Cost Transfer System Changes

Brown Bag Training
October 15, 2014

Presenters:
Nancy Kendrick, GCFA
Naty Hernandez, GCFA
Agenda

A. Why are these changes being implemented?
B. Cost Transfer Data Facts
C. What is changing?
D. Remediation and Training
E. Department Verification Tool
F. What are the changes to the system?
Why are these changes being implemented?

• In 2013, the Offices of Research Administration and University Auditing were asked to assess Cost Transfers at the University from members of the Corporation due to repeat audit findings consistently reported across multiple departments.

• Goals to be recognized:
  o Reduce number of cost transfers
  o Better method to ensure documentation is being attached to the Cost Transfer. Each transfer must be documented to stand on its own without further explanation.
  o Increased quality and completeness of supporting documentation
  o Better measurement of root causes for cost transfers
Cost Transfer Data Facts: FY13 Summary

- A total of 5,514 batches with net debits totaling $17,484,553 were transferred to Sponsored Awards (Federal and Nonfederal).
- Federal awards accounted for 3,915 (71%) of the batches and $10,940,831 (63%) of the dollars transferred to sponsored awards.
  - GCFA approved 1,236 (32%) batches, at the $2,500 and greater than 90 days threshold, which accounted for net debits of $8,369,686 (77%) dollars transferred to federal awards.
    - Out of the 1,236 batches approved by GCFA, 796 were greater than $2,500.
  - During the year, 30% of cost transfers reviewed by GCFA were returned to departments for corrections one or more times.
Cost Transfer System Changes

What is changing:

1. Cost transfer justification form change
   - **Require supporting documentation to be attached to cost transfer**
     - **Benefit:** Systematic change will require documentation to be attached prior to submission of cost transfers.
     - A department verification tool will be available at [http://gcfa.yale.edu/cost-transfers](http://gcfa.yale.edu/cost-transfers) for departments to use when preparing and approving cost transfers showing the type of documents and information required based on type of cost transfer.
   - **Additional and updated reason selections for Cost Transfers**
     - **Benefit:** New and updated reason codes will enable GCFA to better measure root causes of cost transfers. Currently, 30% of cost transfers are classified as Other.
Cost Transfer System Changes

What is changing (cont.)

2. Provide the ability to change the dollar threshold at which cost transfers are sent to GCFA for review
   o **Benefit:** Allows GCFA to change the $2,500 threshold based on needs in response to future metrics and assessments with minimal technical assistance.
   o Will assess cost transfers after 6 months to determine if threshold change is needed.

3. Reclassifications – eliminate reclassifications from requiring GCFA approval (PTEO reclassifications are not cost transfers!)
   o **Benefit:** Based on 2013 data there will be a reduction of approximately 18% of cost transfers (835 batches) which are considered lower risk by permitting direct posting of reclassifications affecting the P,T,E and O in an award. This figure includes both GCFA approved cost transfers and departmentally approved cost transfers.
What is changing (cont.)

4. Provide a mechanism to reject cost transfers for the GCFA approver responsibilities in both LD and JSA.
   - **Remove “two strike ten day” rule and replace with the rejection of batches at 1st unsuccessful submission**
     - **Benefit:** In 2013, 30% of cost transfers submitted to GCFA for approval were returned for additional rework and/or information. 21% of those were returned more than once. This change will promote preparers and approvers to “get it right the first time” and reduce the amount of rework/resubmissions required.
   - **Track and report on reasons, preparers and approvers of rejected cost transfers**
     - **Benefit:** These performance tracking reports will be shared within the University and allow the identification of individuals who may need additional training. Steps will be taken to ensure additional training is obtained and/or loss of ability to access the system.
Cost Transfer System Changes

Remediation

- In the first six months after implementation, departments where preparers/approvers have a 50% or higher failure rate will be required to attend the cost transfer training course or lose access to submit/approve cost transfers.

- In the second six months, preparers/approvers with a 25% or higher failure rate are to attend cost transfer training or lose access to submit/approve cost transfers.

