Ideally over 90 day cost transfers can be minimized, but when they can’t be avoided, assembling a clean, clear, compliant package helps get them through as quickly as possible. We will share with you a variety of training resources, tools, and classes to help you learn what you need to do (and the best practice way to do it!), plus tips on avoiding common mistakes/omissions that can slow down processing.
Agenda

- Cost Transfers – Key Points
- Policies & Procedures – Why So Strict?
- Workflow / Roles & Responsibilities
- Training Opportunities
- Q & A
Cost Transfers: Key Points
Cost Transfers

What is a cost transfer?

A cost transfer is the assignment of an expense or expenditure (charge) to a federally or non-federally funded account that was initially recorded in another account.

2 CFR § 200.430: “All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.”
  • In the spirit of this guidance, NU continues to abide by principles originally stated in OMB A-21: “Costs allocable to a particular sponsored agreement...may not be shifted to other sponsored agreements in order to meet deficiencies caused by overruns or other fund considerations, to avoid restrictions imposed by law or by terms of the sponsored agreement, or for other reasons of convenience.”

• Cost Transfers at NU: a “journal” moving an expense from one chartstring to another

• Salary Cost Transfers are designed for correcting errors based on actual effort performed during the reported period. Effort Drives Payroll Distribution: the basis for salary cost transfers (journals) is the actual effort performed on specific projects and activities during the reported period.

• Compliance with Federal Regulations
  • Cost transfers should not be used to manage available cash balances across sponsored projects. Knowingly charging expenses allocable to one sponsored project to a different sponsored project is not acceptable.
  • Adhere to the four guiding cost principles: reasonableness, allocability, allowability, and consistency. For a given cost (including salary) to be charged to a sponsored agreement, all four criteria must be met.
For exempt faculty & staff, the requested cost transfer must be supported by certified effort. Note that effort should not be re-certified solely to put through charges on sponsored projects; this goes against the principle that Effort drives Payroll Distribution. No changes should be made to certified effort except to correct errors so that the certified report reflects the actual work performed.

Cost Studies/ASRSP reviews 90 day journals for compliance with sponsor and NU policies. Requested salary transfers for exempt faculty & staff are reviewed against certified effort reports to ensure sponsored projects will not be overcharged (per certification, and salary cap if applicable).

- The four cost principles (reasonableness, allocability, allowability, consistency) always apply.
- Cost transfers over 1 year from the original transaction date generally will not be accepted unless it benefits the sponsor (credits sponsored project[s]).
- Cost transfers must be supported by timely certified effort reports. If the certification is over 6 months delinquent past the last date of the reporting period, the cost transfer may not be accepted.
- Over 90 day cost transfers require completion of a justification memo (http://www.northwestern.edu/financial-operations/policies-procedures/forms/90-Day_Memo_Form_and_Instructions.pdf). Be thorough (fully answer all the questions), specific and precise: vague, generic, and “boilerplate” answers and explanations are not acceptable.
- The net payroll % on sponsored project(s) of current charges + requested charges must be equal to or less than the certified % (and cannot exceed HHS salary cap, if applicable)
Cost Transfer Policies & Procedures: Why So Strict?
Cost transfers should be the exception, not the rule

- Cost transfers should be rare
  - Designed for occasional corrections / extenuating circumstances – should not be a regular “business practice”
  - Frequent cost transfers are an audit red flag

- If over 90 days, there is already heightened risk – hence the additional scrutiny

- Remember – cost transfers and over 90 day memos are part of the auditable record!
The following cost transfers may increase the risk of an audit

- Transfers in the last month of the award or after the award has ended
- Transfers of costs in round numbers
- Transfers without a full detailed explanation
- Transfer to or between sponsored projects
Professional Ethics & Financial Stewardship

- Checks & Balances to prevent inappropriate charges on sponsored projects

- Responsibility to sponsors (and by extension, taxpayers, foundation donors, etc.) to provide good financial stewardship of awarded funds.

