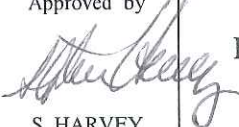
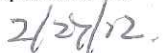


FINANCIAL MEMORANDUM

Memorandum No. 170	<p align="center">MOUNT SINAI SCHOOL OF MEDICINE</p> <p align="center">SUBJECT: ACCOUNTING POLICIES AND PROCEDURES FOR SPONSORED PROJECTS RECEIVED FROM EXTRAMURAL SPONSORS, GIFTS, DONATIONS, AND OTHER RECEIPTS</p>	Page 1 of 3
Approved by  S. HARVEY		Date Issued/Amended 10/5/93, 10/1/99, 2/24/12
Replaces: 10/1/99 		

I. PURPOSE

The purpose of this financial memorandum is to set forth the Mount Sinai School of Medicine's (MSSM) accounting policies and procedures for sponsored projects from extramural sponsors, gifts, donations, reimbursements and other receipts. A separate financial memorandum, 157, addresses indirect cost recovery policies and procedures for each category of project.

II. PROCEDURE

(a) Sponsored Projects – All Sources - Establishment of Accounts

A separate fund account will be established for each sponsored project awarded, regardless of the funding source. An award letter from the sponsor is required along with Institutional (GCO) approval of the project before an account can be established and assigned a fund owner. For projects supported by the Industry sponsors a fund account will be established after a fully signed agreement and the initial payment have been received from the sponsor. However, upon request from the PI and the department Chairperson/Administrator, an account may be set up before the receipt of the initial payment; any resulting deficit will be charged to the default account provided. MSSM's accounting policies for Federal grants and contracts follow Federal grant management guidelines as specified in applicable OMB Circulars. The expenditures related to the sponsored project must be charged to this account.

(b) Sponsored Projects – Financial Reports

Sponsored Projects Accounting (SPA) prepares and issues four financial reports for each extramurally sponsored project on a monthly basis including:

- GLM 402 - Fund Budget Report - Budget vs. Actual expenses
- GLM 185 - Salary Projection Report - Salary Encumbrance
- GLM 180 - Purchase Order Status Report - Purchase Order Encumbrances
- GLM 316 - Account Detail Transaction Display - Detail of individual transactions charged to the account.

These financial reports constitute the official record of project expenses and the basis for requesting reimbursement for expenses from grant and contract sponsors. Sample included on Exhibits I-IV.

(c) Internal Controls – Monthly Reviews

It is the responsibility of the fund owner or his/her authorized representative to ensure that all financial reports are reviewed on a monthly basis by a knowledgeable individual (either the fund owner or departmental administrator/designee.) Any errors or questionable charges must be brought to the attention of SPA immediately so that correcting entries can be processed

The reviewer should also ensure that no unallowable expenses have been charged to the federally sponsored projects. To ensure that the School does not inadvertently include any of these expenses in its direct or indirect charges to grants and contracts, unallowable expenses have been assigned specific subcodes. A complete list of unallowable expenses and related subcodes are included in the School's policy #173 "Subcodes for Segregation of "Unallowable" expenses.

Please note that while these expenses are unallowable for purposes of Federal reimbursement, "unallowable" does not mean that legitimate expenditures in these categories cannot be incurred. Rather, certain costs that are permissible under current School policies may not be reimbursed directly or indirectly with Federal funds.

(d) Sponsored Project Overdraft

It is the responsibility of the fund owner to manage his/her extramurally supported research grants and contracts so as not to incur overdrafts or deficits. If an account has an overdraft at the end of the grant period as a result of unanticipated project expenses, that will not be funded by the sponsor, the fund owner must identify an unrestricted funding source or the deficit will be charged to the default account provided to SPA when the account was set up. Accounts where payment by the sponsor is based on deliverables or milestones will likely have a deficit during the project period. Fund owner and Department Administrator must keep the deficit to the minimum and expedite deliverables/invoices to facilitate the collection of cash to clear the deficit as soon as possible.

(e) Sponsored Projects from Federal Agencies - Unexpended Balances

Upon termination of the grant or contract, unexpended balances must be refunded to the Federal Government. Please refer to Policy 181 – Sponsored Projects Financial Reporting and Financial Closeout.

