

POC: Assistant Vice Provost for Research  
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Approved by:  
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FLORIDA INSTITUTE OF TECHNOLOGY  
POLICY ON  
INCURRING OBLIGATIONS  
AND  
CORRECTING COST OVERRUNS  
ON GRANTS

**Regular Monitoring**

Reconciling accounts on a regular basis will help you to manage your sponsored funds to ensure that expenditures and revenues are within appropriate limits and guidelines. More information on limits and guidelines can be found on the appropriate sponsor websites and in the OMB A-21 Circular. Regular monitoring of your sponsored accounts helps to:

- Ascertain that revenues have been received.
- Confirm the availability of project funds as needed.
- Ensure that costs are consistent with the project schedule and incurred between the start and stop dates of the project.
- Discover any errors in your budget (for more information on budgeting and budget reporting, review encumbrances, or expenditures whether these are caused by an end user, a service department, or any other system-generated problem. Use the monthly banner report to review expenditures, budgeted line items and revenue.
- Avoid overspending, which may cause a deficit and limit further spending.
- Verify that corrections have been made or are made in a timely manner.
- Maintain a clear audit trail for the future.

Do not wait until a problem is brought to your attention or until a project has terminated before reconciling an account.

The longer an error remains uncorrected, the harder it is to show that allowability and allocability are in compliance with the University and Federal policies and regulations.

**ACTIONS TO PREVENT OVERRUNS:**

OSP Budget and Expenditure Monitoring:

The following steps will be taken on a monthly basis to ensure each grant is monitored for possible errors:

- The staff accountant in the Office of Sponsored Programs will review the budgets for errors on a monthly basis. The flow chart below shows the steps the findings are communicated and action taken.
- The two senior accountants in the Office of Sponsored Programs also review the budget for errors and transmit their findings shown on the flow chart below.
- It is also mandatory for the PI to review their monthly expenditure reports for errors.
- After the review process all findings are brought to the attention of the Assistant Vice-Provost for Research.
- The PI is notified in writing via e-mail of the findings and advised as to what action needs to be taken. It may be required for the expense to be transferred to the Department. It may require an immediate freeze of the account.

### **Use of Monthly Banner Reports**

All administrators should monitor the financial activity of their award from the day it becomes active until it is terminated. Banner is a web-based tool for generating financial and sponsored management reports. There are three common reports that are used to monitor sponsored activity. Each can be run according to multiple parameters, to obtain information on fund balances, remaining budgets, allowable transactions, and to obtain salary certification.

The responsibilities PI's have been assigned will limit the data you can access and the final results you will find in your reports. It is important to understand how your responsibilities are set up and to make sure the information you are viewing is complete.

- **The Detail Listing Report :** The report shows transactions that have been recorded in Banner under for each individual grant by index and fund numbers. By looking at individual transaction lines, an end user can determine if all charges are accurate and appropriate. Also, mis-coding (i.e. wrong activity / sub-activity) can be easily identified using this report. The report also shows a summary of your award on an object code level. The budgets are also listed on the report to make for easy comparison between budgeted and actual expenditures. This is the best way to view the fund balance, as it includes all income and adjustments that have posted to the award in a concise and easy to read manner.
- **The Monthly Banner Report** is used to certify direct non-faculty salary/effort on federal projects. It is the PI's responsibility to generate, and track their individual grants. This report confirms that all salaries are reported correctly.

FLORIDA INSTITUTE OF TECHNOLOGY  
OFFICE OF SPONSORED PROGRAMS

BUDGET AND EXPENDITURE MONITORING FLOW CHART

