

SECTION 3: TRANSACTION FORMS

Before a transaction can be processed, a Cost Object (Project definition/WBSE) must have been issued for the sponsored project. A **Cost Object** is a 7-digit unique number assigned to identify the accounting activities of an entity (sponsored project). If the project has not been issued a Cost Object, please refer to Section 2 GETTING STARTED, Part 3 Requesting a Cost Object. Each Cost Object must be assigned to a responsible Department. Each Cost Object is associated with a ten digit **Org Unit**. The Org Unit in R/3 is the same as the BFR code in CUFS. All expense transactions must also indicate a G/L Account. A **G/L Account** is a 6-digit number assigned to designate an asset, liability, fund balance, revenue, expenditure, expense recharge or credit, appropriation, or cost accounting distribution.

Payroll forms may be obtained via the internet address: <http://www.hr.duke.edu/forms/> and click on **Web Tools and Forms**. The Effort Certification form can be obtained from the Office of Sponsored Programs (OSP). The non-payroll the forms can be obtained via the internet address: <http://www.finsvc.duke.edu/finsvc/gap/> and click on **Forms**. Accounting Systems and Procedures offers a series of Duke Accounting classes which offer detailed instructions on the use of G/L Accounts and transaction forms. For information about the classes, please contact Accounting Systems and Procedures Office at 684-2752.

1. Payroll Forms

a. General Information

Every month OSP sends to the Departmental Administrator with the report entitled Projects Ending Within 3 Months Report (ZF110). The report lists all 3XX Cost Objects associated with your department that are scheduled to end within the next 3 accounting periods. (Please refer to Section 6 CLOSE OF PROJECT, Appendix 18 for a sample of this report). This report also lists steps that should be taken by the Departmental Administrator to ensure a smooth closeout of the ending projects. This Report should also be used as a reminder to process in a timely manner the necessary payroll forms and, thus avoid the necessity of retroactive changes. Be aware of Corporate Payroll deadlines and submit paperwork promptly. Details on procedures, additional policies, and forms regarding the employment of personnel are found on line in the General Accounting Procedures>Accounting Procedures>-Payroll Procedures, and at <http://www.hr.duke.edu>

b. New Employee

When hiring a new employee, a **Hire Form** must be initiated by the department. When the Hire Form is properly processed through the Duke system, the initiating department receives a **Confirmation** report from Corporate Payroll. The Confirmation report should be reviewed to make sure that the requested changes were processed correctly. Until a Cost Distribution Form is processed indicating changes, the employee will continue to be paid as indicated on the Hire Form.

c. Future or Retroactive and Future Change

A **Cost Distribution Form** is used to change the cost distribution of an individual's funding source on either the biweekly or the monthly payroll. The Cost Distribution Form is used when the change includes future **or** retroactive and future changes. The Cost Distribution Form is submitted to Human Resources.

When processing a retroactive change for a period that was paid more than three accounting periods ago, the **Untimely Cost Transfer Justification form** must also be completed (Appendix 6 – UNTIMELY COST TRANSFER JUSTIFICATION). The completed Untimely Cost Transfer Justification form is faxed to the Monitored Workload Section, Office of Sponsored Programs. Failure to provide OSP a completed Untimely Cost Transfer Justification form will cause the salary expense to be considered unallowable and be written off to the Department's discretionary cost object. For more information refer to *GAP 200.150 Cost Transfers on Sponsored Projects*.

d. Retroactive Changes, Transfer Only

In order to avoid retroactive changes, the Departmental Administrator should review the sponsored project and the departmental budgets and establish the employees' pay distribution so that the effort is correctly identified and recorded on a timely basis. OSP is responsible for processing retroactive account code changes for all Faculty/Staff (all Cost Objects), and Biweekly personnel who are paid on 3XX Cost Objects. These retroactive salary changes are documented by the department on a **Cost Transfer Only Form**. When moving a salary that was paid more than three accounting periods ago, the **Untimely Cost Transfer Justification** section of the Cost Transfer Only Form must be completed. If the certification is not provided, the form is returned to the department unprocessed.

