CU Campus Controller's Office
UNIVERSITY OF COLORADO **BOULDER**

Payroll Expense Transfers (PETs) for Sponsored Projects - Guidelines

> *Remember: All Cost Transfers are an exception, not a way of doing business.*

Introduction

Sponsored Project Payroll Expense Transfers (PETs) involve Fund 30 or 31 SpeedTypes and require Campus Controller Office (CCO) approval. CCO requires justification that provides specific information related to the PET, and/or documentation before the PET can be approved. These requirements are outlined below.

> *TIP: All salary transfers onto a Fund 30/31 must have an explanation of how the transfer benefits the award.*

Monthly Cutoff for PET Submission

There are multiple pieces of information CCO reviews and additional documentation or clarifying information is often needed prior to approval.

To allow for timely review and approval, CCO sets a **cutoff** date for monthly PETs of five business days before the month end campus close.

The monthly CCO newsletter also provides specific cutoff and month end close dates for each month.

- CCO email announcements are sent out regarding month end campus close.
- PETs created **before** the **cutoff** – CCO will make every effort to approve all the PETs that have met all requirements.
- PETs created **after** the **cutoff** – CCO will review as time permits before month end close.
- PETs carried over from one month to the next:
  - The system allows PETs to be carried over from one month to the next. (No need to copy over to the next month and delete last month PET)
  - CCO requests unapproved PETs to be removed from the CCO workflow after one month.

PET Justification Requirements

Under 90 days: Explanation of error, benefit to project

Payroll transfers within 30 days after the end of the month and payroll transactions appearing in the general ledger report are normally considered acceptable corrections. An explanation of the error and how the charge specifically benefits the award is sufficient justification in the Grant Certification section of the PET.

Payroll transfers between 30-90 days after the end of the month of the original payroll expense must include a written explanation of the error, and how the charge benefits the award. Any relevant back-up documentation should be attached as needed.

Pop Out Questions –within 90 days

Grants Certification Questions

Please provide sufficient reason for submitting this Payroll Expense Transfer (For example: the cause of the error, how this PET corrects the error, and reflects the actual effort the employee(s) spent on the sponsored project(s), etc.). Attach any relevant back up documentation.

To the best of my knowledge, the charge is allowable, allocable, and provides direct benefit to the project receiving the charge.

Yes ◉   No ○

90-180 days: Explanation of error, reason for the delay, and benefit to the project

Cost transfers completed more than 90 days beyond the end of the month in which the transaction appeared are considered exceptions and require additional justification.

Pop Out Questions – between 90-180 days

Grants Certification Questions

Please provide sufficient reason for submitting this Payroll Expense Transfer (For example: the cause of the error, how this PET corrects the error, and reflects the actual effort the employee(s) spent on the sponsored project(s), etc.). Attach any relevant back up documentation.

To the best of my knowledge, the charge is allowable, allocable, and provides direct benefit to the project receiving the charge.

Yes ◉   No ○

Please explain why the submission of this Payroll Expense Transfer is occurring after 90 days.

Over 180 days: Requires a PI statement.

The PI statement needs to provide a response to the four questions shown in the screenshot below.   CCO will accept a "See PI Statement" in each box when the statement is attached. No PET over 180 days will be approved without the PI statement clearly answering the four questions. Do not submit the PET without the PI statement unless moving payroll off a sponsored project(s).

Pop Out Questions – over 180 days

Grants Certification Questions

Please provide sufficient reason for submitting this Payroll Expense Transfer (For example: the cause of the error, how this PET corrects the error, and reflects the actual effort the employee(s) spent on the sponsored project(s), etc.). Attach any relevant back up documentation.

To the best of my knowledge, the charge is allowable, allocable, and provides direct benefit to the project receiving the charge.

Yes ◉   No ○

Please explain why the submission of this Payroll Expense Transfer is occurring after 90 days.

PI Statement is attached explaining: How this benefits the Project? Why this project didn't get the charges when 1st occurred? And why it took so long to do the transfer?

