

Cost Transfers, Payroll

Policies

Finance Policy Manual: TBD

Forms

[Payroll Correcting Entry](#)

Overview

A Payroll Cost Transfer is the reassignment of a payroll expense from one chartfield string to another. Proactive salary planning based on the anticipated projects and activities will reduce the volume of cost transfers, and are highly encouraged. In the event a retroactive salary adjustment is needed, a cost transfer (PCE) should be completed to correct the error. PCEs are designed for correcting errors based on the actual work performed during the reported period. Any correction of income and/or expense items between Chartfields should be made timely. Every effort should be made to record corrections in the fiscal year in which the original entry occurred.

In conformance with University and Sponsor policies, cost transfers must be allowable, allocable, reasonable and consistent. Additionally, cost transfers should be made in a timely manner.

The University is required by federal regulation ([OMB Uniform Guidance](#)) to document the allowability of salary expense on sponsored activity chartfields and federal program codes. Recertification of previously certified effort report(s) may be required as a result of a payroll correcting entry (PCE).

Risk

Inappropriate transfers could result in the disallowance of expenditures and/or possible reduction in funding from the sponsor agency. Inappropriate transfers could also jeopardize the reputation of the University and result in fines and sanctions.

High Risk PCEs:

Examples include, but are not limited to:

- Transfer of salary from one grant chartfield to another, when the projects are not part of the same sponsored award.
- Transfer of salary from a non-grant chartfield to a grant chartfield (any fund code).
- Transfer of salary from a grant chartfield to a non-grant chartfield if the transfer creates a variance of 5% or more on a previously certified effort report (e.g. to clear a deficit).

Low Risk PCEs:

Examples include, but are not limited to:

- Transfer of salary from one year of funding to the next for the same sponsored award.
- Transfer of salary from a grant chartfield to a non-grant chartfield if there is no impact or the impact is <5% on a previously certified effort report (e.g. to clear a deficit).
- Transfer of salary between the sponsor portion (fund 2100-2299) and cost share (typically fund 0000) or program income (fund 2199) within the same sponsored award. This includes transfers that are made to comply with the DHHS salary limitations.
- Transfer of salary between DeptIDs, programs or class codes with the same PS project number.

Detailed Explanation of Same Sponsored Award: Funding has been obligated to the University of Missouri under a single agreement (which may be amended), but due to system or process constraints we are required to set up multiple chartfields to track the funds. Examples include, but are not limited to, a change in the funding source, a change to the sponsor reference number, same PS project number with a different fund, class, program code or deptID, or a restriction on carryover of unexpended funds from one year to the next. Same Sponsored Awards typically DO NOT include funding from different sponsors, to different PIs, overlapping periods of performance, gaps in period of performance, or differing scopes of work.

Procedure

Principal Investigator (PI) – The PI has the overall responsibility to review award activity to ensure all expenses are allowable and allocable to the applicable projects. In order to have proper oversight, the PI should be aware of the applicable compliance requirements. The PI should periodically review expenditures and request PCEs in a timely manner when corrections are needed to payroll expenses.

Departmental Research Administrator (DRA) – The DRA assists the PI in ensuring that all transactions are properly recorded. The DRA processes expenditures and transactions, provides periodic grant financial reports for the PI to review, prepares cost transfers timely, and maintains documentation for all corrections.

Regardless of level of risk, the DRA enters all PCEs that are less than twelve (12) accounting periods after the original transaction via MIS Web Applications Journal Entry. Cost transfers for transactions more than twelve (12) accounting periods require a [Payroll Correcting Entry Form](#); the Department completes the form and submits to OSPA for review, approval, and entry.

The Department provides documentation that the transferring salary is allowable on the receiving project, that the expense directly benefits the project, and that the cost transfer will result in a more accurate allocation of expense than the existing allocation. For those entries that are high risk the department must document the following in MIS Web Applications Journal Entry Preparer Comments (for entries prepared by department) or on the OSPA Payroll Correcting entry form:

- A description of the activities the individual completed on the sponsored project;
- Confirmation that this correction result in an accurate representation of the individual's effort;
- Explanation of why the EVR was certified (if applicable), as opposed to addressing the payroll allocation prior to certification; and
- Explanation of the measures that have been put in place to avoid these corrections in the future.

If a PCE creates a variance of 5% or more between an employee's certified effort and payroll distribution, then a recertified EVR is required via the PS Grants Module.

Recertification Comments should, at a minimum, include:

- A description of how the originally certified effort was determined and the circumstances that identified the need for the originally certified effort report to be decertified and necessitating the effort recertification.
- An explanation of how the recertified effort is associated with the project(s).
- A Description of what factors contributed to the delay in determining the effort should be reclassified.
- Identify the source of information/contemporaneous records used to support the effort changes(s).

OSPA Compliance Team – The Compliance Team will analyze all PCEs to determine level of risk and will review PCE Forms submitted by Departments for appropriateness and completeness. The Compliance Team will work with the Division Fiscal Officers to obtain additional information if Preparer Comments or information on PCE Form is incomplete or unclear. The Compliance Team will prepare entries greater than twelve (12) accounting periods after the original transaction. Additionally, the Compliance Team will calculate and enter an adjustment to ensure the appropriate federal fringe rate is applied on salary for a given fiscal year (applicable if journal entry is entered in a different fiscal year than when the salary expense was initially incurred).

OSPA Post-Award Team – The Post-Award Team monitors award activity and determines with the PI/DRA when PCEs are needed. The Post-award Team will review and approve any entries greater than twelve (12) accounting periods after the original transaction.

Responsibilities

Below is an outline of responsibilities as they relate to this process.

Principal Investigator:

- Maintains knowledge of compliance requirements.
- Ensures all cost transfers are allowable, properly documented, and made in a timely manner.
- Periodically reviews project expenditures to ensure accuracy, completeness and allowability.

Departmental Research Administrator:

- Maintains knowledge of compliance requirements.
- Ensures transactions are properly recorded and supported.
- Ensures Personnel Action Forms (PAFs) are updated timely.
- Prepares PCEs timely.
- Prepares and submits PCE Form as needed.
- Retains supporting documentation according to the record retention requirements outlined in the terms and conditions of the applicable award or according to University record retention policies, whichever is more conservative.
- Provides supporting documentation to OSPA.

Office of Sponsored Programs Administration:

- Analyzes PCEs to ensure high risk entries are adequately documented.
- Reviews PCE forms for entries greater than twelve (12) accounting periods after the original transaction, and works with the Division Fiscal Officer if additional explanation is required.
- Prepares entry for transfers greater than twelve (12) accounting periods after the original transaction.
- Monitors 5% variance EVR queue in PeopleSoft.
- Ensures appropriate federal fringe rate has been applied for a given fiscal year.

Need Help?

If you have questions or comments about this procedure or the required form, contact OSPA at muresearchospa@missouri.edu or call (573)882-7560.

Related Topics

Electronic EVR

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Sponsored Programs
Administration

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