SOM Late Cost Transfer Status

Administrators Forum
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Why do we care about (Late) Cost Transfers?

- (Late) cost transfers are considered an audit flag
- Patterns of (late) cost transfers are an indication that our financial controls are ineffective
- Audit flags and patterns invite careful consideration
- Careful consideration could result in returning funds, fines, audit findings, and other negative reputation impacts
What is a late cost transfer?

- A cost transfer occurs when a transaction is transferred between a sponsored project and other accounts after the expense has posted in the financial accounting system.
- The cost transfer is considered late when:
  - Completed more than 90 days after the end of the accounting month which the transaction initially occurred.
  - Completed after the closing of a financial hard close deadline.
# Late Cost Transfer Calendar

<table>
<thead>
<tr>
<th>Current Month</th>
<th>Months where activity can be adjusted without LCT</th>
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<tbody>
<tr>
<td>January</td>
<td>December</td>
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<td>February</td>
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<td>November</td>
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Trends

● Reasons in rank order
  ○ Caused by Hard Close (statements not reviewed for hard close so afterwards LCTs needed)
  ○ Not reconciling monthly statements in timely fashion
  ○ Staff turnover (unfamiliar and no one watching during gap)
  ○ Lack of requests for preliminary numbers
  ○ Late reports by PIs
Best Practices to Reduce/Eliminate LCTS

Department Administrative Staff

- Review statements and salary distributions monthly
- Ensure timesheets are approved by supervisors
- Request preliminary numbers when appropriate
- Ensure PIs are submitting reports by due date
- Complete required/requested journals during preparation of FSR
- Request a petition to keep an account open via IPAS in Sparta
- Process necessary cost transfers prior to the termination date of a budget period

Principal Investigators

- Submission of required reporting requirements by the due date
Inappropriate Justifications for LCT

- Staff turnover
- Not reviewing statements
- Making grant account match FSR
- To allocate chemicals to appropriate project
- To transfer costs to resolve an account overdraft to another sponsored account
- To transfer costs to spend the balance of an award

According to federal regulations, an explanation which merely states that the transfer was made ‘to correct an error’ or ‘to transfer to correct project’ is not sufficient.
Exceptions to LCT

LCT requests are not needed when:

- Transfer is within the same parent/sub projects
- Transfer charges to discretionary funding (normally the award has no reporting requirements)
- Transfer does not involve a Sponsored Project (RES; SPC; TRN and OSA)
- Cost transfers required to adjust June close transactions do not require a late cost transfer form unless transferred after 90 days (>October)
LCT Request-Review and Approvals

Reminders

- The SOM Research Office is reviewing and approving/denying the LCT Request on behalf of the SOM.
- ORA is reviewing and approving/denying the LCT Request on behalf of CWRU.
  - Approvals are made on an exception basis under extraordinary circumstances only.
  - Complete explanations of circumstances must be provided.
  - Approval process will consider prior requests for LCT’s.
  - Requests for LCT for situations which could have been avoided may be approved as a one-time exception.
SOM Deadlines for Review of LCT for FY2017

Late cost transfer requests with backup (statements for time period error occurred, screenshot of journal or salary adjustment) need to be emailed to som-resadmin@case.edu (not hand delivered) by the 26th of every month.

PLEASE DO NOT SEND MULTIPLE REQUESTS IN A SINGLE EMAIL

Those submitted after the 26th will be processed in the subsequent month.

- Time for thoughtful and accurate review
- Time to alert OSPA of coming volume