

## Memorandum

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**To:** Deans, Directors and Budget Unit Heads  
**From:** Patrick McAndrews  
Associate Controller  
**Subject:** Subcontracts on Externally Sponsored Agreements  
**Date:** June 1, 2009

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The new Banner Finance system introduces a feature which stops calculating indirect costs on sub-contracts related to externally sponsored agreements when the expenditures reach \$25,000. In order to successfully utilize this feature of the new Banner Finance system we need to make a minor adjustment to our current methodology of creating purchase orders for sub-contracts.

Currently, the purchase order for the subcontract is created using account code 7387 – “Sub-contract – Over \$25,000” and any overhead calculated on amounts exceeding \$25,000 is manually adjusted by Grant and Contract Accounting. **For sub-contracts that already have a purchase order you don’t need to make any changes. You should utilize the existing purchase order until the purchase order runs out.**

However, for any **new** subcontracts associated with a grant you should utilize the following new account codes which have been created in Banner for the purpose of separately tracking the expenditures on each subcontract associated with a grant fund.

7341 – Sub-contract #1	7345 – Sub-contract #5
7342 – Sub-contract #2	7346 – Sub-contract #6
7343 – Sub-contract #3	7347 – Sub-contract #7
7344 – Sub-contract #4	7348 – Sub-contract #8
	7349 – Sub-contract #9

You will **always** use account 7341 when creating the purchase order for the first subcontractor on a grant. If there are any additional subcontracts on the grant, you should utilize the subsequent account numbers when setting up each of these purchase orders (i.e. 7342 for the second sub-contractor, 7343 for the third sub-contractor).

If you have any questions on this new procedure, please contact Patricia J. Russo at 215-204-4844 or via email at [russop@temple.edu](mailto:russop@temple.edu).