PROCESS & SYSTEMS OPTIMIZATION

Grants & Contracts User Group

June 27, 2019

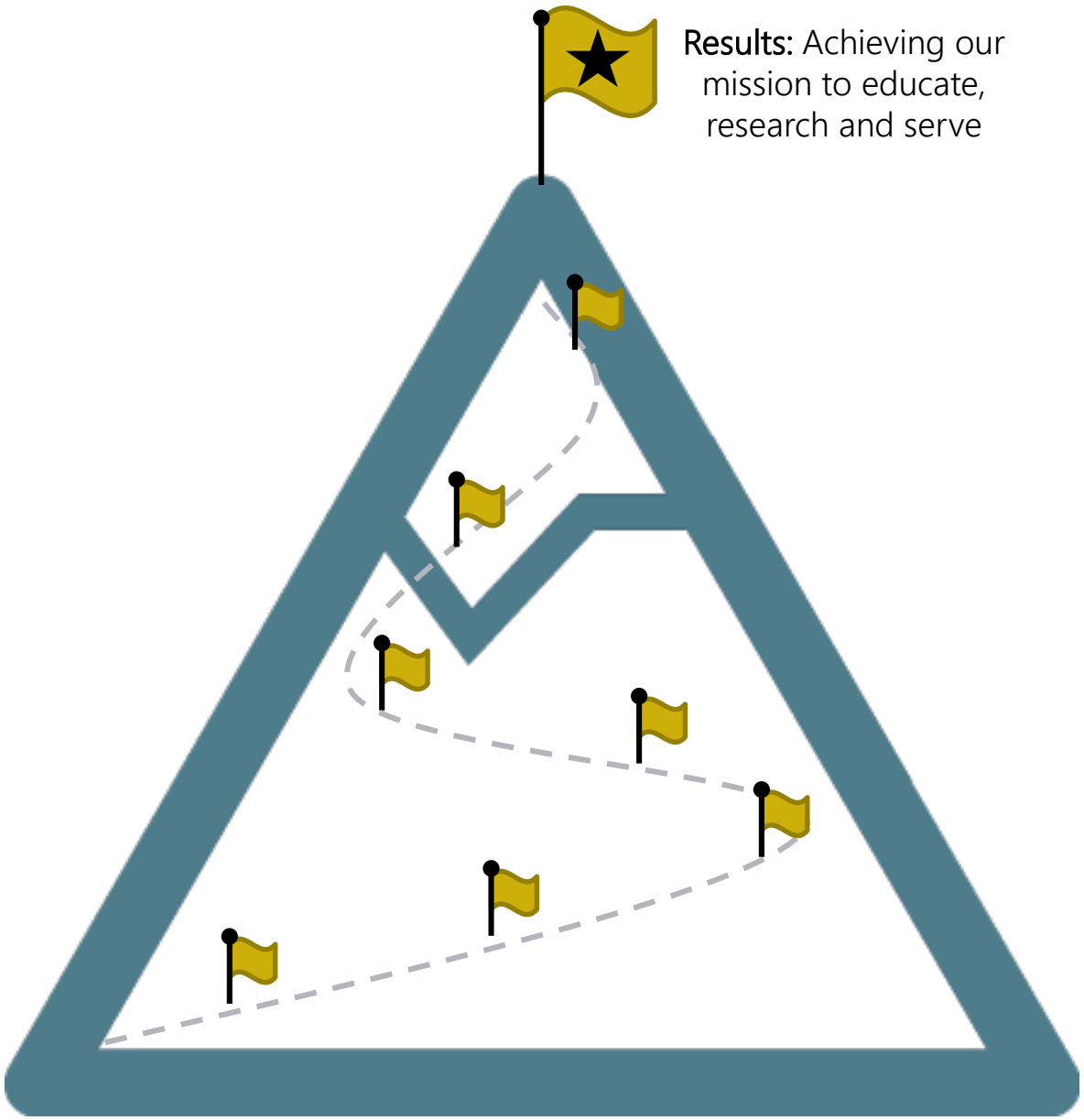
agenda

Updates	• **Retroactive Reallocation of Costs** policy and procedures
Announcements	
Breakouts	

This presentation is intended for educational purposes and does not provide official policy guidance.
Please consult the Retroactive Reallocation policy and related materials as approved and published on the Finance website.

Why was this policy implemented?

To maximize the financial and human resources available to support our mission, we must continue to receive funding from external sources.



Why implement this policy?

This policy strengthens our internal controls around the retroactive reallocation of costs, thereby reducing our exposure to risk.

Financial

- Lack of accurate, reliable financial statements
- Loss of revenue from donors and sponsors
- Inefficient use of both financial and human resources

Regulatory

- Failure to comply with GAAP, Uniform Guidance and other sponsor requirements

Reputational

- Reduced ability to recruit the best and brightest students, faculty and staff
- Downgraded credit rating

When is this policy effective?

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- The policy is effective as of **July 1, 2019**, which is the start of the new fiscal year.

What are the key provisions?

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Guiding Principle: 90-Day window for corrections

1. Corrections must be submitted for approval within the **lesser** of:
   - The funding agency's **specified adjustment/correction period**; or
   - **90 days**.

The 90 day time period:

- **Begins after the month end close** of the period that the original or initially-recorded charge is posted in the GL or PPM sub ledger; and
- **Ends** when the transfer request is submitted to **OCGA** or **Payment Services**.

What are the key provisions?

Guiding Principle: Correction within the fiscal year

2. Retro costing may not cross a fiscal year unless it pertains to:
   - An **externally-sponsored award**; and
   - Meets **one or more** of the following:
     - The grant/contract **end date** falls within Q4 of the fiscal year;
     - The 90-day (or less) correction window **bridges** the fiscal years; or
     - The expense is **unallowable** and must be reallocated.

Regardless of timing, unallowable expenses charged to sponsored projects or donor-restricted endowments will always be removed.

What are the key provisions?

Guiding Principle: Materiality

3. Retro costing that **does not** impact donor-restricted endowments, grants/contracts or CORES must meet the specified threshold:
   - **Compensation expenses:** $1,000/pay period
   - **Non-compensation expenses:** $10,000

Exceptions to the policy will rarely be granted and must be approved by both the applicable Vice Chancellor and the University Controller.

What are the key provisions?

Additional Considerations

- A **Business Unit/Entity Approver** must approve both the initiation and receipt of a cost transfer.

- Retroactive reallocations not completed within the deadlines will become the responsibility of the home financial unit.

What is <u>not</u> changing?

- This policy complements existing policy, specifically:
  - **Cost Transfers for Federally-Sponsored Awards**
  - **Accounts Payable Corrections**

- Corrections will continue to be made in the Oracle Cloud subledger modules with the same deadlines:
  - **Compensation:** two business days before monthly payroll cutoff
  - **Non-compensation:** 23rd of the month

Impact:
Grants & Contracts Users

Announcements

Breakouts