(f) Projects from Commercial, Pharmaceutical, and Private Industry Sponsors - Unexpended Balances

Upon termination of the project, provided all commitments to the sponsor and MSSM have been met, any unexpended balance can be transferred to a departmental fund or an already established unrestricted fund account in accordance with Policy 181. MSSM retains the indirect costs charged on all sponsored project monies received.

(g) Other Extramural Sponsors

Awards from agencies or foundations such as American Cancer Society, March of Dimes and the American Heart Association require that the unexpended balances be refunded to the sponsor upon termination of the projects. In such instances, the use of any unexpended balance beyond the termination date according to project objectives requires specific written approval by the sponsor and, the completion of GCO paperwork.

Some agencies do not require a refund of the unexpended balance upon termination of the project. In such cases, provided all commitments to MSSM and sponsor have been met, any unexpended balance can be transferred to a departmental fund or an already established unrestricted fund account in accordance with Policy 181. MSSM retains the indirect cost charged on all sponsored project monies received.

(h) Gifts and Donations

Gifts and donations given to support general research or conferences must be deposited to a departmental account or a separately established fund account. A separate fund account will be established only if a gift or donation is given for a specific purpose and the donor requires a financial report. Unexpended balances for gifts and donations remain with MSSM and continue to be spent according to any donor restrictions that may exist.

(i) Non-FPA Activities

A separate fund account will be established for all ongoing non-FPA activities, such as laboratory analysis. All expenditures related to these activities must be charged to this account. For one-time services, the income and expenditures should be deposited and charged, respectively, to a departmental fund. The Dean of the Medical School, in conjunction with the Department Chairman, will determine whether the faculty member can take any unexpended funds from these activities when he or she leaves the Medical School.

(j) Reimbursement Income

Reimbursement of costs incurred for attendance at meetings at the request of the Government, industry or other organizations must be deposited to the source(s) from which the expenditures for travel, meals, hotel, etc. were charged. Correspondence identifying these payments as reimbursements must accompany the checks when they are submitted to SPA for deposit or an indirect cost charge will be assessed.

III. Additional Information

Questions with respect to this memorandum should be referred to the Director of the SPA Department at extension 2-3338.

Mount Sinai School of Medicine
Monthly Financial Reports

I. Fund Budget Report - (GLM402)

The Fund Budget report summarizes the direct cost financial activity (columns 2 + 3) on each sponsored project compared to the award budget (column 1) from the inception of the award to the current month. Both actual expenses (column 2), projected salaries (based on the end dates for faculty and staff charged to the account) and open purchase order commitments (column 3) are reflected on the report to allow the fund owner to determine the uncommitted balance of funds available for future project expenses.

Subsidiary reports provide the detail supporting summary level information for:

Column 2 Actual Expenses - Account Detail Transaction Display (GLM316)

Column 3 Commitments for Remainder of Budget Period -

Salary Projection Report (GLM185)

Monthly Purchase Orders Status Report (GLM180)

II. Account Detail Transaction Display - (GLM316)

The Account Detail Transaction Display provides a listing of all the financial activity by object code classification for the current month and object code totals on a project to date basis.

The salary charges are identified by name with the employees identification number, payroll processing date and amount of the salary charge.

Fringe benefits charges are applied to the salary totals using the approved fringe benefit rate.

Nonsalary transactions are identified by object code with the related vendor name, purchase order number, invoice date and amount.

Indirect costs are applied on the appropriate cost basis using the approved indirect cost rate.

III. Salary Projection Report (GLM185)

The Salary Projection Report lists the employees charged to the grant, the percentage of their salary charged, amount and projected salary and fringe benefits to the end of the award period.

IV. Purchase Order Status Report (GLM180)

The Purchase Order Status Report lists all open purchase orders the amounts paid and remaining open commitments.

Tips for the Monthly Budget Review:

The monthly review of expenses charged to specific research grants and contracts is an important control for ensuring that expenses are properly charged to grant and contract accounts. Items to consider in the regular monthly expenditure review include:

- All four financial reports; the Fund Budget, Account Detail Transaction Display, Salary Projection and Purchase Order Status Report should be reviewed together to help ensure that the uncommitted fund balance is accurate.

