



**New Jersey Institute of Technology
University Policies and Procedures**

**Number: 12-02
Date of Issue: October 12, 2011**

***Subject:* GRANTS AND CONTRACTS - BUDGET AND EXPENDITURE MONITORING**

A. Overview

The University is committed to effective budget and expenditure monitoring. Ongoing budget oversight is provided to ensure that expenditures are in conformity with the budget. Responsibility for budget and expenditure monitoring lies with the Principal Investigator (PI), Sponsored Research Administration (SRA) and Grant & Contract Accounting (GCA). Throughout the fiscal year, GCA and SRA will monitor resources and expenditures to determine whether the financial outlook for their accounts is unfolding as planned or is changing significantly. If significant changes are detected, the underlying reasons for the changes shall be identified and, if needed, appropriate correction action shall be taken.

Regular monitoring of sponsored project funds helps to:

1. Confirm the availability of project fund.
2. Ensure that cost are consistent with the project schedule and incurred between the start and end dates of the project.
3. Discover errors in the sponsored project budget, encumbrances or expenditure.
4. Avoid overspending.
5. Provide high degree of confidence that the project complies with the sponsor's spending terms and conditions.
6. Verify that cost transfers and corrections are processed in a timely manner.
7. Maintain a clear audit trail.

B. DEFINITIONS

GCA	Grant and Contract Accounting Department
PI	Principal Investigator
SRA	Sponsored Research Administration

C. BUDGET AND EXPENDITURE MONITORING

The basic tool for monitoring sponsored project budget and expenditures is the grant fund in Banner Finance. The grant fund is established by GCA when it is informed by SRA of the receipt of an award and project budget.

GCA creates a separate fund for each sponsored project received through SRA. The fund number is made up of a combination of digits and letters. The first two digits identify the purpose as Research or Other Sponsored Activity.

GCA then notifies the PI of the grant fund number and provides him/her with the project budget. The PI is then able to charge obligations and expenditures that are allocable, reasonable, allowable and within budgeted amounts.

The PI is responsible for controlling and monitoring the project budget and expenditures.

GCA and SRA are responsible for overseeing active sponsored projects to ensure that:

1. Year-to-Date expenditures are occurring in a manner consistent with the project budget
2. Expenditure overruns are identified as early as possible.
3. Deficit spending has not occurred.
4. Budget revisions are approved in accordance with University Policies and Procedures Bulletin No. 12-03, "Budget Revisions."

Once the fund has been setup, the PI can create reports in Self Service Banner showing the status of the fund.

1. Budget Status By Account Report summarizes the Inception to Date Budget, Actual Expense by Account Code and Budget Balance Available.
- 2.
3. Budget Status by Organization Hierarchy summarizes Year to Date Budget, Actual Expense by Account Code and Budget Balance Available.

The PI is expected to keep sufficient internal records to control expenditures, particularly those budgetary lines which may not exceed without specific agency approval.

1. Reconciliation

The PI must reconcile his/her internal records to the grant fund to ensure all expected expenses did in fact get charged to the grant fund and that all actual expenses were expected and legitimate. Reconciling sponsored project funds monthly can prevent potential problems and minimize risks in future audits or for future funding. Detecting and correcting errors early is good business practice. Maintain a clear audit trail.

2. Budget or Expense Issues

After review of the Self Service Banner Reports, if the PI has questions on the remaining budget or any expenses that were charged to the grant, they should contact their GCA grant accountant.

Review:

Holly C. Steen 10/17/11
General Counsel Date

[Signature] 10/18/11
President Date

Approval:

Shirley Johnson 10/17/11
Vice President for
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Senior Vice President for
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Tom Galloway 10/19/11
Provost and Senior Vice President
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