Cost Transfer Project - Phase 2
Information Session
February 2024
Agenda

- Introductions
- Session Objectives
- Poll Question
- OneFinance North Star
- About the Project: Why change, What’s changing, What’s not changing
- Questionnaire Sample
- Effort Certification Process Changes
- Post Go-Live Updates
- Q&A
- Additional Resources
- Survey
Introductions

Facilitator: Krystina Gross
Cost Transfer Project Phase 2: Project Lead
Associate Controller SPFA

Moderator: Sharmell Williams
Change Management
Session Objectives

1. Review the key changes to the Cost Transfer policy and procedure.
2. Demonstrate the revised questionnaire, walkthrough the change reasons /reason codes, usage scenarios, and other enhancements.
3. Answer your questions about Cost Transfers.
Poll Question:

What is your role in the Cost Transfer process?

A. Preparer/Initiator

B. Approver

C. Both

D. Neither
NORTH STAR

To enable Yale’s mission, simplify and standardize financial services in order to make life easier where everyone has a role in building a strong culture of financial integrity, insight, and stewardship of Yale resources.
About the Project

Why Change?

• Less confusion with the new simplified/standardized process. Easier to understand and get right.

• More clarification and better guidance on documentation standards from a procedural standpoint.

• Reduce audit findings for Cost Transfers.

• Increased compliance and internal controls with more consistency in processes/procedures.

• Eliminate rework and enhance partnerships/collaboration with SPFA.
Update to 1305 Cost Transfer Policy, Procedures, Workday system, and forms:

- New Cost Transfer Definition
  - A Cost Transfer is the reassignment of an expense to or from a Sponsored Projects Financial Administration ("SPFA")-Managed Sponsored Award after the initial charging of the expense in the University’s accounting system.

- Cost Transfers include reassignments of salary, wages, and other direct costs. Cost Transfers do not include reclassification transactions within the same Workday sponsored award so long as no funding or other restrictions exist that would disallow the reclassified transfer.

- In addition, because salary allocations are initially made based on estimated effort over an extended period, Cost Transfers do not include modifications to the original effort from costing allocations when the actual effort is determined to be different prior to, or due to, effort certification by the Principal Investigator ("PI"). Reassignment of salary charges, made in error or from a suspense account, are considered Cost Transfers.
About the Project

What’s Changing?
(continued)

Update to 1305 Cost Transfer Policy, Procedures, Workday system, and forms:

• Reallocation of Effort
  • Changed to Modification of Estimated Effort

• Reclassification and Modification of Estimated Effort
  • Will require the same level of supporting documentation and approvals as any other transaction that is a Cost Transfer

• Increased volumes of Cost Transfers will qualify for Central/SPFA Approval
  • SPFA hired 2 FTE to focus on this review and approval
  • SPFA will use the send back function instead of denying transactions
About the Project

What’s Changing?

(continued)

• New and Revised Help Text

• New Tools
  • Late Calculator
  • Documentation Matrix
  • Reason Usage Matrix

• Change Reasons/Reason Codes
  • Revised for better data analytics and will be consistent across transactions

• Questionnaire & Branching Logic
  • Newly revised questions and resultant branching logic
  • Will no longer be bypassed based on change reason selection
  • Will be required on all PAAs and AAs involving FD02 and FD28
About the Project

What’s Not Changing?

- Reclassification and Reallocation of Effort (i.e. Modification of Estimated Effort) are still exceptions from the definition of a Cost Transfer.

- Processing a transaction will remain the same.

- The need to adequately support any transaction impacting an SPFA-managed award.

- The questionnaire results and any other responses that are completed will populate on the reports as they do today.
What’s Changing?
Updates to the following will be effective January 24, 2024

- Policy 1305 Cost Transfers Involving Sponsored Projects - Updated
- Procedure 1305 PR.02 Cost Transfers Involving Sponsored Projects - Updated
- Form 1305 FR.01 Late Cost Transfer Calculator – New
- Form 1305 FR.02 Manual Journal – Cost Transfer Justification - Updated - formerly FR.15
- Form 1305 FR.03 Cost Transfer Documentation Matrix – New
- Form 1305 FR.04 Cost Transfer Change Reason and Code Usage - New
Adjustments with FD02 and FD28 Grant Worktag(s)

• Ensure the most appropriate change reason is selected. See the usage matrix for guidance on selecting the appropriate change reason (Form 1305.04)

• Ensure that all required supporting documentation is attached. See the documentation matrix for guidance regarding required attachments (Form 1305.03)

• Determine if the Proposed Adjustment contains a Grant issued from DHHS or subaward primed by DHHS; with the exception of NIH, all DHHS Grant transfers that are over 90 days from the original accounting date of the expense being moved require prior approval by the GMO. Make sure prior approval is attached as supporting documentation.