- Maintain NU’s Reputation – demonstrate that we are compliantly managing external funding at best practice standards
Since it represents such a large proportion of direct research costs, payroll charges (with special emphasis on cost transfers) are a frequent area of audit scrutiny.
Costs of Non-Compliance (continued)

- Loss of prestige / reputation

- Future funding jeopardized
  - Prime – black mark at the federal level
  - Flowthrough – subrecipients with audit findings are a greater risk / administrative burden to the subcontracting prime institution

- Increased scrutiny & administrative burden for existing & new awards
Workflow / Roles & Responsibilities
FSM Workflow

Department → FSM Office of Finance & Administration (Dean’s Office) → Cost Studies Effort Coordinator

JNL Posted in FASIS & ERS (exempt staff)  
Approximately one month after submission to Dean’s Office

Payroll (Evanston) ← ASRSP GCFA
Instructions, forms, and tools for creating an over 90 day salary cost transfer journal:

http://www.feinberg.northwestern.edu/finance/payroll-forms/index.html

http://www.feinberg.northwestern.edu/finance/docs/payroll-forms/je-templates/je-instructions.pdf
FSM Office of Finance & Administration (Med Finance) Website:

http://www.feinberg.northwestern.edu/finance/index.html
Common Reasons for FSM Office of Finance & Administration Hold or Sendback

- Chart string(s) not open
- Account code(s) not active
- Missing required paperwork or signatures
Over 90 Day Salary Cost Transfer Training Resources:

http://www.northwestern.edu/coststudies/salary-cost-transfers.html

Effort Reporting Website:

http://www.northwestern.edu/coststudies/effort.html
Common Reasons for Effort Coordinator Hold or Sendback

- Certified Effort does not support requested transactions
- 90 Day Memo is unclear, incomplete (does not address all items included in JNL) and/or inconsistent with requested transactions
- Request to charge sponsored project(s) is over one year, and/or effort was not certified timely
ASRSP Grant & Contract Financial Administrator (GCFA)

ASRSP GCFA reviews JNL Form & Over 90 Day Memo against account status and NU sponsored research policies.

Links:
http://www.northwestern.edu/asrsp/policies/index.html
http://www.northwestern.edu/asrsp/training/index.html

GCFA (sponsored projects only) reviews JNL Form and Over 90 day memo against chart string account balances/restrictions and NU sponsored research policies, and signs off on JNL Form. Additional clarification and/or supporting documentation may be requested from Department by GCFA. If account status does not support, Over 90 Day Memo does not adequately justify, and/or request does not comply with NU policy, GCFA sends JNL packet back to Department. If sent back, in some circumstances* Department may revise and resubmit to Dean’s Office.

*Check with GCFA if unsure

Note: GCFA must receive JNLS no later than award end date (and 30 days prior to end date for SubKs); budget additional time for FSE/Effort review.

Sponsored Projects Policies & Training Resources

http://www.northwestern.edu/asrsp/policies/index.html
http://www.northwestern.edu/asrsp/training/index.html

ASRSP Website:

http://www.northwestern.edu/asrsp/index.html
Common Reasons for GCFA Hold or Sendback

- Insufficient documentation/description on Over 90 Day Memo
- Requested transaction dates do not match award dates
Payroll (Evanston)

Payroll (Evanston) reviews and enters JNL to FASIS

Link:
http://www.northwestern.edu/hr/payroll/

PAYROLL verifies: 1) Over 90 Day Memo has required signatures, 2) employee name and ID number match, 3) JNL dates match paycheck distribution dates, 4) changes as per "View Valid Chartstring" in FASIS without error. If all items OK, Payroll enters the JNL to FASIS. If not, Payroll may request action from Department, or send JNL packet back to Department. If sent back, in some circumstances Department may correct issues and resubmit to Dean’s Office.

*check with Payroll if unsure

Office of Human Resources / Payroll Website:

http://www.northwestern.edu/hr/payroll/
Common Reasons for Payroll Hold or Sendback

- Chart string is not valid in FASIS
- Journal dates do not match paycheck distribution dates
Posting in FASIS & ERS

Department monitors FASIS and ERS to confirm JNL processed (after submission to Dean’s Office, expect posting to FASIS in approx. 4 weeks)

Note: ERS pulls in JNL the following Monday after it posts to FASIS GL.

