Department of Medicine
RFA Monthly Meeting
October 18, 2012
8:30am – 10:00am, Laurel Heights Room 376

Present: Ross Beard, Sophie Chang, Benjamin Hobson, Nancy Huynh, Philipe Irola, Kathy Judd, James Kang, Calvin Kwok, Lynne Ha, Ellie Laidlaw, Victoria Lee, Kellie Leung, Lily Luu, Annie Mar, Heidy Ruano, Suzanne Sutton, Kapo Tam, Eric Wu

Subcontract Payment Process and Policies
Alexandra Jalali, Assistant Accounts Payable Manager from the Controller’s Office, presented on the subcontract payment process wherein she addressed a number of specific issues raised by the RFAs. We had specifically invited Ally to address these issues and those related to international subcontractors and the advance payments allowed.

The following is a list of the specific issues raised by the RFAs:

1. Alternative ways of paying for a subcontractor’s work when the subcontract was not executed before the end date of the prime award.
2. Standard practices for treating advance payments to foreign subcontractors when the prime grant requires an annual FSR and prior approvals for carry forwards. To clear the trail of invoicing, can the advance payment in the first year be moved forward as working capital, so as to avoid having to send an advance every year?
3. Authorized signatures on subcontracts for payment.
4. Allowable foreign subcontract F&A costs for NIH awards.
6. Rationale for why subcontract payments are only "payable" within 45 days from the end date of a project.
7. Training PIs regarding Subcontract Financial Management.
8. Responsibility for a) ensuring that NCA Codes 437510 / 437520 are used correctly, b) comparing total costs to contract amount to prevent over expenditure, and c) verifying the math on invoices.

Once a payment is sent to AP by the vendor via US Mail or by the department via PDF, AP will log the invoice into the AP system. All invoices are scanned and maintained in ImageNow, which also date-stamps the receipts. Payments are made no later than 10 business days from the date of receipt as long as all required items and information appear on the invoice. These items include referencing “Invoice” on the statement, containing the Bill To address, the invoice number, date, and amount. AP will not alter the invoice to correct any mistakes made to expedite the payment. Only the vendor can make the necessary changes for payment.

AP reviews the invoice, using the award information in RAS to verify the billing period, any amendment amount, whether it has already been paid, and the NCA code used. AP will contact the RSA of record in RAS should there be any issues. To be listed as the contact for a project ID,
contact Ally or Tony Hunter to update the subcontract’s contact information. Once the invoice is verified, it is sent to the department for PI or delegate’s approval. A delegate may sign on behalf of the PI to approve the payment only after s/he has been granted authorization by submitting the U242 form for “all subcontracts related to the depcode.”

Authorizing invoices for expenditures is the joint responsibility of both the department and the PI. Both have the authority to request specific invoice details from the vendor. This can be included in the terms of the subcontract agreement during execution by adding it as a “special requirement” on the Subcontract Request Form.

The department has two weeks to respond to AP regarding the payment or AP will close the voucher within 29 business days from the date it was keyed into the system. You may request via email that AP not pay any unauthorized invoices for a specific subcontractor.

Campus policy currently prohibits the use of digital signatures to authorize disbursements but allows PIs to use them to verify the validity of the deliverables. The invoice requires a wet signature from an authorized approver for the actual expenditures. The Campus is working with IT to authenticate digital signatures to allow its use to authorize disbursements in the future.

Subcontractor payments encumbered on discretionary sources require authorization from Susan Lin, Assistant Controller of EMF. Her review and authorization is also needed on invoices paid 60 days or more after the end date of the agreement, because they will need to be cost transferred to the correct FY once the payment has hit the ledgers.

An alternative solution to the manual tracking of advances paid on subcontracts was brought up, and Ally will confer with Tony Hunter about potentially programming a formula in the AP system to provide a total of the invoices paid that also includes the amount of the advance.

**Announcements**

Award execution is still delayed in C&G. Continue to use the Fund in Advance Requests to mitigate cost and payroll transfers, and allow subcontracts to be executed more expeditiously.

**Upcoming RFA Meetings**

November 15, 2012 from 8:30-10:00 am in LH 376
Holiday Party on December 20, 2012 from 8:30-10:00 in LH 376
January 17, 2013 from 8:30-10:00 am in TBD
February 21, 2013 from 8:30-10:00 am in TBD
March 21, 2013 from 8:30-10:00 am in TBD
April 18, 2013 from 8:30-10:00 am in TBD
May 16, 2013 from 8:30-10:00 am in TBD
Annual RFA Retreat on June 21, 2013 from 8:30-4:00 pm