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New Cost Transfer Policy and Retro Funding Changes

Grants and Funds Management

Controller's Office

May 2020

Today's Agenda

- Introduce the New Cost Transfer Policy
  - Define Cost Transfer
  - Cost Transfers that **may be** Allowable
  - Cost Transfers that **are not** Allowable
  - Timing of Cost Transfers
- Retro Funding Change Process
- Helpful Tips
- Resources

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Cost Transfer Policy

Policy Title: Grants and Funds Management – Cost Transfer Policy (FINA 3.35)

Purpose: The purpose of this policy is to set forth the University of South Carolina's requirements for cost transfers to, from, or between sponsored projects.

Definition: A Cost Transfer is a reassignment (transfer) of charges between accounts. *This includes both direct charges and cost share*.

- Transfers between projects with the same budget year and funded under the same Federal award are considered "**intra-award reallocations**" and **are not** subject to this policy.

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Cost Transfers – May Be Allowable

Grants and Funds Management (GFM) determines whether a cost transfer is allowable. The following three prerequisites are considered:

- The cost transfer must provide a direct benefit to the Sponsored Project being charged.
- The cost transfer must comply with both the University's policies and sponsor's terms and conditions.
- The cost transfer must be fully documented.

Other factors, such as timing may affect allowability.

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Example Transfers that May Be Allowable

The following is a list of examples that illustrate circumstances in which a cost transfer may be allowable:

- The cost transfer will occur within 90 days of original expense.
- To correct errors due to the untimely receipt of information by the University (e.g. late notice of award).
- To reallocate effort based on actual effort expended.
- To move pre-award costs to the appropriate project in accordance with Uniform Guidance.
- To correctly allocate costs benefiting more than one project.
- To remove unallowable charges.
- To remove out-of-period charges.

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Cost Transfers – Not Allowable

Certain cost transfers **are not** allowable under any circumstances. Such as:

- To correct deficiencies caused by overruns or other funding considerations.
- To avoid restrictions imposed by the law or by terms of the Sponsored Project.
- To "park" expenses which will subsequently be transferred elsewhere, including to competing or non-competing continuations of the same project for which the notice of award or new project has not been received.
- To transfer costs to a sponsored project merely because there are unexpended funds available which would otherwise be returnable to the sponsor.

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Timing of a Cost Transfer

A cost transfer should be processed **within 90 days** following the end of the month in which the original charge was initially recorded. The following factors could affect and shorten the 90 day window:

- Financial report due/submission date
- Carryforward request due/submission date
- Final invoice due/submission date

Note: Cost transfers which remove expenditures from sponsored projects are not subject to the 90 day time limit, and must be prepared at any time that it is determined that an expenditure charged to a sponsored project is not appropriate or allowable to that project.

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Payroll Retro Funding Changes – Current Process

- **Reminder:** The following forms for retro payroll accounting distribution are no longer available:
  - Retro Payroll EPAF form in PS HCM
  - Retro Payroll manual form
- Please be sure to use the current Retro Funding Change form and follow instructions.
  - Be sure to list the original paycheck date
  - Be sure to provide supporting documentation
- Email forms to RetroJE@mailbox.sc.edu.
  - No manual forms or hard copies will be accepted

