	<b>SOP: Cost Reallocations for Research or Sponsored Program Indexes</b>			
	<b>Responsible Office: Office of Research and Sponsored Programs</b>			
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## Purpose

This SOP outlines the steps involved in reallocating an existing cost either from a non-sponsored project index to a sponsored project index, or between two or more sponsored project indexes, as outlined in Policy: Cost Reallocations for Research and Sponsored Program Indexes.

## Scope

This SOP must be followed by any University personnel and/or office involved in the performance, management, and/or oversight of externally funded research and sponsored projects: Project Personnel; Department/Center/Institute Administrative Support Staff; Academic Department Chair; Center/Institute Director; Academic Dean or Authorized Designee; Office of Research and Sponsored Programs Contract and Grant Specialist (ORSP CGS); and Assistant Vice President, Office of Research and Sponsored Programs. This SOP applies when an existing expense is moved to a sponsored project index, or between sponsored project indexes.

## Associated University Policy

Policy: Cost Reallocations for Research and Sponsored Program Indexes.

## Procedures

The Office of Research and Sponsored Programs (ORSP) is responsible for reviewing and approving all cost reallocations, payroll and non-payroll, before they can be processed into accounting records. To be considered allowable, cost reallocations must be timely, fully documented, explained in detail, adhere to the sponsor's standards, and have all appropriate authorizing signatures. Cost reallocations should be prepared and submitted as soon as the need for the transfer is identified, but under most circumstances, within 90 days following the end of the month in which the original transaction occurred.


All reallocations moving an expense to a research/sponsored project index, or between two or more research/sponsored project indexes, both payroll and non-payroll, must be submitted using **both** of the following forms:

1. The reallocation document: either the [Research/Sponsored Project Cost Reallocation Form](#) for non-payroll expenses, or the Payroll Assignment Confirmation/Change Form (PAC) for payroll expenses, **and**;
2. The ORSP Reallocation Justification Form. Expense reallocation explanations must be specific and detailed. Guidance for completing the Justification Form is provided here: <https://research.cc.lehigh.edu/sites/research.cc.lehigh.edu/files/documents/ORSP/ReallocationExplGuide.pdf>

Procedure: Non-Payroll Cost Reallocations within 90 days of the end of the month of the original transaction

Questions 1 and 2 of the Reallocation Justification Form must be completed, and the Justification Form must be signed by both:

- the Principal Investigator/Authorized Signer of the index being charged, and;
- the assigned ORSP Contract and Grant Specialist.

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- Non-Payroll Cost Reallocations over 90 days from the end of the month of the original transaction  
 In general, cost reallocations submitted more than 90 days after the end of the month in which the original transaction occurred will only be granted in extenuating circumstances. Examples of extenuating circumstances are provided below. The reasons for a reallocation over 90 days must be documented in detail. Questions 1 through 4 of the Reallocation Justification must be completed, and the Justification Form must be signed by all of the following parties:
  - Principal Investigator/Authorized Signer of the index being charged;
  - Department Chair;
  - College Dean or Authorized Designee;
  - the assigned ORSP Contract and Grant Specialist, and;
  - the Assistant Vice President, ORSP.

Requestors are advised to review explanations for requests for Non-Payroll Cost Reallocations over 90 days with ORSP prior to completing the required forms.

**Examples of potentially acceptable extenuating circumstances for requests for Non-Payroll Cost Reallocations over 90 days:**


- Late issuance of a notice of grant award or full execution of a subaward subsequent to the start of the period of performance. Supporting documents are required. Charges must be moved within 90 days of receipt of the notice of grant award or fully executed subaward. At no time may an existing research or sponsored project index be used as a “temporary holding index” for expenses which will subsequently be moved to another index.
  - Failure of another department to take action, e.g. on a properly submitted expense reallocation request.
- Payroll Reallocations  
 Effort certifications are processed for three time periods each year: January through May; June through August, and; September through December. Payroll reallocation is permitted at any time within a single certification period to coincide with actual effort. When effort reports are being reviewed for certification, any corrections to the effort report must be accompanied by required payroll reallocation documents.

Both of the following forms are required to process payroll reallocations submitted within the current effort certification period:

- Payroll Assignment Confirmation/Change Form (PAC), and;
- Reallocation Justification Form, with Questions 1 and 2 completed, and the form signed by the Principal Investigator/Authorized Signer of the index being charged and the assigned ORSP Contract and Grant Specialist.

Payroll modifications affecting time periods for which effort has been previously certified requires the issuance of a manual effort report correcting the error, certified by the PI and both of the following forms be completed:

- Payroll Assignment Confirmation/Change Form (PAC); and
- Reallocation Justification Form, with Questions 1– 4 completed and signed by all of the following parties:
  - The Principal Investigator/Authorized Signer of the index being charged;

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- Department Chair;
  - College Dean or Authorized Designee;
  - the assigned ORSP Contract and Grant Specialist, and;
  - the Assistant Vice President, ORSP Office of Research and Sponsored Programs
- Closeout of Research and Sponsored Project Indexes

Principal Investigators and departmental administrators overseeing research/sponsored project indexes should be particularly careful to manage and monitor expenses to avoid incurring costs that are not reimbursable. If unallowable costs have been incurred, they must be removed from the sponsored project index and charged to an appropriate University account. Costs incurred beyond the project end date are generally not allowable. Ongoing correction of incorrectly charged expenses is preferable to adjustments in the last months of a project.