• Note: Use the Late Cost Transfer Calculator to determine if the Cost Transfer is "late" (Form 1305.01)

• A reclassification is defined as the movement of a transaction within one Workday Award. If this adjustment involves more than one Workday Award, select a different change reason.
Payroll Accounting Adjustments (PAA) – Change Reasons

- Updated Change Reason codes:
  - The code prefix identifies the point during the Grant Adjustment process the Cost Transfer need is identified (e.g. AHR/FRC/PI)
  - Additional prefixes are Audit, FSR, SPFA
  - The second part of the change reason code is what you are correcting.
# Procedure 1305 PR.02 Cost Transfers Involving Sponsored Projects

<table>
<thead>
<tr>
<th>Prefix:</th>
<th>When to use:</th>
</tr>
</thead>
<tbody>
<tr>
<td>AHR/FRC/PI</td>
<td>This code is used when the need for a Cost Transfer is identified during the monthly review of the AHR, FRC, or other PI report review.</td>
</tr>
<tr>
<td>Audit</td>
<td>This code is used when the need for a Cost Transfer is identified during an internal or external audit.</td>
</tr>
<tr>
<td>Effort Cycle</td>
<td>This code is used when the need for a Cost Transfer is identified during the effort certification review period.</td>
</tr>
<tr>
<td>FSR</td>
<td>This code is used when the need for a Cost Transfer is identified during the departmental preparation of the FSR.</td>
</tr>
<tr>
<td>SPFA</td>
<td>This code is used when the need for a Cost Transfer is identified by SPFA and communicated to the department or due to an award setup delay.</td>
</tr>
<tr>
<td>Sponsor</td>
<td>This code is used when the need for a Cost Transfer is due to the sponsor requesting the removal of an expense from the award.</td>
</tr>
</tbody>
</table>

Refer to [Form 1305 FR.04](#) Cost Transfer Change Reason and Code Usage for further guidance on selecting the appropriate reason code.
• Updated Change Reason codes are available across all transactions.

• Note: Change Reasons related to Effort Reporting or Payroll specific will not be shown as they are not applicable in Accounting Adjustments.
### Form 1305 FR.04 Cost Transfer Change Reason and Code Usage - New