- Preparers/approvers that continue to have high rejection rates after completing additional training will lose access to approve cost transfers.
Cost Transfer System Changes

Training

GCFA

- For three months after implementation, before rejecting a cost transfer, a second review will be performed by a GCFA supervisor, based on the rejection reasons, to help ensure consistency among all reviewers.
- Training is underway for the GCFA cost transfer review team.
- GCFA will provide notification to the department, and copy the lead administrator, for any rejected cost transfer. The notification will describe what was incomplete or missing that resulted in the cost transfers' rejection.
Cost Transfer System Changes

Department Verification Tool

COMING SOON
Cost Transfer System Changes

What are the changes to the system?

- Attachment Messages
- Updated Justification Form
- Cost Transfer Reclass
- New Batch Status (Rejected and Suspended)
Cost Transfer System Changes

Attachments

• Sponsored cost transfers now require attachments

Attachment Message Validation

Error

Attachments are required for this adjustment. Please attach documents. Steps for adding Attachments: Go to the Journal field above and click on the paper clip icon on the toolbar for adding attachments.

Note

APP-YULD-02008: Attachments are required for this adjustments. Please attach documents. Steps for adding Attachments: Go to the adjusted PTAEQ in the Adjusted Distributions block and click on the paper clip icon on the toolbar for adding attachments.
Attachments
Cost Transfer System Changes

Attachments

- Main
- Source
- Seq
- Category
- Title

10

Category:
- Additional Document Attachment
- Department Comment
- GCFA Return Comment
- Original Document Attachment
- Other

Find:

Find %

Datatypes:
- File
- Long Text
- Short Text
- Web Page

Include Related Documents

Publish to Catalog
Cost Transfer System Changes

Attachments

File Upload

* Upload File [ ] Browse...

[Submit] [Cancel] [Clear]

Privacy Statement

Confirmation
1. File upload completed successfully.
2. Please close the web browser.
3. * Return to the Attachments form and click the Yes button to indicate file upload is complete.

Privacy Statement
Attachments

Entity Name: Journal Entry

Decision: Has the file been uploaded successfully?

Yes

No
Updated Justification Form

OLD version

NEW version
Updated Justification Form (cont.)

What is the primary reason for the cost transfer?

Is any line of the transfer greater than 90 days?  

Yes  No

Explain the problem: Provide an explanation for the error and how it occurred. (e.g., transcription error). If any of the charges being transferred are over 90 days, explain the unusual circumstance that prevented the timely review, correction, and submission of the error.

Benefit: What is the benefit to the receiving award?
Updated Justification Form (cont.)

NEW REASON CODES

<table>
<thead>
<tr>
<th>Reason_Cd</th>
<th>Reason_Nm</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Charged to incorrect account (including Transposition error)</td>
</tr>
<tr>
<td>B</td>
<td>Clearing costs to non-sponsored account</td>
</tr>
<tr>
<td>C</td>
<td>Allocation of costs that benefit more than one project</td>
</tr>
<tr>
<td>D</td>
<td>Intra/Inter-Departmental billing for Internal service</td>
</tr>
<tr>
<td>E</td>
<td>Transfer Pre-Award costs from a department holding account</td>
</tr>
<tr>
<td>F</td>
<td>Late Award (Received NOA Late from awarding agency)</td>
</tr>
<tr>
<td>G</td>
<td>Due to a Regulatory Hold (COI, IACUC, HRPP)</td>
</tr>
<tr>
<td>H</td>
<td>Transfer costs from labor suspense</td>
</tr>
<tr>
<td>I</td>
<td>Reallocate effort to reflect actual effort</td>
</tr>
</tbody>
</table>
Cost Transfer System Changes

Cost Transfer Reclass

(PTEO reclassifications are not cost transfers)

Reclass = award is the same, net amount is equal to $0 (debit and credit)

PTAEO = PTAEO

Departmental Approver can now approve RECLASS batches regardless of timing, dollar thresholds or PCE

Preparer creates batch (>90 days, >$2500) submits to Department Approver

Department Approver reviews batch and set status to “Approved by Dept.” and click on POST button

Justification Form and Attachments for Reclass are not required
# Cost Transfer System Changes

