



SOUTH DAKOTA
DEPT. OF **LABOR**
& **REGULATION**

**Congratulations! You
are a Department of
Labor and Regulation
Subrecipient.**

**WHAT DOES THAT MEAN
FOR MY ENTITY?**

What Is a Subrecipient?

❖ **Subrecipient** means a non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program; but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.

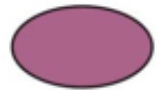
Adequate Safeguarding of Federal Assets – Make Separate Accounts

Do Not Comingle Federal Funds

Segregation of Funds



AEL – Grant 1

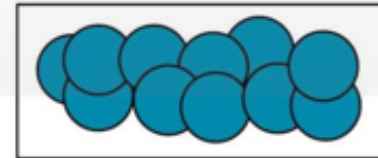


NCRC – Grant 2

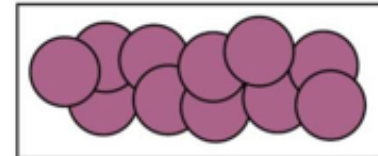


Apprenticeship – Grant 3

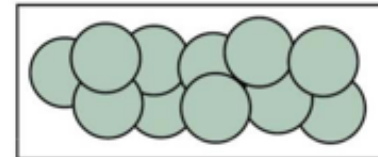
Accounting System



Grant 1

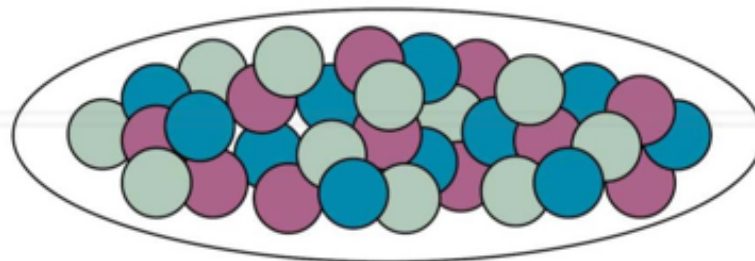


Grant 2



Grant 3

NOT



Do You Pass Any of These Federal Funds From DLR Onto Another Entity?

- Your entity must receive written approval from DLR prior to entering into any agreement with a third party.
- Contact DLR for more guidance regarding requirements.

DLR Oversight

Fiscal and Program reviews covering:

- Program Requirements and Performance Outcomes
- Allowability of Expenses Submitted for Reimbursement
- Established Internal Controls
- Documentation of Required Policy & Procedures

DLR Oversight

Fiscal and Program Review Process:

- DLR will notify subrecipient 30 days prior to review.
- DLR will conduct a desk review using information readily available and information requested of the subrecipient.
- DLR will complete an onsite review.
- Exit Meeting with DLR and Subrecipient to review any findings, areas of concerns, and/or promising practices.
- DLR will issue a written report no later than 45 days of the Exit meeting.
- Subrecipient will have 45 days to respond to report if action is required.

Top 5 Findings Auditors Have Found

1. Inadequate policies and procedures

- Internal Controls
- Cost Principles
- Cost Allocation Plan

2. Reporting

- Inaccurate and/or late financial or performance reports

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
- Based on budget and not actual

5. Internal Controls

- Inadequate Separation of Duties
- Inadequate Controls over funds, property, and other assets

6. Program Goals

- Lack of progress towards goals outlined in the Statement of Work (SOW)/Agreement
- Not following the SOW/Agreement

Required Written Policies the Subrecipient must have:

- Conflict of Interest (2 CFR 200.112) (2 CFR SDCL 1-56-10)
- Cost Principles (Allowable Expenses) 200.302 (7) and Subpart E – Cost Principles.
- Cash Management (vouchering) (2 CFR 200.302)
- Travel policy (2 CFR 200.474 a.)
- Procurement (2 CFR 200.317 through 200.326)
 - ✓ Methods of Procurement (2 CFR 200.320)
 - ✓ Equipment definition, inventory, and disposition (2 CFR 200.313)
- Employee Compensation (2 CFR 200.430)

Internal Controls

2 CFR 200.303

- Subrecipient must maintain effective internal control over the Federal award.
 - DLR uses Government Accountability Office (GOA) [The Green Book](#) standards for Internal Controls.
- Take reasonable measures to safeguard protected personally identifiable information and other information DLR designates as sensitive with applicable Federal, State laws regarding privacy and obligations of confidentiality.

