

SOUTH DAKOTA SCHOOL OF MINES AND TECHNOLOGY

Policy Manual

SUBJECT: Budget and Expenditure Monitoring/Monthly Financial Reconciliation

NUMBER: Policy IX-14

Introduction & Purpose

The basic cost principles of research accounting form the skeleton of the framework of sound business management for administering a research award. In order to ensure that these principles are consistently applied and acted upon for the approving of expenditures under a research award a specific system has been developed within the University to allow for the ongoing monitoring and reconciliation of research awards.

Policy

All Principal Investigators (PIs) or their designee (Business Managers) shall review expenditures as they occur. Likewise, they shall reconcile the funds under their authority on a monthly basis, noting any changes that need to occur and submitting a Cost Transfer request in a timely manner (as outlined in V C. 16 – Cost Transfers). Failure to do so may result in progressive stages of disciplinary action that could eventually lead to dismissal from employment. Disciplinary actions may include but is not limited to: suspension of the right to carry out research on campus; dismissal from employment with the University; and other criminal sanctions which may apply.

Definitions

Business Manager - someone authorized to approve the expenditure of funds on behalf of the Institution and/or specifically designated by a Principal Investigator to approve expenses for their Award. For institutional administrative accounts: Department Chairs/Heads, Directors, Vice Presidents, Provost and President.

Cost Transfer – movement of a cost from one fund to another.

Monthly Financial Reconciliation – the process of examining all of the expenses that have occurred during the previous month to determine whether they were the expenses that were approved by the PI/Business Manager on the award; and if not, requesting that they be moved to the appropriate fund.

Principal Investigator (PI) - person designated by an award document as the lead on a specific award. This person is the de facto Business Manager for all Funds associated with the award.

Regulations & Guidelines

OMB Circulars A-21 - Cost Principles for Educational Institutions
OMB Circular A-87 - Cost Principles for State, Local, and Indian Tribal Governments
OMB Circular A-110 - Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations
OMB Circular A-122 - Cost Principles for Non-Profit Organizations
OMB Circular A-133 – Audits of States, Local Governments, and Non-Profit Organizations
SDSM&T Accounts Payable Manual
SDSM&T Policies:
V C. 13 Basic Cost Principles
V C. 16 Cost Transfers
V C. 18 Expenditure Approval
South Dakota Board of Regents Policy No. 5 et seq.
Specific Guidelines from funding sources (e.g., NSF FATCs)

Responsibility

Business Manager/PI: approve, review and monitor all expenditures on research awards as they occur and reconcile them on a monthly basis
Business Services: check for sufficient budget at the fund level and expenditures/commitments will occur/occurred before the end date of the grant prior to approving expenditure requests.
Sponsored Programs: Assist the Business Manager/PI as a resource for determining allowability of expenditures; generate the monthly reconciliation reports; assure that PIs are meeting their obligations for reconciliation. Review/certify all projects at close out.

Procedures

- 1) Business Managers/PIs will approve each expenditure at the time it is initiated. After the close of the month, Sponsored Programs will send the PI a report that includes:
 - Budget for the Project
 - Expenditures to Date
 - Encumbrances/Commitments
 - Estimated Balance at Project Close
- 2) Along with the above report shall be a printed and/or electric file for the PI to certify that:
 - A. They have reviewed the fund,
 - B. That the costs occurring in the period were allowable and correctly charged to the project; if this is not the case the PI is to complete a Journal Voucher (included in the file) and the justification section of the cover page documenting the reason for the cost transfer.
- 3) Submit the cover page and journal vouchers (if any) to Sponsored Programs.

- 4) Sponsored Programs will verify the receipt of the cover and review the requested change and if deemed appropriate submit to Business Services for processing.

Associated Forms

Journal Voucher Form
Monthly Financial Reconciliation Form

Related Training Modules

Monthly Financial Reconciliation Process
Unallowable and Allowable Expenditures