**Job Aid: Understanding and Responding to 90-Day JV Questions**

Disclaimer: This Job Aid is not meant to be an “all-inclusive” list. The Job Aid has been prepared to help guide users in preparing complete responses to the 90-day JV questions. UD is not only audited against federal, state, and sponsor regulations, UD is also audited with respect to how well activity is conducted within the institutions own policies and procedures.

* + Cost Transfer(s)- Any adjustment or transfer of expenditures to/from an externally funded contract or grant purpose/project by means of a journal voucher. Must meet conditions for allocability, allowability, reasonableness and consistency established under federal guidelines.
* Monthly review of award activity along with consultation with the PI is recommended to promote UD's established guidelines for responsible stewardship of funds.
	+ Prevent the necessity of the 90-day JVs.
	+ Reduce Audit scrutiny.
* Cost transfer(s) should be submitted within 90-days from the date the transaction(s) were originally charged to the sponsored project and must be fully documented and indicate the PI has approved or directed the transaction.
* Responses to audit questions need to focus specifically on the data and the information must be pertinent to help explain/justify why the cost is being transferred.
	+ Helpful to keep in mind that the audience for a 90-day JV is an auditor.
	+ Would an auditor reviewing the explanation/justification understand the nature of the cost transfer?
	+ Would an auditor be able to interpret the explanation/justification as being within UD policy and procedures?
	+ Consideration of date
	+ People (titles/departments only- NO names)
	+ Places
	+ Processes

The Sponsored Research Accountant (SRA) will utilize this information during the approval process and follow-up with the Department/College Administrator for questionable items.

 If you have questions or need additional help, please contact the Research Office SRA.

**References:**

* UD’s Sponsored Project Cost Transfer Policy 6-18
	+ https://sites.udel.edu/generalcounsel/policies/sponsored-project-cost-transfer-policy/
* UD’s Cost Accounting Standards (CAS) Guidelines
	+ <https://www1.udel.edu/research/pdf/cost-accounting-guidelines.pdf>
* Office of Management and Budget (OMB)- Uniform Guidance 2 CFR 200
	+ <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200?toc=1>

**Why it is Important:**

* Auditable by both internal and external auditors.
* Increased focus as outlined in Agency funding regulations.
* Promote UD’s established guidelines for responsible stewardship of funds.
* Over 90-day transfers can be interpreted by Auditors and Sponsors as an indication that UD does not maintain internal fiduciary controls & sound stewardship of Agency funds.
* Both UD and funding Agencies have specific protocols in place to prevent the misuse of allocated funds.
* Ensure timely reporting of expenditures and cost share to the Sponsor.
* Late submission of JVs results in delayed invoicing and payments from funding Agency.
* Risk of loss for current and future funding when deliverables and invoices are not submitted by a specific time.
* Impact on UD’s credit score.
* Potential impact to the Annual Federal Awards Single Audit Report as well as Internal Audit.

**Common Examples of Cost Transfers:**

* Transfer between the primary project and subprojects unless restricted by the terms and conditions of the Agency.
* Transfer to remove after end-date expenses from sponsored project to non-sponsored project.
* Correction of clerical error(s), bookkeeping or mistyped entries.
* Transfer between inappropriate PS account code.
* Transfer of approved pre-award costs from non-sponsored funds to sponsored project.
* Reallocation of salary expenses to match effort distribution.

\*Please note: Under no circumstances may expenditures that benefit one Agency award be temporarily charged on another Agency award. The same is true for awards that are pending setup. The expenditure needs to be transferred to a non-sponsored purpose.

**Explanation and Justification:**

* Per UD’s Cost Transfer Procedures
	+ Each of the transactions listed in the explanation and justification must also include the purpose code, project ID, transaction date, description, and PeopleSoft account.
		- File attachment(s) are acceptable.
	+ Detailed explanation/justification for the purpose of the transfer.
		- Blanket statements such as the following are not considered sufficient for audit review.
			* “to correct error”
			* “to transfer to correct project”
	+ For partial amounts being transferred
		- Include the original transaction detail.
		- Following the original transaction include (partial $xx.xx).

**Question# 1:** What is the oldest original date of the expense being transferred?

* + “Original date” is defined as the first date that the expense was charged to the sponsored purpose.
	+ 90-days is calculated from the last day of the month in which the charge is first posted in the general ledger.
		- Transaction date 2nd May in the general ledger
		- 90-days would begin 31st May

**Question# 2:** Why was this original expenditure not charged appropriately?

* + The detailed response should minimally address who, what when, where, why and how.
		- Timing is the issue to focus on. Point in time to now as to when the issue was identified.
		- What happened initially that caused the incorrect recording of the expense?
		- Were the expenditures reviewed with the PI prior to allocation?
		- Were monthly reviews of award activity occurring?
		- Were control processes not in place at the time the original transaction occurred?
		- Were existing processes not followed?

**Question# 3:** How does this expense benefit the receiving sponsored project?

* + The justification needs to address why the expense should be transferred to the “receiving project” and supporting documentation to validate the cost.
		- The cost transfer must meet conditions for allocability, allowability, reasonableness and consistency of the receiving project.
		- The cost must be in compliance with the terms and restrictions of the receiving project.
		- What makes the charge valid for the “receiving project” and invalid for the existing project?
		- How does the cost support the scope of work?
		- If the cost benefits multiple projects, then the proportions need to be supported. (refer to UD’s Cost Accounting Standard (CAS) Guidelines) <https://www1.udel.edu/research/pdf/cost-accounting-guidelines.pdf>

**Question# 4:** Why is this cost transfer being requested more than 90 days after the original transaction date?

* Why has it taken over 90 days to identify that the charge does belong on the project?
	+ Timing is the key response.
	+ Supporting documentation indicating adequate efforts were taken to process the JV prior to 90-days.
		- Why wasn’t the need for this JV discovered earlier?
		- Were the expenditures reviewed with the PI prior to allocation?
		- Were monthly reviews of award activity occurring?
		- Were control processes not in place at the time the original transaction occurred?
		- Were existing processes not followed?
		- Is the college/department dependent on another area to ensure the timely posting of transactions?

**Question# 5:** What steps will be taken to prevent this type of error or situation from happening in the future?

* The response needs to indicate the adherence to an existing process or the implementation of a new process.
* It is recommended that UD’s Sponsored Project Cost Transfer Policy and UD’s Cost Accounting Standards (CAS) Guidelines be reviewed.
	+ - https://sites.udel.edu/generalcounsel/policies/sponsored-project-cost-transfer-policy/
		- <https://www1.udel.edu/research/pdf/cost-accounting-guidelines.pdf>
* Monthly review of award activity along with consultation with the PI is recommended to promote UD's established guidelines for responsible stewardship of funds.
* Are all parties involved aware of departmental processes?
* Thoughts to consider that may help to clarify a complete response to this question are:
	+ - * Frequency of reviewing project activity
			* Frequency of meeting with the PI(s) to review project activity
			* Training
			* Checks & Balances
			* Process Improvement or the establishment of processes

\*Please note that revised responses to the audit questions should be submitted via email for further review and prior to the resubmission of the JV.

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