Fund Budget Report.

- The budget should match the award from the sponsor.
- The total actual expenses should agree to the total disbursements on the Account Detail Transaction Display less the overhead charges.
- The total commitments should agree to the sum of the salary and fringe projection on the salary projection report and the PO balance on the Purchase Order Status Report.
- The uncommitted balance should not be in an overdraft status.
- Is there an indication based on current-expense funds that this account may incur an overdraft? If so, what actions should be taken?
- If the project is nearing its end date what actions are necessary to close open PO balances?

Account Detail Transaction Display.

- Are there any unusual transactions charged to the account this month?
- Have any prior corrections requested in prior months not been processed?
- Are all the expenses you expected to be charged this month recorded?
- Are there any unallowable charges processed on the School's unallowable expense policy #173?

- Have the correct object codes been used to accurately describe the expenses charged?
- Are salaries charged appropriately in relation to the effort of “key personnel” on the project?
- Does the NIH salary cap apply to any of these salary charges?
- Has the correct fringe benefit rate been applied?
- Are travel expenses charged reasonable and allowable?

Salary Projection Report

- Are the appropriate personnel charged to the grant?
- Does the salary percentage reasonably reflect their effort on the grant?
- Are projection rates accurate based on the time period these employees are expected to be charged to the grant?

Purchase Order Status Report

- Are there any open purchase orders that have been reported for an extended period of time?
- If the grant is nearing its end date, what actions are necessary to close any open purchase orders?
- Are the open purchase order amounts accurate?

Fund Name	Fund No	Investigator	Project No.	Grantor	Grant Number	Fund Period
				NIH-NIAID		09/01/11-08/31/12
Expiration Date: 08/31/12						

F I M	Last Name	Life NO	Exp Code	Salary/PP	BW/WK	Pct of Salary	Salary Changed	Rate Proj	Salary Proj	Fringes Proj	Stipends Proj
			4000	1,726.03	BW	50.00	863.02	17.40	15,016.55	3,979.39	
			4000	1,994.52	BW	50.00	997.26	17.40	17,352.32	4,598.36	
			4022	7,095.90	BW	10.00	709.59	17.40	12,346.87	3,271.92	

Totals	44,715.74	11,849.67
Final Totals	44,715.74	11,849.67

Report ID: GLM182Z (FINAL)
 Month Beginning 12/01/11
 Month Ending 12/31/11

THE MOUNT SINAI SCHOOL OF MEDICINE
 Fund Monthly Purchase Order Status Report

Page 1 of 1
 Run Date: 01/05/12

Fund Name	Fund No	Investigator	Project No.	Grantor	Grant Number	Fund Period
				NIH-NIAID		09/01/11-08/31/12

Expense Code	PO Number	Invoice/PO Date	Original PO Amount	Previous YTD Payments	Payments This Month Debit	Payments This Month Credit	Current YTD Payments	PO Balance	Split
4243	SC6451518	10/25/11	10,000.00	0.00	0.00	0.00	1,879.50	8,120.50	
SUMMARY 4243			10,000.00	0.00	0.00	0.00	1,879.50	8,120.50	
FUND (0255-4431)			10,000.00	0.00	0.00	0.00	1,879.50	8,120.50	