## New Batch Status (Rejected and Suspended)

<table>
<thead>
<tr>
<th>Batch Status</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approved by Dept.</td>
<td>Approved by Department</td>
</tr>
<tr>
<td>Approved by GCFA</td>
<td>Approved by GCFA Administrator</td>
</tr>
<tr>
<td>Posted But Not Reviewed</td>
<td>Not Reviewed and Posted by GCFA</td>
</tr>
<tr>
<td>Ready for GCFA Approval</td>
<td>Approved by the Department for GCFA Approval</td>
</tr>
<tr>
<td>Rejected - Authorization</td>
<td>Rejected by GCFA - proper authorization was not provided</td>
</tr>
<tr>
<td>Rejected - Award Benefit</td>
<td>Rejected by GCFA - missing or inadequate benefit to the sponsored award</td>
</tr>
<tr>
<td>Rejected - Documentation</td>
<td>Rejected by GCFA - missing or incomplete documentation</td>
</tr>
<tr>
<td>Rejected - Explanation</td>
<td>Rejected by GCFA - inadequate explanation of the error and how it occurred</td>
</tr>
<tr>
<td>Rejected - Ext Circumstance</td>
<td>Rejected by GCFA - inadequate extenuating circumstance</td>
</tr>
<tr>
<td>Rejected - Restriction</td>
<td>Rejected by GCFA - award restrictions (i.e., requires sponsor approval, PDA vs. PDF, overdraft, or outside of awarded dates)</td>
</tr>
<tr>
<td>Requires Dept. Action</td>
<td>Requires Department Approval</td>
</tr>
<tr>
<td>Returned to Dept. by GCFA</td>
<td>Not Approved by GCFA</td>
</tr>
<tr>
<td>Suspense - Authorization</td>
<td>Suspense by GCFA - proper authorization was not provided</td>
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# Cost Transfer System Changes

## New Batch Status (Rejected and Suspended) (cont.)

### REJECTED REASON STATUS

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<th>Batch Status</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
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<td>Rejected- Restriction</td>
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</tbody>
</table>
New Batch Status (Rejected and Suspended) (cont.)

**REJECTED Batch status means**

- Batch will be LOCKED for edits/changes once status is set to “Rejected”
- Batch can be queried and viewed only
- Batch with “Rejected” status remain Unposted
- Departments will need to delete batches with status of *REJECTED*

**JSA**
- Batch will be deleted by GCFA to allow salary lines to be available for CT adjustments
- Batch cannot be viewed or queried

**LD**
## New Batch Status (Rejected and Suspended) (cont.)

**JSA** – Batch is locked for any changes. Approval status is Rejected -xxxxx Must create new batch to re-submit.

**LD** – Batch is deleted by GCFA. Must create new batch to re-submit.

<table>
<thead>
<tr>
<th>Batch Status</th>
<th>Approval Status</th>
<th>Source</th>
<th>Category</th>
<th>Period</th>
<th>Batch Name</th>
<th>Currency</th>
<th>Journal Debit</th>
<th>Journal Credit</th>
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<tbody>
<tr>
<td>Unposted</td>
<td>N/A</td>
<td>Manual</td>
<td>YGCIndNonLab</td>
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</table>
## New Batch Status (Rejected and Suspended) (cont.)

### SUSPENSE REASON STATUS

<table>
<thead>
<tr>
<th>Batch Status</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Suspense – Authorization</td>
<td>Suspense by GCFA – proper authorization was not provided</td>
</tr>
<tr>
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Cost Transfer System Changes

New Batch Status (Rejected and Suspended) (cont.)

**SUSPENSE Batch status**

- Batch will be edited by GCFA
  - Debit side of entry will be moved to Department’s Suspense Project Account (PTAEO: 1052982.00.001XX.E.ORG)
    - Note: *This is not the labor suspense account*
  - Credit side of entry will not change and will be processed
- Batch with Suspense status will be posted by GCFA
- Batch can be viewed with a batch status of `SUSPENSE - xxxxxxxxxx`
New Batch Status (Rejected and Suspended) (cont.)

Debit side of entry will be changed to Dept's Suspense Project Account

1052982.00.0001XX.FT.ORG
New Batch Status (Rejected and Suspended) (cont.)

JSA – Batch is posted by GCFA. Approval status is Suspense - xxxxxxx.

<table>
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<tr>
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Cost Transfer System Changes

New Batch Status (Rejected and Suspended) (cont.)

Debit side of entry will be changed to Dept's Suspense Project Account
New Batch Status (Rejected and Suspended) (cont.)
Questions and Answers?