budget date. This can be found on the subrecipient invoice. Use the last day of the period of performance (e.g., for January 2020, use 1.31.20 as the budget date).
- d) Enter the COA for the amount that was charged to the prepayment account. The COA should include the Grant worktag, followed by the non-sponsored account used on the SIR for the prepayment. Per <u>Procedure 1307 PR.02</u> Managing Subrecipient Activity Associated with Sponsored Programs, prepayments must be charged to a non-sponsored account.
- e) Enter additional worktags, as appropriate:
 - i. Cost transfer reason code;
 - ii. Spend Category: Prepaid Expenses (SC658); and
 - iii. Subaward contract number.
- f) Upload attachments to the journal:
 - Signed subrecipient invoice with receipts;
 - ii. Approvals from PI and the account manager;
 - iii. The FE agreement or amendment; and
 - iv. A completed cost transfer justification: <u>Form 1305 FR.15</u> *Manual Journal-Cost Transfer Justification*.
- 7. The DBO notifies the appropriate account manager that a journal entry has been created to clear a prepaid expense for the subrecipient.
- 8. Once the journal entry has been approved by the DBO account manager, add the journal entry number to the internal tracking spreadsheet and confirm that the amount listed on the subrecipient invoice is the same as the amount of the journal entry.

Note: additional information on financial reporting and reconciliation of prepayments can be located at: Procedure 1307-PR.02 Managing Subrecipient Activity Associated with Sponsored Programs, Section 2 Prepayments to Subrecipients.

Subrecipients who have received pre-payments will NOT have an accurate remaining balance reflected on the Supplier Contract because of the manual journal to transfer funds from the account with the pre-payment expense to the correct GR line of the award. Similarly, in the extremely rare instances in which a subaward expense would need to be transferred from one subaward to another, the Supplier Contract would NOT reflect the appropriate balance for the involved awards.

To obtain the most accurate balance, DBOs will need to use a combination of sources including the Find Subawards – Yale report and their own internal tracking sheet.

References

Policy 1307 Subrecipient – Establishing, Managing, and Monitoring

Procedure 1307 PR.02 Managing Subrecipient Activity Associated with Sponsored Programs

Form 1307 FR.01 Request for Subrecipient Prepayment

Form 1305 FR.15 Manual Journal-Cost Transfer Justification