

Cost Transfer (Journal), Salary Adjustment and LCT Timing Expectations

University and Sponsoring Agency policies require prompt transfers of both salary and non-salary costs to sponsored project accounts. It is imperative that every effort should be made to ensure that salary and non-salary costs are charged to the correct account(s) when they are first incurred. Expense statements should be reconciled and thoroughly reviewed by the department administrator & PI on a monthly basis to confirm that activities charged to sponsored projects are reasonable, consistently treated, allocable, and allowable in accordance with applicable University, Sponsor and Federal regulations, the Uniform Guidance, 2 CFR 200.

Cost transfers should be prepared by the department and submitted in PeopleSoft Financials (Cost Transfers/Journals) and/or PeopleSoft HCM (salary adjustments) as soon as the need for the transfer is identified, but under most circumstances, not later than 90 days from the month in which the original transaction date is identified on Expense Statements.

The Office of Post-Award Services and (Financial) Compliance (PASC) reviews and processes all cost transfers/salary adjustments which involve a Sponsored Project. We will review/approve/deny or request clarification for all types of adjustments submitted to our office by the 20th of the month by that month's close.

For adjustments submitted to our office after the 20<sup>th</sup> of the month, PASC will review/approve/deny or request clarification by the 10<sup>th</sup> of the following month.

As a best practice is for Department Administrators to monitor all adjustments they submit and review Income & Expenses statements to determine if action was taken on them in the month in which they were submitted. If the Department Administrator identifies no action on taken, please reach out to PASC via email.

To assist in timing and avoidance of Late Cost Transfer (LCT) requests, please note the following-

| Current Processing Month | Months where activity can be adjusted without LCT |
|--------------------------|---|
| January                  | December  |
| February                 | December, January                                 |
| March                    | December, January, February                       |
| April                    | January, February, March                          |
| May                      | February, March, April                            |
| June                     | May   |
| July                     | June  |
| August                   | June, July  |
| September                | June, July, August,                               |
| October                  | July, August, September                           |
| November                 | August, September, October                        |
| December                 | September, October, November                      |

A Late Cost Transfer (LCT) form is a request to move transactions which are:

Greater than 90 days old

Not corrected during a hard close:

|                  |                     |
|------------------|---------------------|
| July – November  | December hard close |
| December – April | May hard close      |
| May              | June hard close     |
| June (1st close) | June 2nd hard close |

Late cost transfers pose a significant audit risk to CWRU due to the age of the correction.

Reminder: The LCT is a request which is reviewed and approved at a school/college level. The Office of Post-Award Services and (Financial) Compliance has the final approval at the University level.