The Cost Transfer Only form is submitted to the Office of Sponsored Programs for processing. If the requested salary change is not indicated in the General Ledger within the next accounting period, contact OSP immediately. If other retroactive salary changes to the original distribution were recently submitted prior to this change, please so state in the remarks section of the Cost Transfer Only form (e.g., *A payroll form was submitted last week changing this same period. This Cost Transfer Only form corrects the payroll form*

submitted last week.) Your comments can help avoid duplicate or incorrect entries from being processed. Appendix 7 provides a list of reasons why a Cost Transfer Only form is returned unapproved by OSP. Please note that the Cost Transfer Only forms for 1XX and 4XX Cost Objects that do NOT involve a 3XX Cost Object or the Faculty/Staff Payroll can go directly to the Corporate Payroll Office. Deadlines for submitting the Cost Transfer Only Forms are available via the internet through the OSP Home Page.

e. Biweekly Overtime

Most Federal contracts will not allow for the payment of overtime. When such overtime cannot be charged to a sponsored project because of Sponsor restrictions, the biweekly employee should fill out his/her time card as usual, including the overtime hours. This ensures that the person's effort is properly recorded. With a "Biweekly Direct Code Charge Report", the amount of unallowable overtime on the restricted project is charged to an account which contains funding for overtime. The "Biweekly Direct Code Report" is a blue card that can be obtained from the Corporate Payroll Office. For more information refer to the *GAP 101.523 Time Reports - BiWeekly Direct Code Charge Report*.

APPENDIX 6: UNTIMELY COST TRANSFER JUSTIFICATION



UNTIMELY COST TRANSFER JUSTIFICATION

General Accounting Procedure 200.150 Cost Transfers on Sponsored Projects (internet address: <http://www.finsvc.duke.edu/gap/m200-150.html>) states that **“A cost transfer is considered “untimely” when it is not processed within 3 accounting periods after the initially recorded charge.”** Untimely cost transfers may raise serious questions concerning the propriety of the cost transfer and may be subject to a cost disallowance. Generic explanations/reasons are not acceptable. Please complete this form for each employee and fax it to Debra Royster, Office of Sponsored Programs, 919-684-8377. The original Payroll form must be sent directly to HRIC. If you have any questions, please contact Debra Royster at 668-5861

PAYROLL FORM INFORMATION

Date Payroll Form was sent to HRIC:
Effective Date of Change:
Employee’s Name:
Duke Unique ID #:
**List ALL 3xx Cost Objects involved in both
the PRESENT and NEW columns:**

JUSTIFICATION

Explain how error occurred:

Reason for delay in processing the cost transfer:

I certify, to the best of my knowledge, that this correction represents the correct allocation of costs.

Signature

Date

APPENDIX 7: RETURN OF COST TRANSFER ONLY PAYROLL FORM

Duke University

DURHAM
NORTH CAROLINA
27708-0491

Office of Sponsored Programs
705 Broad Street, Box 90491

Telephone (919) 684-5442
Fax (919) 684-8377

DATE: _____

TO: _____
Departmental Administrator

_____ Department _____ Box # _____

FROM: _____ Phone No. _____

REFERENCE: _____
Name on Payroll Form

The attached Cost Transfer Only payroll form must comply with *GAP 200.150 Cost Transfers on Sponsored Projects* (internet address: <http://www.finsvc.duke.edu/finsvc/gap/> Accounting Procedures). It is being returned for the following:

- _____ Original Signature indicating Departmental Approval is missing.
- _____ Cost transfer is not timely. Please complete the Untimely Cost Transfer Justification section.
- _____ Does not provide the Dates of Transfer for the Cost Transfer.
- _____ Account Code is incomplete or illegible.
- _____ Credit/Debit percentages do not equal 100 per cent.
- _____ Salary stated on Cost Transfer Only form has been previously transferred.
- See JV _____, R3 Document No. _____
- _____ No funds were paid on the account code for the time frame indicated on the Cost Transfer Only form.
- _____ Amount of funds requested to be transferred is **more** than the amount actually paid for the time frame indicated on the Cost Transfer Only form.
- _____ GL Account requested to be transferred is different from the GL Account actually paid from.
- _____ Other _____

Please make the necessary adjustment to the payroll form, date and initial the changes and return it to the Office of Sponsored Programs, 705 Broad Street, Room 01, Box 90491. Please contact Debra Royster at 668-5861 or Linda Holman at 668-5862 if you have any questions. Thank you for your cooperation.

