

Sponsored Projects Accounting Update

The creation of New Banner Indices

A new Banner Index will be created and budgeted to comply with the sponsoring agency financial reporting requirements or if the sponsor's award number changes. On continuations, if an agency requires fiscal reporting and/or billing by budget period, a new fund/index will be created under the existing grant. This will allow for tracking budgets, expenditures and billings by fund for each budget period. Exceptions may be given for multi-departmental awards or multiple deliverables/tasks.

Indexes will also be created based on the completion of the Request to Spend Funds form for new awards or continuations based upon the above criteria. This form can be found at:

<http://hsc.unm.edu/controller/docs/RequestApprovalSpendFunds%20HSC.doc> (for HSC)

In all cases where a new contract & grant Banner Index Code is created, the Principal Investigator must complete a signature authorization form prior to spending. This form also requests an unrestricted Banner Index for over expenditures and other unallowable costs.

Direct Charge of Administrative Expenditures

Expenditures must be **allowable, allocable, reasonable and consistent** per Federal, State and University regulations and policies (See University Business Policy & Procedures Manual-UBPPM 4000 and 2410). Costs can be allocated to a specific project only if they are incurred to advance the work on that project. Administrative, clerical, and general-purpose expenses must be treated as indirect costs; the sole exception is when a project is so large or complex that it requires exclusive clerical or administrative support. Direct charging of administrative expenditures must be identified with and directly benefiting the project, budgeted and supported by a budget justification narrative and **approved by the sponsoring agency**.

Cost Transfers: After-the-fact reallocations of direct charges (including salary) to/or from Unrestricted Indices, or between Sponsored Projects

The government expects that costs be charged appropriately at the time incurred and that significant adjustments should not be required if adequate financial management practices and policies are consistently followed. Cost accounting standards require that contracts and grants be expended consistently with the budget categories and periods as proposed. Departments must ensure that the sponsored projects are being expensed correctly at the time the cost, including salaries, is incurred.

UBPPM 2450 Cost Transfers section 3 defines the following Compliance Risks:

- "Numerous cost transfers;"
- "Cost transfers made more than sixty (60) days after original charge" or "sixty (60) days after the end date of the sponsored award;"
- "Cost transfers with insufficient documentation," i.e., lacking a full explanation of how the error occurred, allowability justification, description of corrective action taken and Dean or Director signature if required;
- "Cost transfer decisions based on available funding." Transfers of costs from one project to another or from one competitive segment to the next solely to cover cost overruns are not allowable.

Effort Certifications

If labor distribution is initially correct and salaries properly expensed at the time of earning, a PI can have more confidence that effort certifications will be accurate. Effort reporting guidance can be found at:

http://research.unm.edu/policy_procedure/Effort_Reporting_Guidance.pdf