#### Form 1305 FR.04 Cost Transfer Change Reason and Code Usage

<table>
<thead>
<tr>
<th>Original Reason Code</th>
<th>Usage Notes</th>
<th>Example</th>
<th>Impacted Transaction Mapping</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Non-Grant Adjustment</td>
<td>This code is used for PAAs and AAs that do not involve any changes to sponsored awards (i.e., neither the debt nor credit of the transaction involve an SPA-managed sponsored award).</td>
<td>A DO requested that a cost transfer be made. The appropriate code for this transaction is “Non-Grant Adjustment”.</td>
<td>PAA, AA</td>
</tr>
<tr>
<td>AHR/FR/CP - Correct Charging Error</td>
<td>This code should be used when adjusting the charging of salary or non-salary costs as a result of an error in charging (e.g., transposing error in award #, grant #, use of wrong award or grant number, etc.) that is identified during regular financial reviews.</td>
<td>The PI noticed an erroneous travel charge on their equipment grant during their monthly review of financial reports. The PI notified their DO who identified the error and corrected the invoice.</td>
<td>PAA, AA, JE</td>
</tr>
<tr>
<td>AHR/FR/CP - Correct Sponsor Salary Cap</td>
<td>This code should be used when adjusting a sponsor's salary cap for faculty (increasing or reducing salary) that were identified during the normal departmental review process.</td>
<td>The PI had originally planned to spend 50% effort on both award A and B, however during their regular financial review they determined that actual effort was 75% on Award A and 25% on Award B. The PI requested that the DO adjust their effort accordingly. This adjustment to effort requires a PAA and the appropriate code for this transaction is “AHR/FR/CP - Correct Sponsor Salary Cap”.</td>
<td>PAA</td>
</tr>
<tr>
<td>AHR/FR/CP - Modify original effort estimate to actual</td>
<td>This code should be used to transfer costs from a non-sponsored suspense/holding account to a sponsored award that were identified during the normal departmental review process.</td>
<td>During the monthly FRC review of the Department's suspense account the DO identified costs associated with the PI's NIH grant. The cost allocation was not completed in time for the monthly payroll, but has been updated going forward. The appropriate code for this transaction is “AHR/FR/CP - Modify Original Effort Estimate to Actual”.</td>
<td>PAA, AA, JE</td>
</tr>
<tr>
<td>AHR/FR/CP - Move From Suspense to Correct Award</td>
<td>This code should be used to move advance payments to sponsored awards (for actual expenses incurred but not limited to subawards, multi-year maintenance contracts or travel).</td>
<td>Advance payments were made to a subaward. The advance payment was charged to a prepaid account as required by policy. The first invoice was received by the DO. After receiving PI approval and a review by the DO, the DO requested a JE to charge the appropriate grant for the actual expenses. The appropriate code for this transaction is “AHR/FR/CP - Move From Suspense to Correct Award”.</td>
<td>PAA, AA, JE</td>
</tr>
<tr>
<td>AHR/FR/CP - Move Prepaid Expense Onto Award</td>
<td>This code should be used when changing one or more CDO segments of a transaction within the same Workday award number that were identified during the normal departmental review process.</td>
<td>During their monthly review of an AHR/CP the DO identified a change to the incorrect award. The change was mistakenly posted to the wrong account and should have been posted to the award related to AHR. The appropriate code for this transaction is “AHR/FR/CP - Move Prepaid Expense Onto Award”.</td>
<td>AA, JE</td>
</tr>
<tr>
<td>AHR/FR/CP - Reclass Same Award</td>
<td>This code should be used when changing one or more CDO segments of a transaction within the same Workday award number that were identified during the normal departmental review process.</td>
<td>During a regular financial review of sponsored awards, the DO identified one of their awards ending soon was in overdraft. The DO was notified of this and asked to remove the overdraft. The appropriate code for this transaction is “AHR/FR/CP - Reclass Same Award”.</td>
<td>PAA, AA, JE</td>
</tr>
<tr>
<td>AHR/FR/CP - Remove Overdraft</td>
<td>This code should be used to move costs in excess of award funding on sponsored awards to a non-sponsored account that were identified during the normal departmental review process.</td>
<td>During a regular financial review of sponsored awards, the DO identified one of their awards ending soon was in overdraft. The DO was notified of this and asked to remove the overdraft. The appropriate code for this transaction is “AHR/FR/CP - Remove Unallowable”.</td>
<td>PAA, AA, JE</td>
</tr>
<tr>
<td>AHR/FR/CP - Remove Unallowable</td>
<td>This code should be used to move costs that are determined to be unallowable on sponsored awards to a non-sponsored account that were identified during the normal departmental review process.</td>
<td>During the DO’s regular monthly review of AHR/CP, alcohol was identified as an unallowable charge to a federal grant. The DO prepared a JE to remove the cost to a non-sponsored award. The appropriate code for this transaction is “AHR/FR/CP - Remove Unallowable”.</td>
<td>PAA, AA, JE</td>
</tr>
</tbody>
</table>
Budget Date

• This date is signifying the budget period that the expense belongs to.
  • Payroll = pay period end date
  • Supplier Invoice = Invoice date on the invoice received
  • Expense Report = Expense date on the expense line

Accounting Date

• This date is signifying the date the transaction posts in the general ledger
• This is found on the Detailed Transaction – Yale report
• This date would start the “late” clock

*** You are unable to do a cost transfer until it posts in the general ledger ***
An Expense Report for Dr. Doctor to attend the Northeast Regional Medical Conference in Boston on 8/5/23 was created in Workday on 8/12/23. The airfare was purchased on 6/30/23. The Expense Report was fully approved in Workday on 9/15/23. The expense report was mistakenly charged to the wrong account. The PI has asked that the expense report be split between the two grants supporting this research as findings from both grants were presented at the conference.

**Budget Date = 6/30**  
**Accounting Date = 9/15**
**Accounting Date:** should be today’s date unless you are posting during the month end close process in which case you can back date it to the last day of the open month.