2. EFFORT REPORTING

Educational institutions which receive federal funding are required by OMB Circular A-21 "Cost Principles for Educational Institutions" to maintain an effort reporting system, the purpose of which is to assure that the distribution of pay is in accordance with actual effort expended (by funding source and activity). The **Monitored Workload System** was established to meet this requirement by accumulating data that accounts for 100% of effort for Faculty/Staff.

"Periodic Notices" on all Faculty/Staff employees for the period covering cumulative calendar quarters are distributed to each department every October, January, and April. The departmental representative who receives the notices is asked to distribute and/or review the information for accuracy. Corrections to effort should be made by preparing and submitting to the Office of Sponsored Programs a Cost Transfer Only payroll form. The Untimely Cost Transfer Justification section of the Cost Transfer Only form must also be completed (refer to Part 1d in this Section). **Changing the Periodic Notice will not correct the General Ledger. Only a Cost Transfer Only form can correct the General Ledger.** You do not need to return the "Periodic Notices" to OSP.

After the fiscal year end is closed, OSP distributes to each department **Effort Certifications** forms that cover the prior fiscal year for every person who meets the criteria for certifying their effort. The departmental representative who receives the forms is asked to distribute and/or review the forms for accuracy. If the percentage distributions of effort are correct, the form must be certified and returned to OSP by the specified deadline. If the percentage distributions of effort are not correct, corrections must be indicated on the Effort Certification and initialed. The form can now be certified. In addition, a Cost Transfer Only form, with the Untimely Cost Transfer Justification section completed (refer to Part 1c in this Section), should be attached to the corrected Effort Certification Form and sent to OSP. **Changing the Effort Certification Form will not correct the General Ledger. Only a Cost Transfer Only form can correct the General Ledger.** The certifications should also be reviewed and signed by the designated departmental representative. **Failure to return the Effort Certifications may result in an audit finding for your department and the Internal Audit Department contacting your department.**

Neither "Periodic Notices" nor "Effort Certifications" are provided for Biweekly employees since these employees certify that the payroll distribution on their time card represents a reasonable estimate of their effort. For more detailed information regarding the Monitored Workload System and Effort Certification Reporting, refer to the *GAP 200.170 Monitored Workload System Effort Certification Reporting*, or call OSP and request its comprehensive Monitored Workload and Effort Certification package.

3. NON-COMPENSATORY AWARD(S) FORM (NCAF)

All NCAFs are initiated at the department level. The NCAF is used for the monthly payment of stipends, awards, fellowships or other similar payments where an employer-employee relationship does not exist. Therefore, this form is not used when hiring an employee. Payments made on the NCAF are designated as non-salary payments in the approved budget. A Hire Form or a Cost Distribution Form should be used when the funds are provided in the approved budget under the Salary and Wage category. Typically, payments using the NCAF are made only on training or fellowship awards (3X2 or 3X8 Cost Objects). The only exception is when a research project (3X3) has a uniquely identified training component. If this is the case, OSP can issue a separate training sub-code to the parent research Cost Object (refer to *GAP 200.310 Compensation of Graduate Students on Sponsored Research Projects*).

NCAF processed for Graduate Students should be sent through the Graduate School for approval. Post Doctoral payments do not need to be sent through the Graduate School. Corporate Payroll is responsible for processing changes affecting current and future periods. A "Transfer Only" (only retroactive changes) NCAF should be sent directly to OSP.

4. PURCHASE REQUISITION

A Purchase Requisition is used to initiate the purchase of goods and services from **outside vendors**. All items purchased with 3XX funds should comply with Duke purchasing requirements. Information on "How to Purchase" can be accessed at <http://www.procurement.duke.edu> through the Procurement Services web site. *GAP 200.100 Capital Equipment Purchases on Sponsored Projects* also contains helpful information regarding this subject.

