It is the responsibility of the financial manager to:

- Confirm submission of payroll notification forms for all compensation from grant and cost share funds prior to the start of any work
- Verify assignment of grant fund number to all grant-related transactions initiated by any method (including requisitions, direct pay forms, commercial card transactions, and travel authorizations)
- Approve charges to the grant fund
- Confirm that financial transactions comply with university guidelines, grant limitations, and/or government regulations
- Oversee review of financial activity for accuracy and conformance with budget constraints
- Grant permission to others to view activity in the grant fund

To monitor the financial activity for a grant, the financial manager should view and/or download the most current budget and transaction detail for the grant account via Banner Self-Serve on a monthly basis. The USI Accounting Contact can provide instructions on how to do this.

**USI Accounting Contact**

A USI accounting contact is assigned to each grant fund to perform a wide variety of business functions related to the administration of the grant after it is awarded. These functions include but are not limited to the following:

- Create unique funds to track accounting activity of sponsored projects, including cost sharing funds
- Prepare and submit all grant billings, invoices, or requests for funds
- Prepare and submit all financial reports and financial portions of any progress reports that include accounting information
- Examine monthly accounting activity to assist financial managers and promote compliance with federal, state, institutional, and other regulations including OMB circulars A-21, A-110, and A-133
- Evaluate account balances to validate account classifications and identify trends

**B. Cost Sharing**

Your USI accounting contact will create a separate fund to track the cost share portion of each sponsored project so those contributions can be included in financial reports to granting agencies and properly reflected in the university’s financial statements. All cost share expenses, including employee compensation, should be paid directly from the cost share fund and not charged to other existing funds. Refer to the cost transfer section of this document if cost share expenses are erroneously charged to a fund other than the associated cost share fund.

In accordance with [OMB Circular A-110](http://www.whitehouse.gov/omb/circulars/a110), expenditures must meet the following criteria to be eligible for cost sharing:

- Be verifiable in the university’s accounting records
May not be included as cost share for more than one project
• Be reasonable, necessary, and directly related to the program objectives
• Allowable under the terms of the award -- expenses that are disallowed from a grant are also not eligible for cost share
• May not be paid from federal funds unless specifically authorized by statute
• Included in the approved project budget if required by the granting agency

C. Cost Transfers

A cost transfer occurs when an expense that is originally allocated to one fund is moved to another fund by journal entry or payroll reallocation.

The Office of Management and Budget A-133 Compliance Supplement 2011 indicates that frequent requests for cost transfers are considered by auditors to be indicative of weak internal controls or unreliable accounting systems. Further, that document specifically instructs auditors to examine cost transfers for allowability. Any transactions that would be deemed to be noncompliant or disallowed may result in reimbursement to a grantor or loss of future grant funding. College & University Business Administration, 7th Edition, a publication of the National Association of College and University Business Officers (NACUBO), also states that auditors have disallowed cost transfers made near the end of a project period when they appeared to be primarily done to utilize remaining funds before a grant expired. For these reasons, every effort should be made to avoid cost transfers by ensuring that the correct fund is provided when a transaction is initiated by any method (including payroll notifications, requisitions, direct pay forms, commercial card transactions, and travel authorizations).

It is important for financial managers and PIs to review their accounting activity on a regular basis to ensure that all expenditures are properly recorded and to request cost transfers when necessary. When a transaction that applies to a grant or sponsored project is charged to a college, department, or other unrestricted fund, the following criteria must be met in order for a cost to be transferred to a restricted grant or project fund:
• Cost transfers must be requested within 90 days of the Banner transaction date and
• Requests for cost transfers must include sufficient explanation to justify the need for the transfer. The statement “to correct an error” is not sufficient.

Requests for cost transfers should be sent by email to the USI accounting contact for the fund. Note that payroll expenses cannot be reallocated after the effort has been certified.

D. Budget Adjustments

OMB Circular A-110, subpart C, paragraph ___.25 (a) states that, “The budget plan is the financial expression of the project or program as approved during the award process.”

Paragraph ___.25 (b) further states that, “Recipients are required to report deviations from budget and program plans, and request prior approvals and program plan revisions, in accordance with this section.”