



# Financial Transaction Review

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New Mexico Tech Business Office

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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 activities/FUNDS and 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 transpire via journal vouchers (JVs), purchase orders, limited purchase orders, direct payment forms, personnel activity forms (PAFs), graduate assistantship forms, non-employee travel reimbursement forms, fellowship grant forms, 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? Refer to the Purchasing Policy for a narrative on how to use the various forms.
- Has appropriate documentation been retained (i.e., either attached to document or maintained in department file)? Refer to the Purchasing Document Flowchart.
- Are funds available for the transaction?
- Is the correct account code/FUND or INDEX code being utilized?
- Is this activity/FUND nearing its close date, and if so, what actions need to be taken?
- Is this activity/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?
- Are there any unallowable costs (based on CFR Title 2, Part 200, "Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards", commonly known as Uniform Guidance (UG) 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 73####)?

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

- If the transaction is posted 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 56####

This account code is used for external revenue transactions, where “####” 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.

#### B. BANNER 61002x/Legacy 503

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 UG Section 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/Legacy 502

This account code is used for graduate teaching assistantships and research assistants. If using this code, make sure the stipend falls within the specified minimum and maximum guidelines established by the Graduate Office.

#### D. BANNER 610053/Legacy 506

This account code is used for federal work-study salary. When using this account code, keep in mind that College Work Study (CWS) has a 25% matching requirement. The non-federal share **cannot be paid by the federal government under another 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/Legacy 596

This account code is used for staff tuition waivers. Per UG Section 200.431(j)(1) “Tuition benefits for family members other than the employee are unallowable.” The originator of the transaction should supply a FUND outside sponsored research exhibit (“29”) to cover this type of benefit.

#### F. BANNER 710002/Legacy 600

This account code is used by academic departments to purchase supplies and expenses that are funded by student fees.

### G. BANNER 7102##

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/Legacy 638

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/Legacy 639

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/Legacy 64B,69S

This account code is used for payments to subrecipients of NMIMT’s sponsored research programs. Use a unique account code (710412-710421) 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.

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

### K. BANNER 710422/Legacy 64C

This account code is normally used for instances in which a vendor provides goods and services, but does not participate in the scope of sponsored projects. For example, using a consultant, but with no deliverables required. 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 – Used for all short-term (less than one year) rentals.

**M. BANNER 710502/Legacy 66B**

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

**N. BANNER 720011**

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**

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 a sponsor directed third parties 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/Legacy 61X**

This account code is for unallowable supplies and expenses – those that may not be included in the overhead rate for reimbursement purposes, per UG Section 200.420

Code 720001 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). 730001 charges must always include a Social/Entertainment Form as part of the supporting documentation in order to comply with a Board of Regents Directive.

Note: 730001 is **never allowed** on a research agreement. 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/Legacy 63X

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

#### S. BANNER 730008/Legacy 64X

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

#### T. BANNER 730012/Legacy 69Z (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 UG Appendix III to Part 200(C)(2) F&A distribution basis.

#### U. BANNER 730014/Legacy 60D

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, RFD must cross-reference the detail code with the sponsored research account and indicate the SR account number next to RFD's signature block.

#### V. BANNER 73010#/Legacy 72X

These account codes are used for property, where “#” 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 account?
- 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/Legacy 700**

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/Legacy 710**

This account code is used for capital components of fabricated equipment. Upon completion of the equipment, the total cost is recorded to BANNER 730101/Legacy 720 for Property Tracking and Reporting requirements. This code is overhead exempt.

#### **Y. BANNER 730202/Legacy 751**

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

#### **AA. BANNER 730204/Legacy 752**

This account code is used for built-in equipment.

## **BB. BANNER 730206/Legacy 754**

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

## **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 101### , where “###” 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 exhibit), 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*

These account codes are used to transfer a surplus. 782040 is to be used for the debit (“from”) side of the transaction, while 582040 is for the credit (“to”) side. If using Research Operating Reserve FUND, the number is 121003.

### *b. 782040 to 782040*

These account codes are to transfer a deficit. Note how 782040 is used for both sides of the transaction. If the write-off is going to Research Operating Reserve, use FUND number 121003.

### *c. 782012 to 582012*

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

### *d. 781### to 581###*

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

### *e. 782010 to 582010*

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 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.