NEW MEXICO TECH
SCIENCE • ENGINEERING • RESEARCH UNIVERSITY

Financial Transaction Review

Sponsored Projects Administration

Last modified May 21, 2021

The purpose of this document is to ensure the accuracy and consistency of posting financial transactions to various activities/FUNDS and at the account level. Included herein are the review processes and usages for a number of problematic account codes.

This is a working document and as such, we would appreciate any information and/or insight which would help us develop stronger policies for NMIMT's research community.

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I. Introduction

The purpose of this document is to ensure the accuracy and consistency of posting financial transactions to various funds at the account level. Reviewing transactions ensures compliance with internal policies and procedures, and with the various regulations that NMIMT is subject to as a recipient of state, federal, and private funds. Financial transactions occur via journal vouchers (JVs), purchase orders, direct payment forms, personnel activity forms (PAFs), graduate assistantship forms, employee and non-employee travel reimbursement forms, fellowship and scholarship forms, work authorizations, graduate contracts, etc.

The following narrative addresses the appropriate usage, review processes, or other information for various **problematic** account codes, as well as any relevant forms.

II. Document as a Whole

The following list pertains to any financial document used by NMIMT, including, but not limited to purchase orders, requisitions, payment forms, travel forms, etc., and contains various items to check to ensure the completeness and accuracy of financial transactions.

- Is the appropriate form used for the transaction?
- Has appropriate documentation been retained (i.e., either attached to document or maintained in department file)?
- Are funds available for the transaction?
- Are the correct Index and account codes being utilized?
- Is the fund nearing its term date, and if so, what actions need to be taken?
- Is the fund headed for an overdraft, and if so, what actions need to be taken?
- If working with a sponsored agreement, were expenses budgeted in the proposal?
- Is the cost unallowable based on 2 CFR 200 "Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards"or on the specific terms and conditions of an award, and if so have corrections been initiated such as coding to a fund that allows this type of activity or to an account code 73xxxx?

> Note: Account code 730001 is **never** allowed on a sponsored project fund (FUND Type "29").

- If the transaction is posting to a sponsored project fund, are expenses incurred within the period of performance, i.e., between the beginning and end dates of the project or program?
- Are there any unusually large or small expenditures in relation to the budget, prior month's trends, or expectations?

III. Specific BANNER/Legacy Account Codes

This section contains information for reviewing and using various problematic account codes.

A. BANNER 56xxxx External Sales Revenue

This account code is used for external revenue transactions, where "xxxx" is replaced with the last four digits of the appropriate code. For example, 560000 for External Sales of Service, 560001 for External Sales of Materials, 560002 for External Sales, etc. Revenue account codes are NEVER used on a sponsored project fund. These are never used on Sponsored Projects.

B. BANNER 61002x Secretarial/Clerical Salaries

This account code is used for secretarial/clerical salary. Expenses may be charged directly to federal sponsored agreements only if all the following conditions are met. Refer to 2 CFR 200.413(c):

- Administrative or clerical services are integral to a project or activity;
- Individuals involved can be specifically identified with the project or activity;
- Such costs are explicitly included in the budget or have the prior written approval of the Federal awarding agency; and
- The costs are not also recovered as indirect costs

C. BANNER 61004x Graduate Student Salaries

This account code is used for graduate contracts. Graduate assistantships for non-research awards are coded to 610041, teaching assistantships are coded to 610042, and research assistantships are coded to 610044. If using this code, make sure the stipend falls within the specified minimum and maximum guidelines established by the Graduate Office.

D. BANNER 610053/610054 Work Study

These account codes are used for work-study salary. When using them account code, keep in mind that College Work Study (CWS) has a 25% matching requirement for both State and Federal work study. The non-federal share for federal work study **cannot be paid by the federal government under an award**, except where authorized by federal statute to be used for cost sharing or matching (UG Section 200.306(b)(5). Consequently, use of federal work-study **is prohibited from being charged to a federal award**.

E. BANNER 620101 Staff Tuition Waiver

This account code is used for only **staff** tuition waivers. Per 2 CFR 200.431(j)(1) "Tuition benefits for family members other than the employee are unallowable". The originator of the transaction should supply a non-restricted fund number to cover this type of benefit if for other than the employee working on the award.

F. BANNER 710002 Supplies and Expense Replacement

This account code is used by academic departments to purchase supplies and expenses that are funded by student fees. The account code is not used on sponsored projects.

G. BANNER 7102xx Travel

This account code is used for travel expenses, where "##" is replaced with the last two digits of the appropriate code. When reviewing this account code, make sure expenses are consistent with NMIMT's travel policy. Be sure to verify compliance by obtaining the signature of the travel clerk.

