

FLORIDA INSTITUTE OF TECHNOLOGY

ITEM 7

**BUDGET AND EXPENDITURE
MONITORING**

FLORIDA INSTITUTE OF TECHNOLOGY
POLICY ON
BUDGET AND EXPENDITURE MONITORING
FOR SPONSORED PROGRAMS

Background:

When the Florida Institute of Technology accepts an award from a sponsor in support of a specific program or project, it is required to manage those funds prudently to ensure that any costs incurred directly benefit the project accounts being charged. The Federal Government is the largest sponsor of externally funded activity at the university. The cost principles relating to expenditures on federal awards are contained in the Office of Management and Budget's (OMB) Circular A-21, *The Cost Principles for Institutions of Higher Education*. These cost principles require that any expense charged to a federally sponsored project be reasonable and necessary, allocable, consistently treated, and conform to any limits or exclusions set forth in A-21 or the terms and conditions of the award. In addition, individual awards may include special terms and conditions that must be considered when incurring costs.

Roles and Responsibilities:

The Principal Investigator is responsible for ensuring that all expenditures on sponsored projects are reasonable and necessary, allocable, consistently treated, conform to any limits or exclusions set forth in A-21 or the terms and conditions of the award and adhere to university policy. PI's shall review award expenditures on a timely basis and document the review. Review of expenditures should be performed monthly to ensure that any adjustments are made promptly, allowing for accurate reimbursements from the sponsor and reporting to the sponsor within the timeframe specified by the award terms and conditions. Immediate action (i.e. cost transfer request) must be taken to resolve any errors or discrepancies noted during the review.

Budget and Expenditure Monitoring:

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

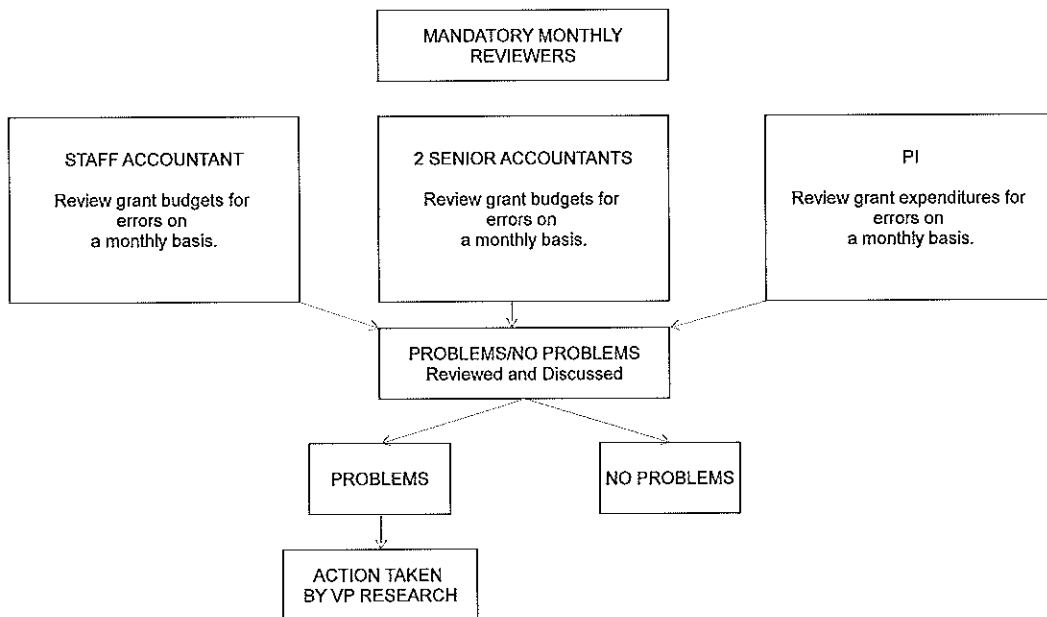
- The staff accountant in the Office of Sponsored Programs will review the budgets for errors on a monthly basis. The flow chart below shows the steps the findings are communicated and action taken.
- The two senior accountants in the Office of Sponsored Programs also review the budget for errors and transmit their findings shown on the flow chart below.
- It is also mandatory for the PI to review their monthly expenditure reports for errors.

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- 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.

FLORIDA INSTITUTE OF TECHNOLOGY
OFFICE OF SPONSORED PROGRAMS

BUDGET AND EXPENDITURE MONITORING FLOW CHART



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POLICY ON
INVOICING AND PAYMENT PROCEDURES
FOR SPONSORED PROGRAMS

1. The invoice is prepared by a Staff Accountant (SA), based on current period expenditures or other contract terms. Check Fringe and indirect costs (IDC) calculations for accuracy. Review of the grant expenditures and previously billed is necessary to prepare every invoice. A saved excel format is used to print the invoice. Quarterly financial reports are prepared along with the invoice for some grants.
2. The invoice is logged into the Access reports maintained in the shared folder and generates a unique invoice number. The Access report tracks invoice numbers, accounts receivable, and payments. The invoice is also updated in the Master Grants spreadsheet maintained in the shared folder, and updated in the monthly Balance Sheet report.
3. A journal voucher (JV) is prepared to record the invoice in Banner (accounting software).
4. A copy of the invoice is filed into the grant folder along with all necessary supporting documents.
5. A monthly accounts receivable (AR) aging report is created from the Access report. Any grant outstanding for 30 days from issuance, a collection comment is noted.
6. Upon receipt of payment by wire or check:
 - a. The invoice is noted as 'PAID' in the Access report and a copy of the wire or check is attached to the invoice and placed in the grant folder. An ACH Deposit Form is completed and forwarded to the Cashier's office along with a copy of the wire/invoice.
 - b. If the amount paid is different from the invoice amount, the reason should be noted on the invoice.
 - c. If an overpayment is made due to interest, only the amount of the invoice is posted to the grant; the interest is recorded in interest income in the general fund.
 - d. Any other overpayment or underpayment should have written correspondence sent to the agency immediately. The correspondence should be filed in the grant folder.
 - e. Overpayments not due to interest income should be posted to a clearing account and cleared within 30 days.

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- f. Underpayments will be reflected as an amount remaining open in the aging report. The PI should be notified and necessary actions should be taken to collect full amount.
- g. Overpayment from a federal agency needs to be returned within three business days.

Create Invoice in Access:

Debit - 13710 Billed Grants (Paid)
Credit - 13230 Federal Unbilled (earned) or
 13330 State Unbilled (earned) or
 13520 Private Unbilled (earned)

When Check is received:

Credit - 13710 Billed Grants
Debit - Bank account