It is the policy of Duke to maintain formal competitive bidding whenever possible. Bids are necessary in instances where the value of the procurement warrants such action and where the goods or services can be obtained from more than one source. All bids received are evaluated by the Procurement Services Department on the basis of quality, service, and price. When it is not practical to obtain a competitive price or when it appears certain that substitutes are not acceptable (**Sole Source, or Single Source purchases**), a full explanation from the requisitioning department covering the reason for such restrictions is required. Questions regarding Sole Source purchases should be directed to Procurement Services.

Only capital equipment purchases (3XX-XXXX, except for 36X's and 39X's) require the Office of Sponsored Programs' (OSP) approval. Please refer to Section 4 EQUIPMENT for additional information and requirements. OSP is also available to assist you regarding any questions you may have on the allowability of any non-equipment purchases. OSP reviews the Purchase Requisition for 1) appropriateness of the accounting code used, 2) availability of funds, and 3) compliance with the terms of the award. If the purchase is questionable or clearly unallowable, the Departmental Administrator is advised that the purchase cannot be approved or that rebudgeting action should be initiated. Depending on the Sponsor, this may involve

requesting the Sponsor's written prior approval or, for most NIH and NSF grants, processing an internal rebudgeting form (see Part 6 Rebudgeting of Funds in Section 5, DURING THE LIFE OF THE PROJECT). If the Sponsor's prior approval is required, the Principal Investigator or Departmental Administrator is responsible for processing the request through proper channels (please refer to Part 10 Prior Approval in Section 2 GETTING STARTED). A copy of the written approval or internal rebudgeting form should be attached to the Purchase Requisition when it is forwarded to OSP.

If the purchase is allowable, OSP approves the Purchase Requisition and forwards it to Procurement Services. Purchase orders are processed through the R/3 system and result in commitments. R/3 keeps track of commitments by calculating a new "commitment" balance every time there is a change in the purchase order, a vendor invoice is paid, etc. In R/3 there are no commitment transactions, just a commitment balance.

For more information on the payments of professional services, consult the following General Accounting Procedures:

- *GAP 200.130 - Engaging and Paying Guest Speakers, Conference Participants and Experimental Subjects*
- *GAP 200.131 – Architects, Engineers, Contractors, Attorneys and Auditors*
- *GAP 200.132 - Engaging and Paying for Consulting Services Received from Corporations or Partnerships*
- *GAP 200.133 - Engaging and Paying Instructors or Lecturers (non-Faculty)*
- *GAP 200.134 - All Other Payments to Individuals for Services*

5. ACCOUNTS PAYABLE CHECK REQUEST (APCR)

The **Accounts Payable Check Request** form is used to pay non-Duke employees/students and entities for goods and services that do not require a Purchase Order. Payments made via an Accounts Payable Check Request will show on the financial reports with a "JV" reference. Accounts Payable Check Request forms are **not required to be approved by OSP**. For more information refer to the following GAPs:

- *GAP 200.135 – Acquisition of Goods and Services Overview*
- *GAP 200.136 – Accounts Payable Check Request*

The APCR form cannot be used to pay Duke employees for services rendered. Payment for services rendered to Duke Employees must be made through the payroll system. Requests for reimbursement of funds for the purpose of lobbying activities or entertainment are normally not allowed on sponsored projects and definitely not allowed on Federally sponsored projects. For more information on the payments of professional services, consult the following General Accounting Procedures:

- *GAP 200.130 - Engaging and Paying Guest Speakers, Conference Participants and Experimental Subjects*
- *GAP 200.131 – Architects, Engineers, Contractors, Attorneys and Auditors*

- *GAP 200.132 - Engaging and Paying for Consulting Services Received from Corporations or Partnerships*
- *GAP 200.133 - Engaging and Paying Instructors or Lecturers (Non-Faculty)*
- *GAP 200.134 - All Other Payments to Individuals for Services*

The Office of Sponsored Programs is also available to assist you regarding any questions you may have.

6. TRAVEL EXPENSE FORM

a. General

The **Travel Expense Form** is used to reimburse Duke Employees and Students for travel expenses while on project business. Travel expenses are allowable on a sponsored project only when the traveler is employed by the sponsored project during the time of travel, is specifically listed as “key personnel” on the project, or is a named trainee on the project. Uncleared travel advances may not be charged to a sponsored project. Alcoholic beverages are not allowable on Federal projects and most non-Federal projects. Cancellation or penalty fees are not allowable on sponsored projects.