Yes ○   No ○

> *Tip: Make sure the information in the Justification matches the transaction:*
>
> *Pay period / Employee Name / Project Title / SpeedType*

PI Statement

UCB Pay Expense Transfers (PETs) that are moving payroll expenses that are greater than 180 days old, **must provide a signed written PI statement or email** to CCO that explains:

1. Why was the effort not charged to the award to begin with?
2. Specifically, how does this employee's effort benefit the underlying activity?
3. Why it took so long to for the mistake to be identified?
4. How this will be prevented in the future?

> *Tip: Justifications are not solely for the benefit of the CCO approver, but are also useful for other interested parties such as internal or external auditors and sponsors.*

A PI statement is not required for certain PETs that provide a clear explanation and justification:

1. Moving salary off a sponsored project.
2. Moving salary within the same award applicable with sponsor terms & conditions.
3. Moving salary out of suspense account due to a documented system error.

Format requirements for PI statement to be attached to the PET:

1. Email saved as an outlook email or scanned to PDF that includes all the email system information.
2. PI Signed or e-signed document – Word or PDF

> *Tip: PI statement documentation and /or the agreement of the statements must clearly show that PI provided and approved the information.*

Approval criteria

Reasons PET will be denied

There are several reasons that ***prevent*** CCO from approving a PET,

these include *(but are not limited to)* the following:

- Transfers processed solely to move deficit spending from one sponsored project to another sponsored project.
- Transfers of expenses that were not incurred during the project period of performance (POP), unless specifically allowed by the sponsor. (Example: Sponsor approved Pre-award spending)
- Transfers that are processed solely to use up an unexpended balance, but do not appear to be of direct benefit to the project.
- Random or regular rotation of salary, absent any information or justification that clearly identifies the benefit of the award the expense is moving.
- PETs that affect a certified ePER will not be approved except in highly unusual circumstances and with extensive justification that includes why the ePER was certified with the current allocation but is now being corrected.

Insufficient Justification

Below are examples that provide unclear or incomplete information as to the reason for the PET:

- An explanation is a short synopsis of what happened – which expects the reader to assume
- Correcting system error (statement without documentation to substantiate it)
- Moving salary out of suspense (no explanation / documentation why it's in suspense)
- Salary went to wrong SpeedType (no explanation of how it happened)
- Per Jane Doe, moving salary to SpeedType XXXXXXX

Sufficient Justification

Below are some examples that do provide clear and detailed information for submitting a PET:

- Salary continued to be charged to previous year SpeedType, after finding error, moving to this year's SpeedType which reflects the time period that employee expended their effort.
- Salary was allocated to ST 130XXXXX, but system funding end date was incorrect, so payroll posted to suspense. The issue is resolved, now moving salary to correctly reflect effort. – See attached document showing funding end date.
- Monthly review by PI revealed error in charging payroll allocations to grant. Department payroll liasion was not notified that employee assignment changed.
- A transposition error entering the SpeedType with the original transaction is now being corrected to reflect actual effort.

> *Tip: All Salary transfers need to be allowable, reasonable, consistent, and allocable.*

General Guidelines

Overdraft

CCO ***cannot approve*** a cost transfer to an account which does not have sufficient funding to cover the expense(s), fringe benefits, and F&A.

Contact your Contract /Grant Officer in the Office of Contracts and Grants (OCG) if additional funding is expected to

be received. CCO can approve the PET if sponsor documentation or an email is provided that additional funding is forthcoming

Expired Period of Performance (POP)

- CCO cannot approve charges that were incurred past the end date of the project. If OCG's database does not contain any information about an extension for this project but you believe documentation from the sponsor is forthcoming, contact your Contract or Grant Officer in the Office of Contracts and Grants (OCG) to obtain the documentation or an email that the extension has been received and is in process. Attach documentation to the PET for CCO approval.

- If the charges occurred within the period of performance, but the PET was created after the Project end date, another layer of approval with the CCO Grant Accountant is required.

Ad Hoc Requirements

Add the assigned Grant Accountant or Cost Share Accountant to the approval list if the PETs meet the requirements as below:

- PETs are created after the project end date.

- Salary to be transferred represents work completed within the award performance period but the salary Journal Date was posted outside the project / SpeedType performance period.

Exceptional approval is required for the PETs whose creation date exceeds 1 year from the original date of transaction.