- Costs Transferred in Anticipation of an Overdraft (prior to end date of project)  
Principal Investigators and departmental administrators should carefully manage sponsored project funds during the project period. During review it may be determined that an overdraft might occur. If an overdraft is anticipated, either of the following actions may be taken:  
(1) the cost may be legitimately transferred to another sponsored project that also benefited from the cost (documentation of the benefit must be explicit), or;  
(2) the cost must be transferred to an appropriate, non-sponsored index.
- Cost Overruns after the End Date of a Project  
Cost overruns that exist after the end date of a sponsored project may not be transferred to another sponsored project fund.

### Roles and Responsibilities


Responsible Party	List of Responsibilities
<b>Department/Center/Institute  Administrative Support  Staff</b>	<b>For Non-Payroll cost Reallocations:</b> - Complete applicable questions on Reallocation Justification Form and obtain the required Principal Investigator/Authorized Signer signature. For reallocations greater than 90 days from the end of the month of the original transaction, also obtain Department Chair and Dean's Office signatures - Fill in required information on the Electronic Reallocation-Expense/Revenue and Funding Transfer Form; Upload Reallocation Justification Form and other supporting documents, and; electronically submit the forms.



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	<p><b>For Payroll Reallocations:</b></p> <ul style="list-style-type: none"> <li>- Complete the Payroll Assignment Confirmation/Change Form (PAC) and obtain Principal Investigator/Authorized Signer signature.</li> <li>- Complete Questions 1 and 2 on Reallocation Justification Form and obtain the required Principal Investigator/Authorized Signer signature.</li> <li>- If reallocating previously certified effort:               <ul style="list-style-type: none"> <li>● complete Questions 1 through 4 on Reallocation Justification Form and obtain Principal Investigator/Authorized Signer signature;</li> <li>● obtain Department Chair signature;</li> <li>● obtain Dean's Office signature, and;</li> <li>● contact Research Accounting to complete a manual effort report.</li> </ul> </li> <li>- Forward PAC and Reallocation Justification Form to Dean's office for the required review and approval.</li> </ul>
<p><b>Academic Dean or Authorized Designee</b></p>	<p><b>For Non-Payroll Cost Reallocations over 90 days from the end of the month of the original transaction:</b></p> <ul style="list-style-type: none"> <li>- Review and sign Reallocation Justification Form.</li> <li>- Return the form to the Department for continued processing.</li> </ul> <p><b>For payroll reallocations:</b></p> <ul style="list-style-type: none"> <li>- Review and sign PAC and Reallocation Justification Form.</li> <li>- Forward PAC and Reallocation Justification Form to ORSP.</li> </ul>
<p><b>ORSP CGS</b></p>	<p><b>For non-payroll expense reallocations within 90 days of the end of the month of the original transaction:</b></p> <ul style="list-style-type: none"> <li>- Review and sign Electronic Reallocation-Expense/Revenue and Funding Transfer Form and Reallocation Justification Form.</li> <li>- Forward approved forms to Research Accounting for processing.</li> </ul> <p><b>For non-payroll expense reallocations over 90 days from the end of the month of the original transaction:</b></p> <ul style="list-style-type: none"> <li>- Review and sign Electronic Reallocation-Expense/Revenue and Funding Transfer Form and Reallocation Justification Form.</li> <li>- Obtain ORSP AVP signature on Reallocation Justification Form.</li> <li>- Forward approved forms to Research Accounting for processing.</li> </ul> <p><b>For payroll reallocations in the current effort certification period:</b></p> <ul style="list-style-type: none"> <li>- Review and sign PAC and Reallocation Justification Form.</li> </ul>

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	<ul style="list-style-type: none"> <li>- Forward approved PAC and Reallocation Justification Form to Payroll Office for Processing.</li> </ul> <p><b>For payroll reallocations for previously certified effort:</b></p> <ul style="list-style-type: none"> <li>- Review and sign the PAC and Reallocation Justification Form.</li> <li>- Obtain ORSP AVP, ORSP signature on Reallocation Justification Form.</li> <li>- Forward approved forms to the Payroll Office for processing.</li> </ul>
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## References

<b>University Policies and Documents</b>
ORSP Reallocation Explanation Guidance <a href="https://research.cc.lehigh.edu/sites/research.cc.lehigh.edu/files/documents/ORSP/ReallocationExplGuide.pdf">https://research.cc.lehigh.edu/sites/research.cc.lehigh.edu/files/documents/ORSP/ReallocationExplGuide.pdf</a>
Lehigh University Payroll Office, "How to Prepare a Payroll Reallocation Request" <a href="https://financeadmin.lehigh.edu/sites/financeadmin.lehigh.edu/files/offices/controller/images/11.%20Reallocation%20Request.pdf">https://financeadmin.lehigh.edu/sites/financeadmin.lehigh.edu/files/offices/controller/images/11.%20Reallocation%20Request.pdf</a>
<b>University Forms and Systems</b>
ORSP Reallocation Justification Form <a href="https://research.cc.lehigh.edu/policies">https://research.cc.lehigh.edu/policies</a>
<a href="#">ORSP/RA Research/Sponsored Project Cost Reallocation Form</a>
Lehigh University Payroll Assignment Confirmation/Change Form (PAC) – Departments obtain this form from Dean's Office or Payroll Office.