H. BANNER 710209 Travel Non-Employee

This account code is for non-employee travel. Make sure that the Non-Employee Travel Reimbursement Form is completed and signed by the Federal Compliance Program Officer and the travel clerk.

I. BANNER 710210 Travel Moving Expense

This account code is for moving/relocating expenses. Moving expenses are routed to the Payroll Department and then to Accounts Payable for payment processing. Due to tax implications, payments should never be made for moving expenses unless they have first been through Payroll.

J. BANNER 710412-710421 and 710425-710439 Subrecipient

These account codes are used for payments to subrecipients of NMIMT's sponsored research programs. Use a unique account code for each unique subrecipient on a sponsored agreement. BANNER is set up to calculate indirect costs on the first $25,000 of activity in each account code by **grant** so an account code cannot be duplicated even if on a different fund in the grant.

When reviewing this account code, make sure a subcontract has been issued and maintained by the Sponsored Projects Administration (SPA) in accordance with subrecipient procedures.

K. BANNER 710422 Individual Contractor Services

This account code is normally used for vendors providing goods and services. The usage of account code 710422 facilitates year end 1099 reporting requirements.

If work is performed by a consultant who is incorporated, use the Contract for Professional Services form if appropriate. This form must be attached to the document (direct payment form, limited purchase order, or purchase order). **A W-9 form may be sufficient if deemed so by the Federal Compliance Officer.**

For instances in which a provider **does participate** in the scope of work and a deliverables **are required**, use subrecipient account codes 710412-710421.

L. BANNER 710423 Rentals

Rentals – Used for all short-term (less than one year) rentals.

M. BANNER 710502 Student Aid

This account code is for student aide disbursement and is reserved for instances where services are not a condition of payment. This is not generally seen on a sponsored project.

N. BANNER 720011 Lease/Rental Agreements

Lease Agreements (non-building) – Used for all long-term (one year or longer) leases. A signed lease agreement must be on file.

> Note: A **rental** is when an item is being rented for a short period of time (less than one year). An example of this might be renting a backhoe for a week, or rentals of portable sanitation units for six months. A **lease** is for a longer period of time. An example of this is a lease for a copy machine, with a contract term of more than one year. New Mexico Tech also makes a distinction between building leases and all other leases.

O. BANNER 720020 Portable Computing Devices

This account code is used for portable computing devices less than $1,000. Note these items do not result in an origination tag being created but are used by the Business Office to account for untagged property subject to capitalization and depreciation, or for other purposes.

Refer to Tech's Property Manual for complete discussion.

P. BANNER 720024 SPA Fabricated Deliverable End Item

This account code is used for fabricated items delivered to sponsors or to a sponsor-directed third party before it has been used in place at NMIMT for at least one year. Consequently, these items are not considered capital equipment and will incur F&A.

Q. BANNER 730001 Supplies and Expense Non-MTDC

This account code is for unallowable supplies and expenses – those that may not be included in the overhead rate for reimbursement purposes, per 2 CFR 200.420. This account code is NEVER used on a sponsored project. 730001 charges on non-restricted funds must always include a Social Amenities Form as part of the supporting documentation in order to comply with a Board of Regents Directive.

Account code 730001 is reserved for costs that are always unallowable, regardless of the activity they support. Examples include certain advertising and public relation costs (Section 200.421), alcoholic beverages (Section 200.423), certain recruitment costs (Section 200.463), entertainment (Section 200.438), certain fines and penalties (Section 200.441), goods and services for personal use (Section 200.445), and memberships in civic, community or social organizations, or dining/ country clubs (Section 200.454).

Note: 730001 is **never allowed** on a sponsored project. Always review the nature of the charge. For example, a Principal Investigator (PI) may incur professional activity costs such as meals and/or refreshments during the course of a technical meeting. In order to be considered allowable, the primary purpose of the meeting must be to disseminate technical information, per UG Section 200.432. In order to substantiate the allowance of the cost, the PI must attest to the purpose of the meeting through completion of the Professional Activity Form. These instances differ from entertainment-related expenses and consequently require the completion of a different form.

R. BANNER 730006 Travel Non-MTDC

This account code is reserved for unallowable (for indirect rate purposes) travel (for example, lobbying effort). Refer to 2 CFR 200.450. Travel overhead is excluded.

S. BANNER 730008 Individual Contractor Services Non-MTDC

This account code is established for individual contract services that have overhead excluded, e.g., lobbyist.

T. BANNER 730012 Building Lease/Off Campus Space

This account code is for rental costs of off-campus space which is exempt from overhead calculation in accordance with 2 CFR 200 Appendix III to Part 200(C)(2) F&A distribution basis.