Some Federal Sponsors require that federal rates be used for domestic travel. Current **federal domestic travel rates** are published in the Federal Register or can be accessed on line at <http://www.dtic.mil/perdiem/pdrform.html> . **Federal foreign travel rates** may be obtained through the internet at <http://www.state.gov/www/perdiems/>. For More information regarding travel, refer to *GAP 200.022 Travel Expenses-Employees and Students* and *GAP 200.023 Travel Advances*. For payments to Foreign Nationals, please contact the International Office at 681-8472. **Travel Expense Forms are not required to be approved by OSP**. However, OSP is available to assist you regarding any questions you may have.

b. Prior Approval

If foreign travel is not listed in the approved budget, some Sponsors require prior written approval. In some cases, a Sponsor will require prior written approval for foreign travel even if it is listed in the proposal/application. All requests to obtain prior Sponsor approval for travel on a sponsored project should be submitted through the pre-award office well in advance of the desired travel. The request should provide information regarding the purpose of the travel, number of persons traveling, destination, number of days, and estimated cost.

c. U.S. Flag Air Carriers

Federal guidelines state that any air transportation to, from, between, or within a country other than the United States of persons or property, the expense of which will be assisted by federal funding, must be performed by a **U.S. flag air carrier** if service provided by such a carrier is available. The federal government

has very specific and detailed requirements that must be met before federal funds can be paid to a foreign flag air carrier (less cost or convenience may NOT meet the requirements). For specific requirements, refer to the Sponsor's guidelines or contact OSP.

7. MISCELLANEOUS REIMBURSEMENT FORM

The Miscellaneous Reimbursement Form is used to reimburse Duke Employees and student for business related expenses while on project business. This form should not be used for travel reimbursement (use the Travel Expense Form), payments to experimental subjects (use the Experimental Subject Payment form), or payments for purchase of capital equipment (use Purchase Requisition). The Miscellaneous Reimbursement Form is **not required to be approved by OSP**. For more information, refer to *GAP 200.021 Miscellaneous Reimbursement Form*.

8. EXPERIMENTAL SUBJECTS PAYMENT FORM

The Experimental Subjects Payment Form is used to pay experimental subjects on sponsored projects. The form is **not required to be approved by OSP**.

9. INTERDEPARTMENTAL REQUEST (IR)

The IR form is used to purchase goods and services from various **Duke departments**, such as printing services, copy centers, etc. Only capital equipment purchases (except 36x and 39x) require the Office of Sponsored Programs' approval. If you are purchasing capital equipment using federal funds, a screening form must be attached to the IR (please refer to Section 4 EQUIPMENT, Part 4 Screening and Shared Use). In addition, if you are having a piece of equipment fabricated in the Physics Instrument Shop, the department must attach the form "Physics Department Instrument Shop Fabrication of Capital Equipment" and use G/L Account 761100 on the IR. This form may be obtained by calling the Physics Department Instrumentation Shop. When the job is completed, Plant Accounting changes the G/L Account to the correct capital equipment G/L Account (66XXXX).

10. PROCUREMENT CARD

The Procurement Card is used to purchase goods and services from any vendor that will accept the Procurement Credit Card. For more information on its use and restrictions, refer to *GAP 200.024 Procurement Card Purchases*. The *Procurement Card Users Manual* is available on line at <http://www.treasury.duke.edu/card/>. Since original receipts are required to be maintained at the Department, please be sure to read Part 5 Record Retention in Section 6 CLOSE OF PROJECT. In addition, it is imperative that the Department implement internal procedures that allow for paper documentation to be readily accessible in the event the transaction is required during an audit. Failure to

provide an original receipt will cause the expense to be unallowable on a sponsored project. In addition, failure to improperly document a transaction in Paris (the system used for the Procurement Card), such as the dates, purpose, and destination of a business travel, may cause the expense to be unallowable on a sponsored project.

