

## RCT FAQ's

### 1. What is an RCT?

RCT stands for "Retro Cost Transfer" and refers to the correcting of a financial transaction that has already taken place. You will sometimes hear it referred to by different names - simply a "Retro," or "retro reallocation of costs," or "retro costing," or perhaps a "CTR" which stands for Cost Transfer Request.

### 2. How is an RCT processed?

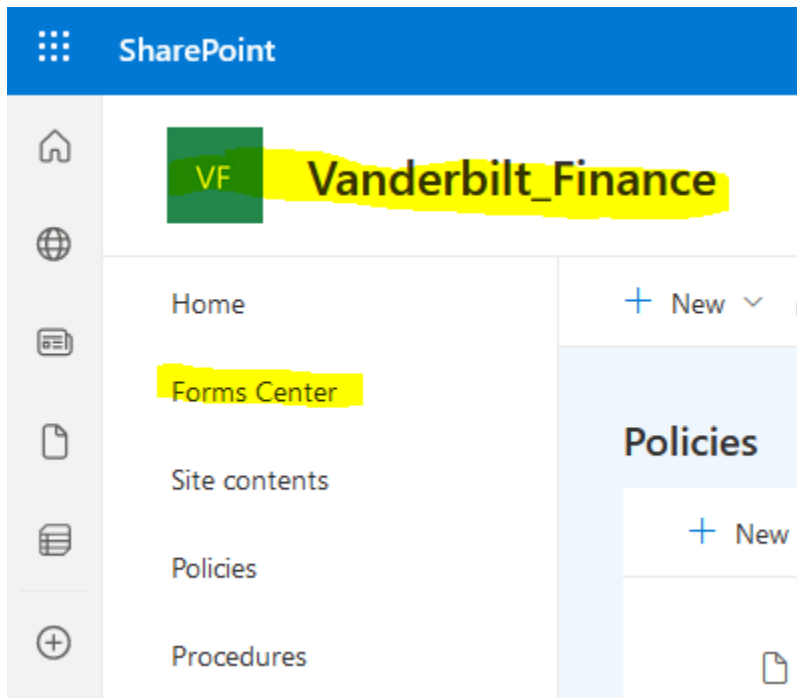
Beginning November 1, 2022, RCTs will be processed via the Finance SharePoint site located [here](#). Previously, Excel spreadsheets were used to detail the necessary corrections and then emailed to appropriate persons (depending on different levels of approval needed) before being processed. The SharePoint site enables processing to be done by filling out forms online and automating the workflow for necessary approvals.

### 3. How do I complete and submit an RCT?

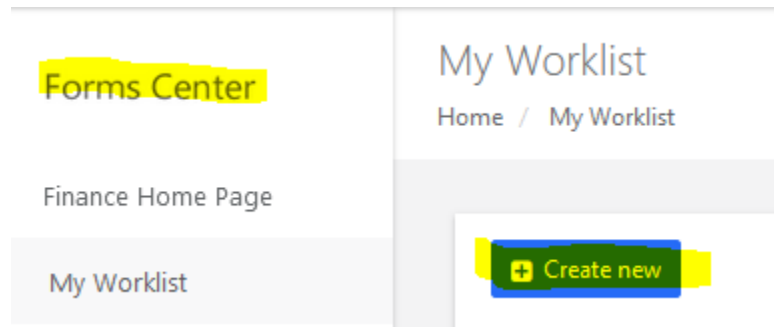
Note that you must first be set up as user on the SharePoint site to be able to submit an RCT. If you do not have access, speak with your supervisor to determine if it is appropriate for you to have access. Business Entity Approvers (BEA's) must approve granting access for employees.

Once you are ready to complete and submit an RCT, go to the Finance SharePoint Site [here](#).

Click on Forms Center as seen below.



