



# JOB AID

## Salary Transfers and FECs

**WHAT IS A SALARY TRANSFER?** A process to initiate and document adjustments and corrections to salary expenditures.

**WHY DO I NEED TO DO A SALARY TRANSFER?** In addition to correctly allocating expenses, salary transfers adjust payroll to reasonably reflect the faculty member's actual effort on a sponsored agreement (e.g. grant or contract).

**WHEN DO I NEED TO DO A SALARY TRANSFER?** Salary transfers may be prepared whenever the percent of effort performed is less or more than the percent of effort paid. Best practice is to adjust salary distributions whenever there is an anticipated change in effort. However, when that can't be done the transfer should be completed before the FEC is certified by the faculty member.

### WHAT DO I NEED TO DO AFTER SUBMITTING A SALARY TRANSFER?

- Ensure that everyone who is responsible for effort reporting has knowledge of the salary transfer. This may include staff in another department if the faculty member has a different home department. For guidance on how to access salary transfers completed outside your department see: <http://f2.washington.edu/fm/efecs/sites/default/files/SalXr.pdf>
- Review the earn dates on the salary transfer and check to see if there is a certified FEC for that period.
  - If the FEC has not been certified, the salary transfer should show up on eFECs the day after it is posted.
  - If the FEC has been certified, prepare a revised FEC for the faculty member's review and certification. For instructions see "[Recertifications](#)" on the MAA/FEC website.

**Do I always have to recertify an FEC when I prepare a salary transfer?** Recertification of the FEC is only required if the level of effort on the sponsored project changes. Departments do not need to document the transfer of salaries to a sub budget number on the FEC as long as it does not change the percent effort on the project. This includes salary transfers from a parent budget to a sub budget or a sub budget to another sub budget under the same project. A shift in funding source where the total effort on the budget remains the same would also not require an FEC to be recertified.

**Are there any compliance concerns with doing salary transfers?** Salary transfers are a key indicator of the quality and effectiveness of internal controls and should not be used as a management tool. Salary transfers can become a significant compliance risk. To avoid these risks –

- Complete salary transfers within 90 days of discovery. If over 120 days from the original transaction date, additional justifications are required.
- Review and reconcile BARS monthly to determine required salary distributions changes, detect errors and make payroll adjustments to reflect appropriate effort levels.
- Avoid salary transfers where effort has previously been certified as correct.
- Establish advance budgets.
- Do not use sponsored budgets as a holding account.
- Avoid salary transfers occurring at the end of a grant period. In the few cases where these late transfers might be necessary, complete justifications for the change should be carefully documented in the salary transfer justification section.

**What should I put in the justification boxes?** Answer the following questions completely.

- Why was the expenditure transferred?
- Is the transfer within the guidelines of the budget?
- Is the transfer in direct support of the project?
- Why was the expenditure originally charged to the incorrect budget?
- *If over 120 days from the original expenditure:* Why is the transfer late? Why was the error not identified during the monthly budget review?
- *If FEC has been previously certified:* Describe why, when the faculty member originally certified the FEC, the payroll distribution was a reasonable reflection of effort and now it is not.