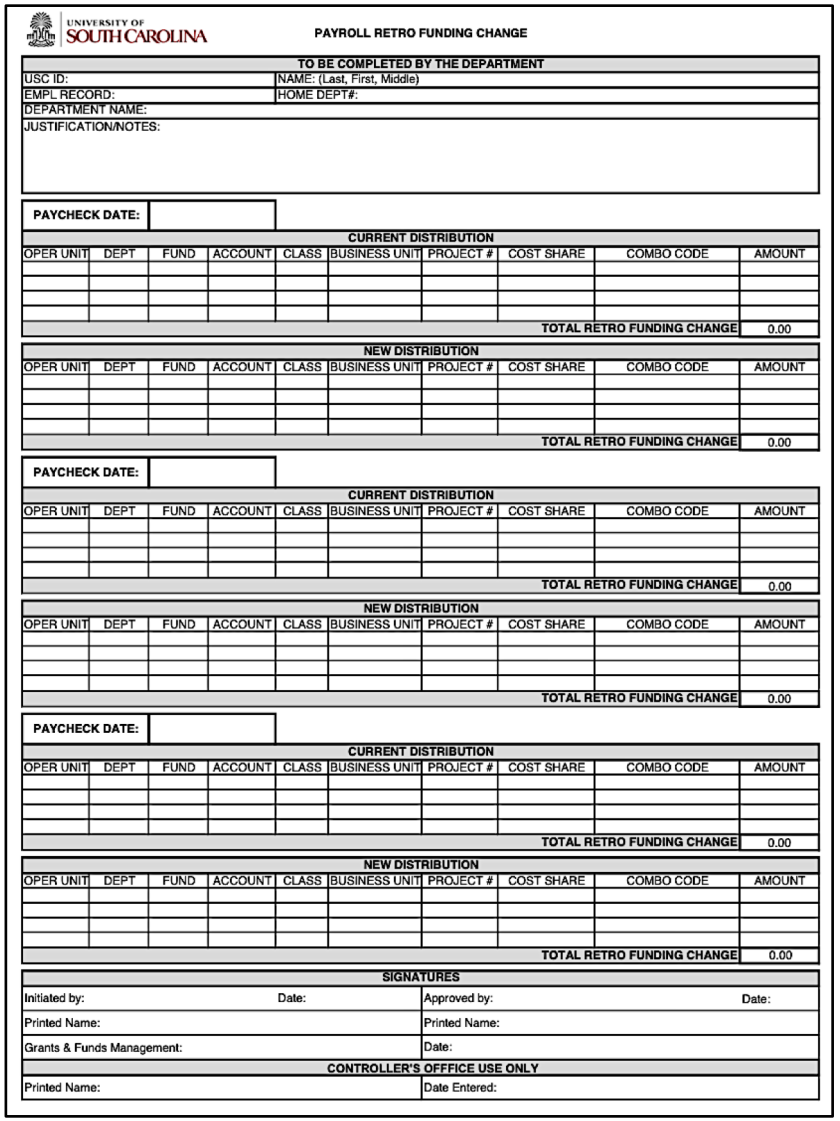
Payroll Retro Funding Changes

- The Controller's Office will create the Retro Journal Entry, post the JE and upload all retros to HCM Distribution.
- Expect **2-3 days** before you can view the change in HCM Distribution. They will be easy to identify when available.

		1920-7 : RPAY000042	UG82		C12	06/30/2019	RPAY000042	01/10/2020	A00000034158	MC000-180000-F1000-301-10009070-	(2,063.66)	-21.87%	(155.55)	(297.73)	(0.02)	(0.24)	(61.04)	(1.04)	(515.62)	24.99%	(2,579.28)
		1920-1 : PAY0081351	UG82		C12	07/15/2019	8000080700	07/15/2019	A00000034158	MC000-180000-F1000-301-10009070-	(619.11)	-6.56%	(46.69)	(135.02)	(0.02)	(0.11)	(26.16)	(0.43)	(208.43)	33.67%	(827.54)
		1920-7 : RPAY000042	UG82		C12	07/15/2019	RPAY000042	01/10/2020	A00000034158	MC000-180000-F1000-301-10009070-	2,063.66	21.87%	155.56	450.09	0.03	0.36	87.21	1.47	694.72	33.66%	2,758.38

- Please remember to complete retro account changes within **90 days** of the pay date.
- Workers comp and unemployment will post after the 1st and 15th of the month.