**Budget Date:** should be the accounting date of the original transaction per the Detail Transaction Report OR the last day of the grant if the grant has ended.
Form 1305 FR.01 Late Cost Transfer Calculator - New

Yale

Late Cost Transfer Calculator (non-DHHS Awards)

<table>
<thead>
<tr>
<th>Please enter information into Yellow Cell</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting Date of Original Transaction:</td>
</tr>
<tr>
<td>Day One of Cost Transfer:</td>
</tr>
<tr>
<td>Today's Date (Date of Submission):</td>
</tr>
<tr>
<td>Date the Cost Transfer Reaches 90 Days:</td>
</tr>
<tr>
<td>Current Day of Cost Transfer:</td>
</tr>
</tbody>
</table>

Late Cost Transfer Calculator (DHHS Awards)

<table>
<thead>
<tr>
<th>Please enter information into Yellow Cell</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting Date of Original Transaction:</td>
</tr>
<tr>
<td>Today's Date (Date of Submission):</td>
</tr>
<tr>
<td>Date the Cost Transfer Reaches 90 Days:</td>
</tr>
<tr>
<td>Current Day of Cost Transfer:</td>
</tr>
<tr>
<td>Type of Cost Transfer</td>
</tr>
<tr>
<td>-----------------------</td>
</tr>
</tbody>
</table>
| When to use:          | Used to make retroactive adjustments to payroll charges before the payroll has been certified through the effort certification process. | PAA generated from changes made during the effort certification process. | Used to make retroactive adjustments to payroll charges after the payroll has been certified through the effort certification process. | Used specifically for supplier invoices, supplier invoice adjustments and expense report transactions only for certain conditions. | Used to make retroactive adjustments to non-payroll charges. Examples include:  
- Allocate a previously posted non-payroll expense to multiple COAs  
- Change expense report spend category | Used to make retroactive adjustments to a USSP charge. |
| WD Roles:             | Preparer: Cost Center Payroll Accounting Adjustment Specialist  
Approver: Grant Manager or Cost Center Manager | Preparer: Cost Center Payroll Accounting Adjustment Specialist  
Approver: Grant Manager or Cost Center Manager | Preparer: Cost Center Accounting Adjustment Specialist  
Approver: Grant Manager or Cost Center Manager | Preparer: Cost Center Accounting Adjustment Specialist  
Approver: Grant Manager | Preparer: Cost Center Financial Accounting Specialist  
Approver: Grant Manager | Preparer: Cost Center Financial Accounting Specialist  
Approver: Grant Manager |
| WD Process:           | Create Payroll Accounting Adjustment | PAA is automatically created from the effort certification business process | Create Payroll Accounting Adjustment | Adjust Accounting action (from supplier invoice or expense report) | Create Journal | Create Journal |
| Change Reason:        | Required – See Form 1305 FR.04 Cost Transfer Change Reason and Code Usage  
Required – See Form 1305 FR.04 Cost Transfer Change Reason and Code Usage | Required – See Form 1305 FR.04 Cost Transfer Change Reason and Code Usage | Required – See Form 1305 FR.04 Cost Transfer Change Reason and Code Usage | N/A | N/A | N/A |
| Reason Code Worktag:  | N/A | N/A | N/A | N/A | N/A | N/A |
| Attachments:          | Workday Questionnaire  
Justification Form:  
Required - Via Workday Questionnaire | Workday Questionnaire  
Justification Form:  
Required - Via Workday Questionnaire | Workday Questionnaire  
Justification Form:  
Required - Via Workday Questionnaire | Workday Questionnaire  
Justification Form:  
Required - Via Workday Questionnaire | Workday Questionnaire  
Justification Form:  
Required - Via Workday Questionnaire | Workday Questionnaire  
Justification Form:  
Required - Via Workday Questionnaire |
| Explanation:          | Via Workday Questionnaire | Via Workday Questionnaire | Via Workday Questionnaire | Via Workday Questionnaire | Via Workday Questionnaire | Via Workday Questionnaire |
| Description of item:  | N/A | N/A | N/A | N/A | N/A | N/A |
| Benefit Statement:    | Via Workday Questionnaire | Via Workday Questionnaire | Via Workday Questionnaire | Via Workday Questionnaire | Via Workday Questionnaire | Via Workday Questionnaire |
Form 1305 FR.02
Manual Journal – Cost Transfer Justification
(Updated - formerly FR.15)
Provide a detailed statement explaining the reason for the cost transfer including how the error or situation occurred.
(Required)

Provide a statement describing the benefit of any cost being moved onto a sponsored award. e.g. the actual effort % worked on the award being charged. If removing an expense from a sponsored award type N/A.
(Required)

Does this Cost Transfer Involve an Award sponsored by DHHS (excluding NIH) AND an expense with an original accounting date greater than 90 days?
(Required)

- YES
- NO

Did you attach sponsor exception approval to the cost transfer?
(Required)

- YES
- NO

Is this Cost transfer "late" as defined in Policy 1305
(Required)

