

Sponsored Program Salary Cost Transfer

Purpose

The University of Oklahoma (OU) receives substantial funding from the federal government and other sources in the support of sponsored programs. The Office of Management and Budget Uniform Guidance, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* requires recipients of federal funding to maintain a system that documents and supports individual distribution of activities and associated payroll charges to sponsored agreements. OU applies these standards to all sponsors through the payroll confirmation process which is driven by salary information recorded in the University's payroll system.

Whenever there is a significant change in an employee's work activity that is charged (directly or indirectly) to a sponsored project, the change must be documented in the time and effort system. A cost transfer must be submitted to correct the payroll records in the general ledger and in the time and effort system.

Covered Parties

These guidelines apply to all individuals whose salaries or wages are funded by sponsored awards.

Key Definitions

- **Effort:** The percentage of time an individual spends on any University-related activity expressed as a portion of their total University effort.
- **Labor Certification:** The process by which individuals confirm that payroll charges accurately reflect their professional activities during a given reporting period.
- **Cost Transfers:** The reassignment of expenses to or from a sponsored project after the original charge was made to a different funding source.

University Guidelines

Responsibilities

- Principal Investigators (PIs) and Department Administrators must ensure that all charges to sponsored projects are accurate and comply with OMB Uniform Guidance and University policies.
- Department Administrators must review, at a minimum, the Project Status Report monthly and collaborate with PIs to identify and correct any errors.

Cost transfers are permitted when:

- They correct legitimate errors.
- They are submitted promptly.
- They include proper justification and documentation.
- The transferred costs directly benefit the project receiving the charge.

The University's records must contain appropriate documentation supporting an adequate evaluation of the transfer. Frequent, tardy, or inadequately explained transfers, especially when they involve accounts with cost overruns, raise questions about the appropriateness of the transfers themselves, as well as the overall reliability of the accounting system and internal controls. As such, all cost transfers involving sponsored projects must be reviewed and approved by Grants and Contracts Accounting.

Processing Salary Adjustments

All salary transfers must be:

- Fully and accurately completed.
- Exclude the fringe calculation in the adjustment amount.
- Include all necessary supporting documentation.

Timing and Justification

The cost transfer justification must include the following:

If within 90 days of the original charge:

- Description of the purpose of the expenditure(s)
- Describe why expenses were not charged to the correct project originally
- Describe the employees' work if not clearly outlined in the proposal budget.

If more than 90 days after the original charge: Include the above, plus those applicable below:

- Why was the error not identified in a timely manner?
- Why was an advance account not requested?
- Are monthly reviews performed?

For high-risk items:

- Why is the payroll being transferred from another sponsored project?
- What controls are being implemented to prevent recurrence?
- Has the ECC statement been confirmed for the period in question?

Additional Requirements:

- The date of the original charge must fall within the effective dates / period of performance of the sponsored project.
- Query showing chartfield spread and expense of original posting must be attached.

Cost Transfer Review and Approval

All salary cost transfers are subject to review by Grants and Contracts Accounting, including evaluation of all required supporting documentation. Transfers that do not fully comply with established guidelines and documentation standards will be denied.

Salary transfers made simply to “spend down” a sponsored project with available funding or to meet deficiencies caused by overruns or other fund considerations will not be approved. Transfers from sponsored program sources to unrestricted accounts (e.g.: departmental budgets) will always be allowed and must be completed in a timely manner to ensure accurate reporting to sponsors.

Effort Certification / Salary Confirmation

Effort certification is required for all sponsored projects that include salary charges. Because salary transfers affect effort reporting, they must be completed before the ECC statement is finalized. Once an ECC statement is certified, no further salary transfers may be submitted for that period.

Related Policies and References

[OMB Uniform Guidance](#)

[NIH Grants Policy Statement](#)