

Sponsored Program Salary Cost Transfer

1. Purpose

OU receives substantial funding from the federal government and other sources in the support of sponsored programs. Office of Management and Budget Uniform Guidance, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* requires recipients of federal funding to maintain a system that documents and supports individual distribution of activities and associated payroll charges to sponsored agreements. OU applies these standards to all sponsors through the labor certification process which is driven by salary information recorded in the University's payroll system.

In accordance with OMB Uniform Guidance, whenever it is apparent that a significant change in work activity that is directly or indirectly charged to sponsored agreements will occur or has occurred, the change will be documented on the Time and Effort Report and a cost transfer will be submitted to correct the payroll in the general ledger.

2. Covered Parties

These guidelines apply to all individuals with salaries and wages supported by sponsored awards.

3. Definitions

- a. **Effort:** Effort is the time spent on any University activity by an individual, expressed as a percentage of the individual's Total University Effort.
- b. **Labor Certification:** Labor certification is the confirmation by the individual completing each payroll review that the payroll reported on the form are accurate and reasonably reflect the professional activity during the reporting period.
- c. **Cost Transfers:** Cost transfers are the reassignment of expenses to or from sponsored projects after initially being charged to a separate funding source.
- d. **Salary Adjustments:** Salary adjustments are the transfer of payroll expenses to or from sponsored projects after initially being charged to a separate funding source.

4. University Guidelines

Principal Investigators (PIs) and Department Administrators should ensure charges to sponsored projects are accurate and in accordance with direct charging practices described in OMB Uniform Guidance and university guidelines. On a monthly basis, the Department Administrator should review the Project Status n-Vision Report. The administrator should work with the PI to review these reports to assess the financial status of each project and to identify errors.

Cost transfers are allowable if they are initiated to correct such errors, made on a timely basis, and include appropriate justification and supporting documentation. Moreover, the expenses being transferred must benefit the award the expenses are being transferred to.

The University's records must contain appropriate documentation supporting an adequate evaluation of the transfer. The results must be accurate and complete. Frequent, tardy, or inadequately explained transfers, especially when they involve accounts with cost overruns, raise questions about the appropriateness of the transfers themselves, as well as the overall reliability of our accounting system and internal controls. As such, all cost transfers involving sponsored projects must be reviewed and approved by Research Financial Services.

A. Processing Salary Adjustments

All salary transfers must be properly documented, entered into the PeopleSoft Cost Transfer bolt-on, and abide by the following principles:

- Completed accurately and in its entirety.
- Exclude the fringe calculation in the adjustment amount.
- Include all necessary supporting documentation.
- Requests for transfers more than 90 days from the original transaction date require additional documentation and approval as noted below.

1. Cost Transfer Timing

The cost transfer justification must include the following:

If within 90 days of the original transaction date:

- Description of the purpose of the expenditure(s)
- If payroll expenditure, then describe the work being performed by the employee.
- Describe why items were not charged to the correct project originally.

If over 90 days from the original transaction date: In addition to the information listed above, the following is necessary:

- Why was the error not identified in a timely manner?
- Why was an advance account not requested?
- Are monthly reviews performed?

High Risk Items:

- Why are the items being **transferred from another sponsored project?**
- What controls are being put in place to ensure this does not occur in the future.

2. Additional Requirements

- The date of the original charge must fall within the effective dates / period of performance of the sponsored project.
- If the transfer is a Service Unit charge, the supporting documentation for the charge must be submitted.
- Query showing chartfield spread and expense of original posting must be attached.

3. Cost Transfer Review and Approval

All Salary Cost Transfers are reviewed along with all supporting documentation and may be rejected or approved by Research Financial Services on an exception basis. A common exception involves the set-up of a sponsored program source with an award date occurring in the past, also known as a "late award." When appropriate, the department is encouraged to request an advance account to ensure charging is allocated to the appropriate funding source.

Salary transfers made simply to "spend down" a sponsored project with available funding or to meet deficiencies caused by overruns or other fund considerations will not be approved. Transfers from sponsored program sources to unrestricted accounts (e.g.: departmental budgets) will always be allowed and must be completed in a timely manner to ensure accurate reporting to sponsors.

B. Labor Certification

Labor certification is a requirement for sponsored projects that include salary expenditures. Salary cost transfers will impact the effort and should be completed in a timely manner. Salary cost transfers should not be submitted once an effort confirmation has been completed.

C. Related Policies and References

[OMB Uniform Guidance](#)

[NIH Policy Manual](#)