Account Name	Account No	Responsible Person	GCO NO	Account Period	Dept	DC
Sponsor: NIH-NIAID				09/01/11-08/31/12		B
Inc/Exp Code	Description	Journal ID	Employee / P.O. / Ref#	Date	Current Month	Account to Date
3022	GRANTS/CONTRACTS					
3022	FREC 0000 FUND REC. EXP TO INC	FNDREC		12/31/11	13,968.78	(721,732.27)
3023	TOTAL: FUND INCOME - RECEIVABLES				13,968.78	
3023	FREC 0000 FUND REC. EXP TO INC	FNDREC		12/31/11	(13,968.78)	(39,445.73)
3023	TOTAL: FUND INCOME - CASH				(13,968.78)	
**	TOTAL: GRANTS/CONTRACTS				0.00	(761,178.00)
***	TOTAL RECEIPTS & TRANSFERS				0.00	(761,178.00)
4000	SALARY					
4000	[REDACTED]	HRPAYBI	[REDACTED]	12/03/11	997.27	
4000	[REDACTED]	HRPAYBI	[REDACTED]	12/17/11	997.27	
4000	[REDACTED]	HRPAYBI	[REDACTED]	12/31/11	997.27	
4000	[REDACTED]	HRPAYBIACC	[REDACTED]	12/01/11	(783.56)	8,676.22
4000	TOTAL: [REDACTED]				2,208.25	
4000	[REDACTED]	HRPAYBI	[REDACTED]	12/03/11	431.51	
4000	[REDACTED]	HRPAYBI	[REDACTED]	12/17/11	863.02	
4000	[REDACTED]	HRPAYBI	[REDACTED]	12/31/11	863.02	
4000	TOTAL: MONTHLY & BI-WEEKLY				2,157.55	2,157.55
4000	[REDACTED]				4,365.80	10,833.77
4022	[REDACTED]	HRPAYBI	[REDACTED]	12/03/11	709.59	
4022	[REDACTED]	HRPAYBI	[REDACTED]	12/17/11	709.59	
4022	[REDACTED]	HRPAYBI	[REDACTED]	12/31/11	709.59	
4022	TOTAL: [REDACTED]				(557.52)	6,173.43
4022	TOTAL: BIWEEKLY FAC REG PAY				1,571.25	6,173.43
4022	TOTAL: SALARY				5,937.05	17,007.20
**	COMPOSITE RATE					
4150	FND4 0001 FUND FRINGE ALLOC. 26.5%	FND003		12/31/11	1,573.32	4,506.91
4150	TOTAL: COMPOSITE RATE				1,573.32	4,506.91
**	TOTAL: COMPOSITE RATE				1,573.32	4,506.91
4431	ADMINISTRATIVE COSTS					
4431	NEW YORK BLOOD C	APFREIGHT	SC6451518	12/16/11	138.60	831.60
4431	NEW YORK BLOOD C	APFREIGHT	SC6451518	12/31/11	138.60	831.60
4431	TOTAL: SHIPPING & DELIVERY				277.20	831.60
**	TOTAL: ADMINISTRATIVE COSTS				277.20	831.60

continued on next page

Account Name	Account No	Responsible Person	GCO NO	Account Period	Dept	DC
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	09/01/11-08/31/12	[REDACTED]	B
Sponsor: NIH-NIAID		Sponsor No: [REDACTED]		Endow Ref:		

continued from previous page

Inc/Exp Code	Description	Journal ID	Employee / P.O. / Ref#	Date	Current Month	Account to Date
4243	RESEARCH/CLINICAL/INSTRUCTIONA					
4243	NEW YORK BLOOD CEN	APPSS	SC6451518	11/13/11	105.00	
4243	NEW YORK BLOOD CEN	APPSS	SC6451518	11/30/11	243.60	
4243	NEW YORK BLOOD CEN	APPSS	SC6451518	12/11/11	105.00	926.10
**	TOTAL: LAB SUPPLIES				453.60	926.10
**	TOTAL: RESEARCH/CLINICAL/INSTRUCTIO				453.60	926.10
4802	OVERHEAD ALLOCATION					
4802	OVB2 0002 OVRHD BASIS 2 (69.50%)	OHALLOC2		12/31/11	192.65	
4802	OVB2 0002 OVRHD BASIS 2 (69.50%)	OHALLOC2		12/31/11	1,093.46	
4802	OVB2 0002 OVRHD BASIS 2 (69.50%)	OHALLOC2		12/31/11	315.25	
4802	OVB2 0002 OVRHD BASIS 2 (69.50%)	OHALLOC2		12/31/11	3,034.23	
4802	OVB2 0002 OVRHD BASIS 2 (69.50%)	OHALLOC2		12/31/11	1,092.02	16,173.92
**	TOTAL: RESEARCH & TRAINING - FEDERA				5,727.61	16,173.92
***	TOTAL: OVERHEAD ALLOCATION				5,727.61	16,173.92
****	TOTAL DISBURSEMENTS				13,968.78	39,445.73
*****	(SURPLUS)/DEFICIT				13,968.78	(721,732.27)