Payroll Cost Transfers
What is a Payroll Cost Transfer?

**Definition:** An after-the-fact transfer of payroll costs to or from a sponsored award after the expense was initially charged to another sponsored award or non-sponsored index.
Payroll Cost Transfers that are NOT allowable:

- Transferring labor costs more than one time; once a transfer is made, the new source of funding is considered correct
- Labor costs allocable to a particular sponsored award may not be transferred to other sponsored awards
- To avoid restrictions imposed by law or the sponsored award
- Other reasons of convenience
  - For Example:
    - To spend out an award
    - To “Park” payroll costs until a new award arrives

Allowable Reasons for Payroll Cost Transfers

- Correction of Errors
- Removing Unallowable Costs
- Moving salary encumbrance off expired award
- Allocating pay to a new award
### UPDATE:

**NEW**

Sponsored Award Labor Distribution Form
Labor Distribution Justification

Documentation is needed for audit purposes and is a key element in providing support and justification. Thorough explanation and documentation is essential to avoid audit findings and possible disallowances.

Justification on the Labor Distribution form must include:

- The reason why the salary was charged incorrectly to the original index
- How the expense directly benefits the receiving project
25% Effort Change Discussion

The Principal Investigator (PI) must sign all Labor Distributions for sponsored awards certifying that the redistribution of labor will or will not reduce key personnel effort 25% or more on any of the sponsored awards. If key personnel effort will be reduced 25% or more, provide a detailed explanation. Attach additional page if necessary.

Example of minor change in key personnel effort (<25%):
- Proposal indicates 20% effort of key personnel
- After the proposal is awarded, key personnel effort is reduced to 16%
  Calculation: (20% - 16%) / 20% = 20% change in effort

Example of major change in key personnel effort (>25%):
- Proposal indicates 20% effort of key personnel
- After the proposal is awarded, key personnel effort is reduced to 10%
  Calculation: (20% - 10%) / 20% = 50% change in effort
### RCA Unit Payroll Re-distribution Checklist

**Oregon State University**  
**Research Costing Analysis Unit**  
**Labor Distribution Checklist**

- **Employee Name:** ________________________________  
- **Approver:** ________________________________  
- **Date of Approval:** ________________________________

**Reports**
- Run PHRLRAR Appworx report for each employee for the month of redistribution to determine what is changing.  
  (If pay for that month was never moved; “Report Control Information” Report will print stating “No data selected- Check your parameters)
- Run HR Data Warehouse report

**Banner Resources**
- FGRITD - (Grant Inception to Date)  
- NYIDIST - (Employee Distribution Inquiry form)  
- PYIVERI - (Employee Verification form)

- **Month(s) & Year of pay being moved:** ________________________________

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<th>End Date</th>
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- **Is pay within time frame of grant?**  
- **Is there an available balance on award where pay is being moved?**  
- **Has pay been moved prior to this labor distribution?**  
  (Be aware of position code, account code and earn code when determining if pay has been moved)
- **If there is tuition on the award, is it being redistributed at the same proportion as pay?**
- **Does the reason justify the redistribution?**
- **Is documentation sufficient to support the distribution including authorization from PI, PI Delegate, etc.**
- **Is LD signed?**

**Notes:**

Revised 2-16-2016
Over 21,000 labor re-distributions at OSU in FY15

Currently for FY16 OSRAA has received approximately 325 labor distribution requests

1,700 grant indexes were affected by labor re-distributions at OSU through the end of March FY16
Effort Reporting Questions

How can I tell if my Business Center has any missing PAR forms?

- FRR0260 - Appworx report to check for missing PAR forms use.
- Run for each quarter per Business Center
- PAR forms will show as missing if they are not indexed with the standard naming convention PAR_YR_QT.

I am trying to file a PAR form for an employee but there is not a PAR folder available in Nolij. What can I do?

- FRR0330 – Appworx report to insert new PAR record for an employee in Nolij
- Use the first quarter that a PAR form will be generated for an employee to initiate the folder.

Remember to Correct any PAR forms affected by a Payroll Cost Transfer.
- File the corrected PAR form and any backup documentation together using the standard naming convention in Nolij (PAR_YR_QT)
Thoughts and Discussion

- How do we reduce the volume of Payroll Cost Transfers?
- Filing and Merging Corrected PAR forms and Labor Distribution forms.
- When routing LD’s to OSRAA please include in email:
  - LD in subject line
  - Name of employee
  - Urgency (only if award is ending within next 60 days)

Questions?

Contact RCA Team:
OSRAA@Oregonstate.edu
Attn: RCA Team in subject line