11. JOURNAL VOUCHER (JV)

a. General

A Journal Voucher is used to either record an **initial charge** or to record a **cost transfer**. Care should be taken in the distribution of expenditures so that costs are charged initially to the correct project. If the Text or Notes field cannot contain sufficient information to allow for a proper audit trail of the transaction, please be sure to read Part 5 Record Retention in Section 6 CLOSE OF PROJECT regarding the paper documentation that must be maintained in the Department. It is also imperative that the Department implement internal procedures that allow for paper documentation to be readily accessible in the event the transaction is required during an audit. Accounting Operations publishes specific deadline dates for the submittal of JVs (refer to *GAP 200.010 Fiscal Calendar*). Refer to the *General Accounting Procedures, G/L Account Definitions* to ensure you are using the correct G/L Account when preparing journal entries.

b. Initial Charge (SA Document Type)

Initial charges made to a sponsored project must provide sufficient detail to determine the allowability of the charge. The JV should provide information such as type of service, period of service, how the charge was calculated, e.g., copies, January 200X, 500 copies @ 10 cents per copy. Refer to *GAP 200.020 Journal Vouchers* for information on how to prepare a Journal Voucher that records an initial charge. If you are using a JV to charge for services provided to a sponsored project, include information on how the fee/charge was derived and when the service was provided. If this item is selected during an audit, be prepared to provide a fee schedule for the charges. Refer to *GAP 200.300 Service Component Administration* for more information.

c. Cost Transfer (ZF Document Type)

When errors occur in making initial charges, a **cost transfer JV is used to correct a previously incurred cost**. A cost transfer JV is subject to federal regulations requiring a greater amount of supporting justification than is normally required. Federal regulations strictly prohibit the transfer of costs from one project to another simply to cover overdrafts or to use balances left at the end of a project.

Duke *GAP 200.150 - Cost Transfers on Sponsored Projects* stipulates what information is required to be provided when processing a cost transfer JV. In addition, the GAP requires that an **Untimely Cost Transfer Justification** when the correcting entry is not processed within 3 accounting periods after the initially recorded charge. The information required for the Untimely Cost Transfer Justification may be provided in the

“Additional Notes” field of the JV. Review your financial reports monthly and make any necessary corrections immediately to avoid untimely Cost Transfers.

Failure to provide the information required by GAP 200.150 will result in the possibility of the expense being disallowed and the expense moved to the Department’s discretionary account. OSP, through reports generated in R/3, reviews Cost Transfer JVs for the following:

- **R/3 Document Number** (e.g., 0623456789 or 0123456789) of initial entry
- **Reference Number** (e.g., JV071234, IC123456, DC123456, or Invoice #) of initial entry
- **Fiscal Year and Accounting Period** (e.g., December 2001 would be 02/06) of initial entry
- **Timeliness of Cost Transfer:** The cost being moved appeared initially on a financial statement more than 3 accounting periods ago. An Untimely Cost Transfer Justification is required in the Notes field of the JV. The NOTES field must provide the following information:
 - The certification: “To the best of my knowledge the cost transfer represents a correct allocation of costs.”
 - An explanation on how the error occurred
 - A reason for the delay in processing the correction (cost transfer)
- **Allowability of G/L Account on the sponsored project** (1xxxxx receivables; 693200 – Public Relations and Social Expenses; 695100 - Interest Expense; and 80XXXXX Appropriation & Transfers are normally not allowable on reportable sponsored projects)
- **JV uses a G/L Account reserved for Office of Sponsored Programs use only** (e.g., 3xxxxx revenue, and 696700 or 696800 cost-sharing of overdrafts).
- **Cost transfer was done lump sum.** Separate G/L Accounts or document numbers cannot be combined.
- **Insufficient pertinent information was provided.** Cost transfer is correcting a G/L account to one that requires additional information (e.g., 696000 requires a business objective and business agenda).
- **Cost transfer is debiting a Federal Project for G/L Account 66XXXX** (capital equipment) and must meet the requirement of GAP 200. 080 Equipment Screening and Shared Use on Federal Grants and Contracts.

In addition, OSP continues to review G/L Accounts for allowability at the time a report/billing is processed.

The responsibility for the proper use of Sponsor’s funds remains at the department level.