- YES
- NO

If any of the pay period end dates in this cost transfer are being adjusted "late" as defined in Policy 1305, explain the unusual circumstances that prevented the timely detection of the error and how this type of error or situation will be prevented from happening in the future.
Error and Alert Messaging

Error

1. Page Error
   - Supporting documentation is required for Grant transactions. Refer to documentation matrix Form 1305 FR.04 for complete list of requirements (Payroll Accounting Adjustment Event)

Alert

1. Page Alert
   - Cost Transfer is defined as "late" per policy, explanation in questionnaire is required. (Payroll Accounting Adjustment Event)

Late Alert

• PAA/AA – only initiator will see the alert
• JE – Initiator and approvers will see alert
• You will need to press submit again once the Alert message displays
<table>
<thead>
<tr>
<th>Adjustment Type</th>
<th>Grant Manager</th>
<th>Central Grant Cost Transfer Approver (SPFA)</th>
<th>Effort Cert Manager</th>
<th>Controller - SPFA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manual Journals</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounting Adjustments (AA)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>= or &lt; 95 Days</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&gt; 95 Days and &lt; 365 Days</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&gt; 365 Days</td>
<td>X</td>
<td>X</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Payroll Accounting Adjustments (PAA)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>= or &lt; 95 Days</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&gt; 95 Days and &lt; 365 Days</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&gt; 365 Days</td>
<td>X</td>
<td>X</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>w/ Previously Certified Effort</td>
<td>X</td>
<td>X</td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>
Effort Certification Process Changes

- Fall 2023 Effort Certification Period begins 1/29/24.

- The updated reason codes will be available within the effort certification business process.

- When making changes to an Effort Certification Statement, the selection of change reason will now include the enhanced list.

- The PAA resulting from changes to effort will include the change reason selected within the certification.
Updated Change Reason codes:

- The code prefix identifies the point during the Grant Adjustment process the Cost Transfer need is identified (e.g. AHR/FRC/PI)

- Additional prefixes are FSR, SPEA

- The second part of the change reason code is what you are correcting.
Effort Certification Process Changes

Effort Certification for 07/01/2023 - 12/31/2023

Total Certified Percentage Estimated 100.0%

<table>
<thead>
<tr>
<th>Period</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>07/01/2023 - 07/31/2023 (Monthly Payroll)</td>
<td></td>
</tr>
<tr>
<td>08/01/2023 - 08/31/2023 (Monthly Payroll)</td>
<td></td>
</tr>
<tr>
<td>09/01/2023 - 09/30/2023 (Monthly Payroll)</td>
<td></td>
</tr>
<tr>
<td>10/01/2023 - 10/31/2023 (Monthly Payroll)</td>
<td></td>
</tr>
<tr>
<td>11/01/2023 - 11/30/2023 (Monthly Payroll)</td>
<td></td>
</tr>
</tbody>
</table>

- **Note**: Even though you are in the Effort Certification Process, the Effort Cycle reason codes may not be when the need for the cost transfer was identified. You can use other prefixes within the Effort Certification Process.
Updates since go-live:

- Copy journal – update cost transfer reason code work tag and save a new version.
- You do not need a Manual Cost Transfer Justification form 1305 FR.02 when doing PAA or AA transactions.
- Need more robust "late" statement. We are seeing a lot of responses that don't address the "how this won't happen again".
- Benefit statements are still too vague.
- Tell the story – start with "during the ...... process" to help the reviewer and approver ensure the correct code was selected.
- Reclass transactions need supporting documentation.
- If you are adjusting pay periods via effort reporting that are “late” per policy, you must address the late question on the questionnaire – even if they are Modifications to originally estimated effort.
• Existing reports associated with the questionnaire will be available as of Go-Live.

• The following Workday@Yale Trainings will be updated prior to Go-Live:
  • Accounting Adjustments (TG7004)
  • Create Manual Journal Entry (TG7012)
  • Payroll Accounting Adjustments (TG7036)

• Additional Workday training materials will be updated during 3Q & 4Q 2024.

• Cost Transfer Principles training has been updated and is currently available in Workday Learning.
Questions?

Cost Transfer Policy or related procedure and forms:
- Submit your questions through the SPFA Intake Portal

Technical questions related to Workday functionality:
- Contact the Finance Support Center (FSC) at askfinance@yale.edu
Survey

Please complete a short survey to provide your feedback.

https://yalesurvey.ca1.qualtrics.com/jfe/form/SV_8vUtZMOtdOggBEi