DEPARTMENT tracks progress of journal, and monitors FASIS and ERS (if applicable) to confirm JNL posted. If journal does not post to both systems within 30 days of submission* to Dean’s Office (and you did not receive it back), follow up with central offices above as needed for next steps.

*If urgent, Department may check with central offices sooner regarding review/approval status.
Enhanced internal review prior to submission can help you catch and resolve errors and omissions that would have resulted in a hold or sendback (see previous slides for common mistakes). A perfect package generally processes in full within 30 days of submission to Med Finance.

**Journal Processing Time Sampling**

The table below *(names/fDs withheld for privacy)* is a sampling of processing times for Over 90 Day Journals which were submitted with no issues.

<table>
<thead>
<tr>
<th>Department</th>
<th>Received Med Finance</th>
<th>Posted FASIS</th>
<th>Posted ERS</th>
<th># Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surgery</td>
<td>2/5/2015</td>
<td>2/20/2015</td>
<td>2/23/2015</td>
<td>18</td>
</tr>
</tbody>
</table>
Training Opportunities
The ORI seminar provides a general overview of many areas of research administration. Understanding the “big picture” helps you see how the various parts interrelate and impact each other.

Training Resources:

http://www.research.northwestern.edu/ori/training/index.html
http://www.research.northwestern.edu/ori/training/seminar.html

ORI Website:

http://www.research.northwestern.edu/ori/index.html
**Cost Studies – Effort Reporting**

**Effort 101**

This three hour training class, which is held on a quarterly basis (rotates campuses), is necessary for anyone who wants a role in ERS and is intended for those new to effort reporting. Recommended for research/ business/ financial administrators involved in research administration and/or management of sponsored payroll (including preparation of salary cost transfer journals). The class is free, but registration is required.

For details on the next class and/or to register, contact your Effort Coordinator:

Chicago: Erin Farlow (e-farlow@northwestern.edu) or 312.503.0323

Effort 101 training is recommended for employees who work with sponsored payroll / preparation of salary cost transfer journals. Certified effort is used to verify the appropriateness of over 90 day salary cost transfers for exempt faculty & staff, so it is important to understand the key principles of effort reporting.

**Training Resources:**

http://www.northwestern.edu/coststudies/salary-cost-transfers.html

**Effort Reporting Website:**

http://www.northwestern.edu/coststudies/effort.html
Staying on top of payroll and sponsored project management can help you prevent cost transfers - take advantage of FASIS & FFRA classes to gain the tools and training to more effectively manage sponsored project funds.

FASIS Course Descriptions: http://www.northwestern.edu/hr/workplace-learning/fasis-systems/

FFRA Training Resources: http://ffra.northwestern.edu/training/

FASIS Self Service Login: https://nupa.northwestern.edu
Open Labs

FASIS / FFRA / Effort Reporting / Research Administration Services

One-on-one, in person assistance is available for payroll, FASIS/FFRA systems, effort reporting and salary planning!

FASIS/FFRA: Tuesdays, 2:30 – 4:30 PM in Tarry 1-731

http://www.northwestern.edu/hr/managers-administrators/fasis-administrator-tools/fasis-open-labs.html

http://ffra.northwestern.edu/training/openlabs.html

Effort Reporting/RAS (Salary Planning Tools): 1st Tuesday Every Month, 2:30 – 4:30 PM in Tarry 1-731 (concurrent with FASIS/FFRA)

Generally open labs are offered every Tuesday for FASIS/FFRA, and every first Tuesday of the month for Effort Reporting & RAS Salary Planning, but check the schedules online in case of deviation:

http://www.northwestern.edu/hr/managers-administrators/fasis-administrator-tools/fasis-open-labs.html

http://ffra.northwestern.edu/training/openlabs.html

To receive email reminders about upcoming Effort Reporting open labs, contact Erin Farlow (e-farlow@northwestern.edu).
Cost Studies & Med Finance Contacts

Cost Studies
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- Erin Farlow, Senior Effort Coordinator, Chicago
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FSM Office of Finance & Administration
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  - jennifer-bynes@northwestern.edu / 312.503.1602
Questions?