Payroll Retro Funding Changes



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PAYROLL RETRO FUNDING CHANGE

TO BE COMPLETED BY THE DEPARTMENT	
USC ID:	NAME: (Last, First, Middle)
EMPL RECORD:	HOME DEPT#:
DEPARTMENT NAME:	
JUSTIFICATION/NOTES:	

PAYCHECK DATE:

CURRENT DISTRIBUTION

OPER UNIT	DEPT	FUND	ACCOUNT	CLASS	BUSINESS UNIT	PROJECT #	COST SHARE	COMBO CODE	AMOUNT
								TOTAL RETRO FUNDING CHANGE	0.00

NEW DISTRIBUTION

OPER UNIT	DEPT	FUND	ACCOUNT	CLASS	BUSINESS UNIT	PROJECT #	COST SHARE	COMBO CODE	AMOUNT
								TOTAL RETRO FUNDING CHANGE	0.00

PAYCHECK DATE:

CURRENT DISTRIBUTION

OPER UNIT	DEPT	FUND	ACCOUNT	CLASS	BUSINESS UNIT	PROJECT #	COST SHARE	COMBO CODE	AMOUNT
								TOTAL RETRO FUNDING CHANGE	0.00

NEW DISTRIBUTION

OPER UNIT	DEPT	FUND	ACCOUNT	CLASS	BUSINESS UNIT	PROJECT #	COST SHARE	COMBO CODE	AMOUNT
								TOTAL RETRO FUNDING CHANGE	0.00

PAYCHECK DATE:

CURRENT DISTRIBUTION

OPER UNIT	DEPT	FUND	ACCOUNT	CLASS	BUSINESS UNIT	PROJECT #	COST SHARE	COMBO CODE	AMOUNT
								TOTAL RETRO FUNDING CHANGE	0.00

NEW DISTRIBUTION

OPER UNIT	DEPT	FUND	ACCOUNT	CLASS	BUSINESS UNIT	PROJECT #	COST SHARE	COMBO CODE	AMOUNT
								TOTAL RETRO FUNDING CHANGE	0.00

SIGNATURES	
Initiated by: Date:	Approved by: Date:
Printed Name:	Printed Name:
Grants & Funds Management:	Date:
CONTROLLER'S OFFFICE USE ONLY	
Printed Name:	Date Entered:

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Form can be found on the homepage of the Controller's Office website.

Payroll Retro Funding Change Form Up Close

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PAYROLL RETRO FUNDING CHANGE

TO BE COMPLETED BY THE DEPARTMENT	
USC ID:	NAME: (Last, First, Middle)
EMPL RECORD:	HOME DEPT#:
DEPARTMENT NAME:	
JUSTIFICATION/NOTES:	

Reminder: *Paycheck date is original pay date, not retro pay date.*

PAYCHECK DATE:	

CURRENT DISTRIBUTION

OPER UNIT	DEPT	FUND	ACCOUNT	CLASS	BUSINESS UNIT	PROJECT #	COST SHARE	COMBO CODE	AMOUNT
								TOTAL RETRO FUNDING CHANGE	0.00

NEW DISTRIBUTION

OPER UNIT	DEPT	FUND	ACCOUNT	CLASS	BUSINESS UNIT	PROJECT #	COST SHARE	COMBO CODE	AMOUNT
								TOTAL RETRO FUNDING CHANGE	0.00

Cost Transfers Greater than 90 Days

Any cost transfer **greater than 90 days** (including Retro Funding Changes) must have a cost transfer memo attached (if they affect sponsored awards). The Cost transfer memo must answer the following questions:

1. Why was this expense originally charged to the account from which it is now being transferred (in other words, explain the error or circumstance for originally charging the incorrect account)?
2. Why should this expense be transferred to the proposed sponsored research project account (in other words, provide an explanation as to how this expense benefits the project it is being moved to)?
3. Why is this cost transfer being requested more than 90 days after the original transaction?
4. How will you prevent this type of error or situation from happening in the future?

Helpful Tips

- Pay attention to the 90 and 30 day project ending notifications.
- Establish and use risk accounts to avoid parking charges and unnecessary cost transfers.
- Make sure you are reviewing payroll regularly.
- Allocate purchase card expenses appropriately in the beginning.
- Please ensure P-Cards do not default to grant projects.
- Be sure to watch your budgets and make sure to spend within budget categories.
- Charge the grant and cost share as it is incurred and within ratio.

