

Guidelines for Payroll Cost Transfers on Sponsored Funds

Sponsored Projects Accounting

February 2011

Retroactive payroll adjustments for faculty, staff and students working on sponsored funds are necessary, at times, to modify the distribution on accounts/funds based upon the receipt of subsequent information on work activity and/or the discovery of administrative oversights. The University refers to this type of adjustment as a Payroll Cost Transfer (PCT). PCTs are processed and posted to the HRMS system by the Payroll Services Department based upon the data provided on the PCT form. Sponsored Projects Accounting has developed the following set of guidelines to assist academic departments in documenting and justifying retroactive payroll cost transfers.

GUIDELINES

In accordance with the NIH Grants Policy Statement (October 2010), cost transfers should be processed within 90 days of when the issue/error was discovered. Adequate documentation or a detailed explanation of why the PCT is being submitted should be included in the "Detailed Explanation" section of the PCT form (more than three words but less than a page). This section should contain a plain language description of how the error/issue occurred, the parties/projects involved and the timing of the transactions. SPA strongly recommends that the original date of discovery should be included in the explanation. Several examples of sufficient and complete explanations are provided at the end of this document.

Retroactive payroll cost transfers should be initiated and authorized by the PI or his/her designee and the related documentation should be retained according to the academic department's policy. Subsequently, the department administrative staff should complete the required sections of the PCT form. The PCT must be signed/approved by two distinct individuals within department ("Preparer" and Authorizer"). The "Preparer" and "Authorizer" may not be the same as the individual for whom the salary is being corrected.

- The PCT form contains a "Principal Investigator" signature/approval line to facilitate department specific processing requirements; however, the University does not require the PI's signature/approval on the form.
- The PI's signature/approval may also act as the "Authorizing" signature/approval provided that the cost transfer is not for corrections on his/her own salary.
- PCTs affecting funds in a second department/division must be signed/authorized by an authorized individual from that department.

Special attention should be paid to PCTs that effect expired awards. The PI or their designee should notify SPA regarding PCTs that effect payroll distributions on accounts/funds in which the final financial report or invoice has already been submitted to the sponsoring agency (generally 90 days following the project end date). Implications for cost transfers completed following the filing of the final FSR or invoice include: submission of revised final reports, payment denial or refund requirements, and carryover adjustments. The PI or their designee should discuss the implications of these PCTs with SPA in order to determine the proper course of action. Please visit <http://spa.wustl.edu/> for the appropriate contact.

PCTs for individuals that are subject to the NIH Salary Cap should include the appropriate split between the grant and cost share allocations. The current salary cap rate can be found at: http://spa.wustl.edu/adminpol/salcap_0110.pdf.

PCTs that effect the payroll distributions between allocations within an existing fund (transfer salary from 5#123a to 5#123c) should follow the above noted guidelines, however, these transactions are not considered to be a cost transfer because the net effect to the project is zero.

PCT forms that effect the payroll distribution for periods that exceed a year from the original pay date may be subject to review by SPA prior to entry by Payroll Services. SPA may perform additional PCT reviews as deemed necessary.

PCTs submitted for the sole purpose of expending the residual balance on a sponsored fund are considered unallowable.

PCTs that transfer salaries from one project to another or from one competitive segment to the next solely to cover cost overruns (deficits) are not allowable.

PCT Requirements

Retroactive payroll cost transfer transactions should be properly documented on the PCT form and include or meet the following requirements before it will be processed/input by Payroll Services.

Requirements

- Salaries/fringes cannot be transferred from an account that did not initially incur those salary/fringe charges, nor can more than what was charged to an account be transferred from that account.
- Amounts transferred should include salaries/wages/stipends and associated fringe benefits (as applicable).
- Amounts entered on a PCT should balance to zero.
- A reason for the PCT must be checked in the appropriate box
- A detailed explanation for Sponsored Funds is required (fund ranges 38XXX – 66499, 80XXX-81999).
- PCT explanations should include the date of discovery.
- The PCT must be signed/approved by the preparer, authorizer. The PI's signature/approval can also act as the authorizing signature. In addition, PCTs affecting a second division or department must be signed/approved by an authorized person from that department. Electronic authorizations/signatures/approvals are also acceptable. For questions concerning accepted forms of authorization please contact Payroll Services directly.

Tips

- The PCT form is available for download on the HRMS Forms page, [click here](#).
- PCTs should be submitted directly to the Payroll Office, Campus Box 1000 or fax to 935-7079 or email to payrollc@aismail.wustl.edu.

Incomplete Explanations

- ❖ Clerical Error
- ❖ Per Susan Fly, Dr. Spinkle's patient care should be increased and her time on 559## decreased.
- ❖ Missed payroll deadline.

Complete Explanations

- ❖ Smith's salary was sourced to 458## through 3/31/10. His sourcing should have been extended through May of this year. On May 2, 2010 I discovered that his salary had hit the default account. His current sourcing has been adjusted and this PCT will move the April 10 salary back to the grant.
- ❖ Per a review of fund 559## on 05/15/2010, it was noticed that Dr. Spinkle's salary for patient care (1115) in Jan 2010 should have been increased by 10%, thus decreasing her salary on fund 559##. A PCT affecting Jan 2010 period is required because the mistake wasn't caught until preparations for FY 10 closing began.
- ❖ October payroll sourcing deadline was missed due to an entry error. Sourcing end date for fund 53xxx should have been extended to 12/31/10 per instruction from Dr. Smith on 10/15/10. This cost transfer will clear the default account and correct the effort on the fund.