Tuition Remission Charges

When tuition remission is a fringe benefit associated with Student Faculty appointments, (TA, RA, GPTI, GA) this proportional expense should accompany the related salary expense for that semester. At the end of each semester, the Office of Academic Affairs allocates tuition remission expense to a SpeedType based on that semester's salary expense.

However, tuition expense does not automatically "follow" salary expense when it is transferred to another SpeedType via a Payroll Expense Transfer (PET). A JE must be completed to manually move the tuition expense associated with that salary expense. Consequently, JEs that are transferring tuition remission charges associated with a salary transfer require specific information in the header description of the JE. Please provide:

- The name of the student faculty
- The semester(s) involved
- The PET number that transferred the salary to the sponsored award

Please note that PETs that include tuition remission associated with the salary must reference (at minimum)the original tuition journal entry (JE). CCO will approve the PET first, followed by approval of the JE. There must be available funds to approve the journal entry the PET including benefits and F&A, where applicable.

Salary Overpayments

Create a PET for all overpayments immediately to a department SpeedType to avoid Sponsor Invoicing or draws to be completed against overpayments. Be aware overpayments often cause a negative ePERs.

Course Buyout

CCO only needs an approval from the department/school for PETs submitted to reflect a course buyout, and the approval should provide a percentage of AY effort budgeted to replace one course buy-out. Attach documentation that provides how that amount was calculated.

Additional information when PETs are created

1) The submitter should check the summary for each PET to make sure the transaction(s) are correct.

2) Do not submit the PET into workflow to CCO without required information and documentation.

3) If you are correcting information within the PET, the Creator should review the reasons for the "hold" to make sure they have been adequately and accurately addressed in the PET before resubmitting into CCO workflow.

4) If you are adding attachments, please review the documentation to make sure all required information has been included and is relevant to the PET.

5) Please note that any time a PET is edited, it must be re-submitted into workflow for CCO to review for approval.

Attaching Documentation to PET

Documents should be attached to the PET for best practice. On the rare occasion that an issue prevents the ability to attach documents to the PET, email Effort & Cost Management Accountant in CCO for assistance.

Please reference the PET# on the document and in the email subject line to expedite the approval process.

Other Considerations

Benefit Allocation

For all salary charges the associated fringe benefits are allocated at Month End Closing.

Fringe Benefit Rates:
https://www.colorado.edu/controller/accounting/fa-and-gair-rates/fringe-benefit-rate-history

System benefit rate allocation is based upon the Fiscal Year of original charge as follows:

1. Current Fiscal Year salary = current Fiscal Year benefit rate
2. Last Fiscal Year salary = last Fiscal Year benefit rate
3. Older than Last Fiscal Year salary = last Fiscal Year benefit rate

> ***Remember: Every PET that moves the allocation of a monthly salaried employee will affect ePERs. If your PET is submitted for a semester that an ePER has been generated, there must be an updated ePER that correlates with the PET.***

PET References

1. The Guide – Chapter 14 Sponsored Projects – Cost Transfers (page 41through 46)
https://www.colorado.edu/controller/sites/default/files/attached-files/ch14_nov2016.pdf

2. PETs Step-by-Step:

 https://www.cu.edu/docs/sbs-payroll-expense-transfers

3. Cost Transfer Policy and Guidelines
https://www.colorado.edu/controller/sponsored-research/sponsored-research-compliance/cost-transfers/cost-transfer-policy-and-guidance

4. CU Boulder Fringe Benefit Rates:
http://www.colorado.edu/controller/contact-us/financial-accounting-and-reporting-divisions/general-accounting/cost-accounting/fringe

5. Participant Support:
https://www.colorado.edu/controller/sponsored-projects/sponsored-projects-compliance/participant-support-costs/participant-support-costs

6. CCO Monthly Calendar
https://www.colorado.edu/controller/calendar

7. PET Calculation:
https://www.colorado.edu/controller/payrollexpensetransfercalculator

Questions?

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☑Compliance and Financial Reporting Supervisor: evan.blaisdell@colorado.edu

https://www.colorado.edu/controller/sponsored-research/sponsored-research-compliance/epers-pets