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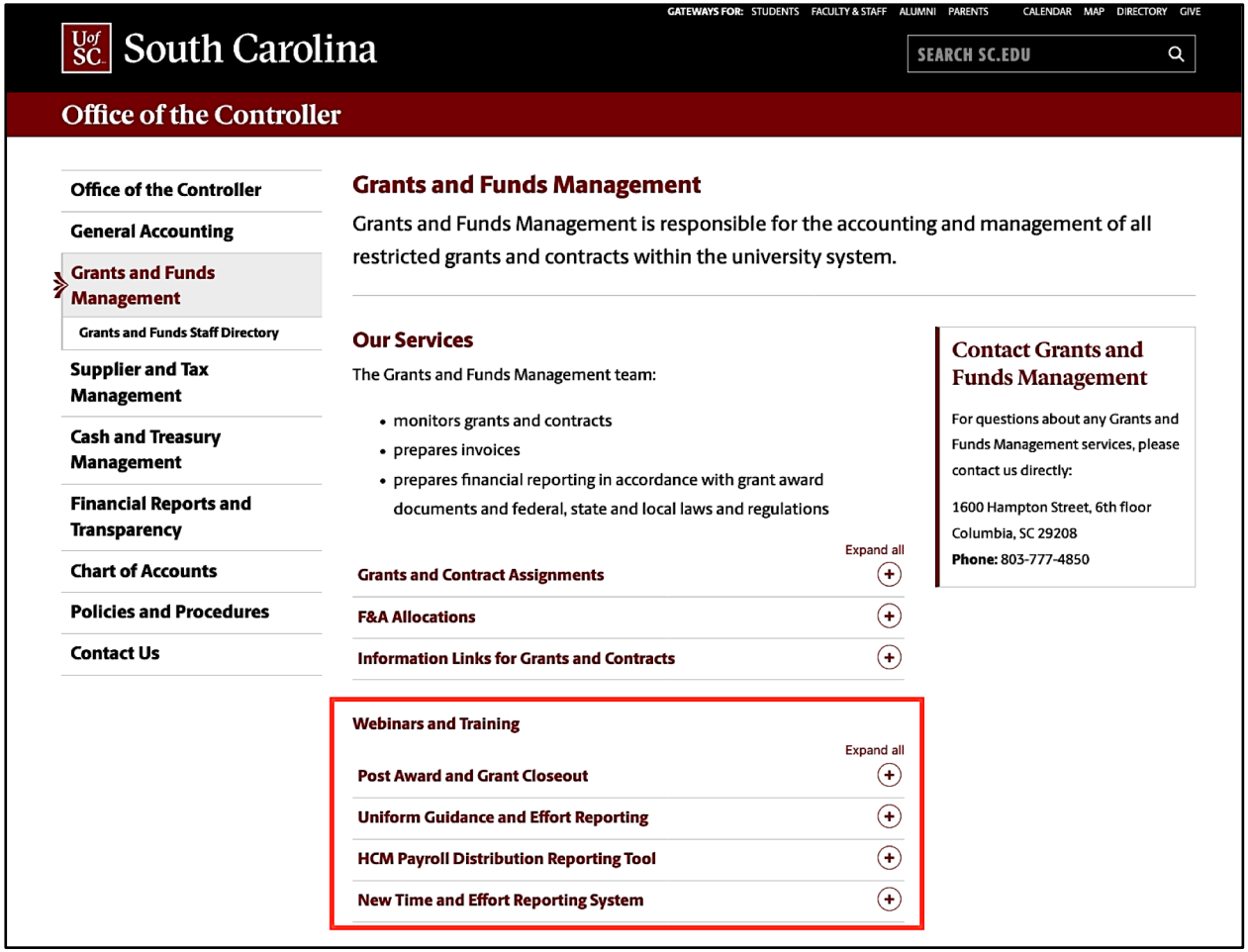
Where to Find Resources



Questions

For questions regarding Cost Transfers, please reach out to your Post Award Accountant or email RETROJE@mailbox.sc.edu.

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