

Reallocation Explanation Guidance

Listed below are several examples of cost transfer documentation that do not meet the requirements described in Lehigh's Reallocation Policy, a description of the improvements needed in the documentation, and a suggestion as to how the description could be improved to meet the requirements.

1. Questionable explanation: *Transfer of supplies that were charged to the department in error.*

Issue: This explanation does not adequately explain why the wrong account was charged and why/how the charge is appropriate to the account being debited, nor does it describe how the error occurred. The explanation should be expanded to better describe the reason why the account being charged is appropriate and how the amount being transferred was determined.

Acceptable explanation: *The supplies being transferred were purchased using a procurement card (p-card). The administrative assistant did not review the p-card transactions by the deadline, causing the transactions to be expensed to the department account. Going forward, the administrative assistant will review all p-card purchases and assign the correct account number, if applicable, to be charged prior to the deadline.*

2. Questionable explanation: *Transfer of overage to related project.*

Acceptable explanation: *The supplies to be transferred are used on related projects. Supplies should be shared equally on both projects; thus 50% of the cost of these items is being transferred.*

3. Questionable explanation: *To correct account incorrectly charged due to clerical error.*

Issue: Insufficient explanation of why and how the clerical error occurred and why the error was not corrected earlier. In general this explanation is only adequate if a transposition error occurred and such circumstances should be included in the description.

Acceptable explanation: *The research assistant in the lab who ordered the supplies used an account number of a project that was terminated. He has been instructed to use the new account number. In the future, all supply orders will be reviewed and approved by an appropriate department administrator prior to submission of the order so that such error can be prevented.*

4. Questionable explanation: *Payroll appointment form was not processed in time.*

Issue: The explanation does not adequately address why the payroll appointment was not processed in time. The description should be expanded to better explain the circumstances of the delay in processing the appointment and the specific plan to avoid such occurrences in the future.

Acceptable explanation: *The administrator was informed of a faculty member's effort distribution change after the deadline for payroll appointments for the January payroll. The faculty member has been requested to communicate changes in effort in a timelier manner in the future in order to avoid such circumstances.*

5. Questionable explanation: *To charge a portion of the lab technician's salary to the project.*

Issue: The reason for the transfer is missing and there is no indication of why the payroll appointment was incorrectly made at the time the charge was generated. The description should be expanded to include a description of the individual's role on the project, the portion of salary being moved, and how the portion of the salary was determined.

Acceptable explanation: *Transfer 50% of the lab technician's salary to Dr. Smith's project. This individual performed experiments with mice and split his time equally between Dr. Smith's NIH project and his NSF project. We have talked with the lab technician and Dr. Smith to ensure that more information about the projects is shared in the future, which will better ensure that no such error will occur in the future.*

Reallocation Explanation Guidance *(continued)*

6. Questionable explanation: *Move charge from department.*

Issue: The reason for the transfer is not stated. The description should be expanded to explain how the charge benefits the grant being charged and why the charge was not originally posted to the grant.

Acceptable explanation: *The start date of the grant was December 1. However, the account number was not established in the accounting system until January 15. The PI needed to purchase some materials to being work on the project in December, thus the costs for the material were charged to the department until the account was established. In the future, we will request an advance account for such charges.*

7. Questionable explanation: *To charge 10.58% of Dr. Wilson's salary to the research grant and close the account.*

Issue: Actual effort is to be estimated as closely as is reasonably possible. The use of very precise estimations is only allowable to the extent that the individual's effort can be confirmed with such precision. Increasing payroll for the sole purpose of expending project funds is not an appropriate or allowable use of sponsored project funds.

Acceptable explanation: *Dr. Wilson worked 10% of her time in January on the grant project. The payroll transfer is being made to reflect this effort.*