Cost Allocation Plan (CAP)

- The CAP is used to document the reasonable method for allocating direct costs that cannot be determined because of the interrelationship.
 - If an expense benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved.
 - Example: Utility, rent, internet, supplies.
 - A subrecipient cannot pick a % to distribute expenses without justifying how the % was derived.

More information on how to develop a CAP and when to use it can be found in the Cost Allocation Plan Template found [here](#).

What Do I Need to Keep for Records?

- Source documents; documentation supporting all revenue and expenditures charged to this federal award.
- A separate record of accounting for all revenue and expenses charged to this federal award.
- Keep any financial or programmatic reports completed.
- Copy of agreement and any 3rd party agreements your entity has that spends these federal funds.
- Records associated with this award must be kept for a minimum of 4 years from close out of award.

Adequate Documentation

- Adequate documentation is required for all expenses vouchered to ensure costs are reasonable, necessary, and allocated correctly based on benefits received.
- Supporting documents must show, at minimum:
 - i. Amount
 - ii. Date expense occurred
 - iii. Itemized list and description of cost
 - iv. Method of allocation (if allocable)
 - v. Approval

Cost Principles | 2 CFR 200 Subpart E

- **All entities receiving federal funds must have a written cost principles policy. DLR has a template found [here](#).**

All costs funded by federal dollars must be allowable. Allowable costs must meet the following standards:

1. Be necessary. Costs must be needed to meet program goals.
2. Be reasonable. The purchaser acted with care. The cost fits under the heading “sound business practice.”
3. Can be allocated. Costs must be charged in relation to benefits received.
4. Be given consistent treatment. Costs direct charged cannot also be indirectly charged.
5. Be allowable in accordance to 2 CFR 200 Subpart E.
6. Be adequately documented.

Does Your Agreement With DLR Allow for Your Staff to Code Time to the Federal Funding Source?

- If your entity will charge employee time to this award, visit with your DLR contact to set up proper tracking of time and effort to this federal award.
- 2 CFR 200.430 (i) Standards for Documentation of Personnel Expenses
- Salaries and wages must be based on records accurately reflecting the work performed.

Required Documentation for Personnel Compensation

- Time reports with daily records of total hours worked.
- Report must include all activity codes.
- Time distributed accurately between all activities, including non-federal.
- Use adequate increments (hours, half hours, minutes).
- Signed by the employee and supervisor/designee with an statement attesting to the accuracy of the document.

Example of Proper Time and Effort Reporting

Employee Name: _____

Pay Period _____

Supervisor: _____

Days	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Total
Date	8/2/18	8/3/18	8/4/18	8/5/18	8/6/18	8/7/18	8/8/18	8/9/18	8/10/18	8/11/18	8/12/18	8/13/18	8/14/18	8/15/18	
Program															
Construction	1	1.5	0.5		3	2.6			0.8		2.6	0	0		12
Apprenticeship	1.5	0.3	1.8		2	1.8			3.3		0	6	8		24.7
AEL	3	2	3		1	3			1		1.9	0.2	0		15.1
NCRC	0	3	1.7		0.5	0.6			2		3	0.5	0		11.3
Admin	0		0		1	0			0.4		0.2	1.3	0		2.9
Fundraising	2.5	1.2	1		0.5	0			0.5		0.3	0	0		6
Headstart Program															0
Annual Leave				8											8
Sick Leave										8					8
Holiday															0
Total	8	8	8	8	8	8	0	0	8	8	8	8	8	0	88

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

Employee Signature

Date

Supervisor/Designee Signature

Date

How to Capture Time and Effort

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

- Electronic timesheets are allowed when an entity has established, written policy establishing the use of electronic timekeeping systems.
- All funding sources should be traceable back to your accounting system for clear source of time charges and expenditures to this federal award.

Closing Thoughts

DLR wants to ensure your success with this grant. We are here to be your partner. We look forward to working with you to answer any questions, provide guidance, and technical assistance as needed.