To: Kendra Cooks, Comptroller
    Chris Martin, Director of Business Management
    Ken Sandel, Sr. Director, Sponsored Program Services

From: Becky White, Director, Research Quality Assurance

Date: August 7, 2015

Re: Correcting Document Process Change – CD-01 Cost Distribution Change Form

University procedures for correcting documents have been established in accordance with federal accountability requirements contained in Office of Management and Budget (OMB) 2 CFR 200 “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Final Rule”, more commonly referred to as the Uniform Guidance (UG). Historically, federal agencies have been concerned about the number of instances where costs are adjusted between, to, or from sponsored project accounts after the original charges have been recorded on the University’s accounting records (whether they have been certified or not). Identification and correction of errors with the exception of salary transfers generated from effort reports must be prepared and submitted as soon as the need for a transfer is identified but no later than 90 days from the end of the calendar month in which the transaction appeared on the project. In accordance with account management guidelines, closing costs should process within sixty (60) days of expiration of the project.

Timeliness illustrates our commitment to provide quality accounting service to our customers. Frequent, tardy, unexplained, or inadequately explained cost transfers or corrections, particularly where they involve projects with cost overruns or unexpended balances, raise serious questions about the propriety of adjustments as well as the overall reliability of the University’s accounting system and internal control. In project audits, it is the responsibility of the department involved to reimburse the sponsoring agency for the amount of any cost that is determined to be unallowable.

Current Process:
The CD-01 form is currently used for correcting both biweekly and monthly payroll charges. The information is entered into IT-27 by the payroll clerk and the CD-01 form is prepared and sent to Managerial accounting for audit purposes only. Managerial accounting reviews a sampling of the CD-01 forms each month. A recent review of the current CD-01 Cost Distribution Form process has resulted in the following proposed change to reduce non-value added steps in the processing of CD-01 forms for monthly paid staff prior to certification.

Proposed Process for Sponsored Program or Federal Appropriation Funds:
Monthly Personnel Paid from Sponsored Program or Federal Appropriations (Funds 3401xxxx and 3451xxxx and 4101xxxx-4901xxxx) will no longer require a CD-01 form to
be completed prior to PAR certification. The departmental business office will be responsible to assure a change is requested by an authorized individual and the change is in accordance with guidelines listed below. The cutoff date for changes prior to the generation of the semester Personal Activity Report (PAR) remains and are not impacted by the proposed process change.

Processes must still be in place to ensure:

- Costs are reasonable and necessary for the performance of the Federal award
- Costs conform to any limitations or exclusions set forth in the Uniform Guidance or in the Federal award as to types or amounts of cost items
- Costs are consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity
- Costs are accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the federal award as an indirect cost.
- Costs must be adequately documented
- Funds are available, and
- Under no circumstances are costs moved to a federally sponsored or federally appropriated account solely for convenience or fund availability.

Proposed Process for all other funds:
Monthly and biweekly Personnel paid from all other funds will only require a CD-01 form to be completed if the changes are for periods prior to July 1 of the previous calendar year. Documentation to support the changes must be retained by the business office following the University’s retention policy.

Approved:

Ken L. Sandel
Senior Director, Sponsored Program Services

Kendra Cooks
Comptroller

Chris Martin
Director of Business Management

Date

Date

Date