U. BANNER 730014 Scholarship Payments

This account code is for scholarship and grant payments to students. These expenses may include book allowances. This code is reserved **for instances in which services are not a condition of payment.** This is different from a stipend payment, which represents a fixed sum of money paid for a specific time frame for services rendered.

When using this code, the following conditions must be met:

- A Domestic Educational Assistance Funds form (DEAF) must be completed and signed by the Federal Compliance Officer, then routed to Student Accounts Receivable (SR) – **not** Accounts Payable.
- SR must assign a BANNER Detail Code.
- If a sponsored research account is involved, SPA must cross-reference the detail code with the sponsored research account and indicate the sponsored projects fund number next to SPA's signature block.

V. BANNER 730101-730104 Equipment

These account codes are used for property, where "x" is replaced with the last digit of the appropriate code. When using this code, the following items must be addressed:

- Is the purchase consistent with the Property Policy?
- Are funds available for the purchase?
- If the purchase is split between two or more accounts, will a conflict arise over the title upon completion of the award?
- For sponsored agreements, has prior approval been secured, if necessary, from the funding agency?
- Take into consideration disposition instructions. Refer to terms of agreement and work with the Property Office during closeout phase.

If title issues haven't been previously addressed, then consider them, but **first** research clauses in agreement or agency requirements (e.g., *Code of Federal Regulations* (CFR), *Federal Acquisition Requirements* (FAR)).

Note: *FAR 52-245* Alt I or Alt II give the title to NMIMT if approval was obtained prior to acquisition and if the clause is incorporated into the contract.

W. BANNER 730105 Equipment Replacement

This account code is for equipment replacement. The code is used by academic departments to purchase equipment, (as determined by dollar threshold), funded by student fees.

X. BANNER 730106/730107 Equipment Construction Comparables/Fabrication

These account codes are used for capital components of fabricated equipment. Upon completion of the equipment, the total cost is moved by SPA to 730101 which generates a tag for Property Tracking and Reporting requirements. Work with Property when doing this.

Y. BANNER 730202 Building Construction Costs

This account code is used for building construction costs when work is performed by an outside vendor.

AA. BANNER 730204 Built-In Equipment

This account code is used for built-in equipment.

BB. BANNER 730206 Infrastructure

This account code is used for infrastructure expenses incurred during construction projects, e.g., utility lines, sidewalks, etc.

CC. Transfers

Transfers represent changes in spending authority. The main reason for any transfer is to allow the receiving fund to use money currently held in the transferring fund. This money could be for immediate use in order to increase the spending authority of the receiving fund or for future use, as in the case of a reserve fund or renewal and replacement funds.

Since transfers always move money from one fund to another, they must themselves always be in balance. In addition, transfer account codes are **never used to correct erroneous charges** in a fund.

For all funds beginning with 101xxx , where "xxx" is replaced with the last three digits of the appropriate code, (index codes beginning with alpha character A, B, C, D, E, and those not included in Sponsored Projects), the budget determines the authority to spend. If the transfer is to go to or come from a department within this fund group, then the request must be forwarded to the Budget Office in order for them to initiate a budget revision to properly reflect the change in spending authority. A journal entry is then prepared and posted.

a. *782040 to 582040* Transfer Surplus Out

These account codes are used to transfer a surplus. 782040 is to be used for the debit ("from") side of the transaction on the sponsored project, while 582040 is for the credit ("to") side for the non-sponsored project fund. If using the Sponsored Projects Write Off fund, the number is 121003.

b. *782040 to 782040* Transfer Deficit Out

These account codes are to transfer a deficit. Note that 782040 is used for both sides of the transaction. If the write-off is going to the Sponsored Projects Write Off fund, use fund 121003.

c. *782012 to 582012* Transfer Non-Mandatory Out/In

These account codes are used for **non-mandatory** inter-FUND transfers, which cross FUNDs or exhibits.

d. *781xxx to 581*xxx Mandatory Transfers Out/In

These account codes are used for **mandatory** inter-Fund transfers, which cross FUNDs or exhibits, where "xxx" is replaced with the last three digits of the appropriate code.

e. *782010 to 582010* Transfer Intra-Fund Out/In

These account codes are used to record intra-FUND transfers, which are transfers to **the same** FUND or exhibit.

DD. Cost Share Transfers

Cost sharing refers to NMIMT's participation in the expenditures of a sponsored program or project. Cost sharing can be mandatory if required by a sponsor as a condition of the award or it is voluntarily if offered by NMIMT as an inducement for award consideration.

> Note: Cost share transfers should not be viewed as inter-FUND transfers.

Refer to NMIMT's Cost Share Policy for a full discussion on tracing mechanisms for cost share arrangements.