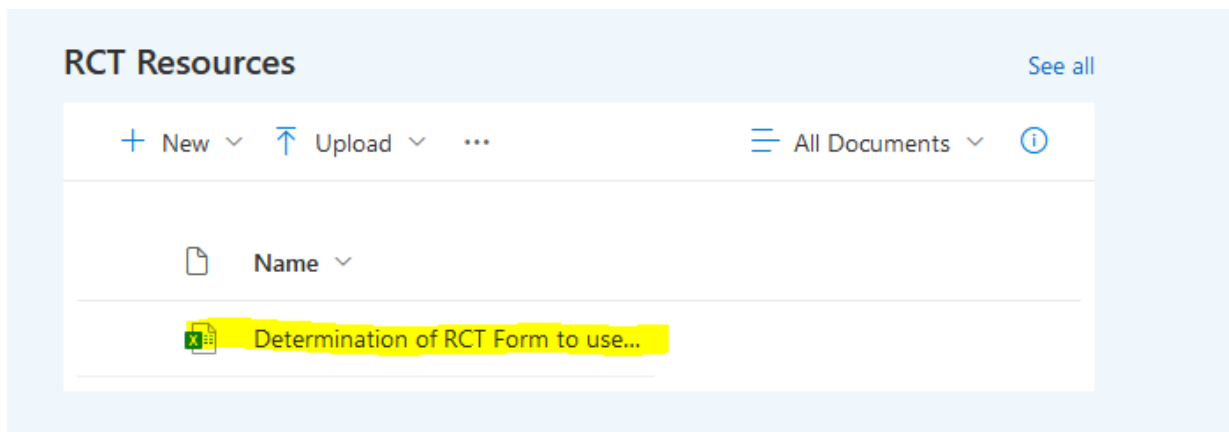
Once in the Forms Center, click on Create New.



Choose the type of form appropriate for the correction you need, fill it out, and then use the change status button to submit it for approval. For more detailed instructions on choosing the appropriate form, completing it, and submitting it, see the document on the SharePoint site called “RCT Form Instructions and Examples.”

#### 4. What are the RCT form types and how do I know which one to use?

Below is a chart of the RCT form types. Using the correct form type is important because it determines the workflow of necessary approvals. If you are unsure of which one to use, answer the questions on the “Determination of RCT Form to use” Excel document on the SharePoint site under RCT Resources.



Salary	Payables	Student	Cores
<ul style="list-style-type: none"> <li>01 SAL – Salary-Non-Sponsored Program less than 90 days old</li> </ul>	<ul style="list-style-type: none"> <li>05 PAY – Payables-Non-Sponsored Program less than 90 days old</li> </ul>	<ul style="list-style-type: none"> <li>09 STU – Student-Non-Sponsored Program less than 90 days old</li> </ul>	<ul style="list-style-type: none"> <li>13 COR – Cores-Sponsored Program related less than 90 days old</li> </ul>
<ul style="list-style-type: none"> <li>02 SAL – Salary-Non-Sponsored Program more than 90 days old</li> </ul>	<ul style="list-style-type: none"> <li>06 PAY – Payables-Non-Sponsored Program more than 90 days old</li> </ul>	<ul style="list-style-type: none"> <li>10 STU – Student-Non-Sponsored Program more than 90 days old</li> </ul>	<ul style="list-style-type: none"> <li>14 COR – Cores-Sponsored Program related more than 90 days old</li> </ul>
<ul style="list-style-type: none"> <li>03 SAL – Salary-Sponsored Program related less than 90 days old</li> </ul>	<ul style="list-style-type: none"> <li>07 PAY – Payables-Sponsored Program related less than 90 days old</li> </ul>	<ul style="list-style-type: none"> <li>11 STU – Student-Sponsored Program related less than 90 days old</li> </ul>	
<ul style="list-style-type: none"> <li>04 SAL – Salary-Sponsored Program related more than 90 days old</li> </ul>	<ul style="list-style-type: none"> <li>08 PAY – Payables-Sponsored Program related more than 90 days old</li> </ul>	<ul style="list-style-type: none"> <li>12 STU – Student-Sponsored Program related more than 90 days old</li> </ul>	

## 5. How are RCT's involving CORES different?

Transactions on Cores can take several different forms.

- If you correcting something purchased for a Core from an external party that followed the normal purchasing process (i.e. the requisition and PO were created in Oracle; an invoice was received; and the invoice was paid by payment services) you would use an appropriate payables RCT form.
- Cores transactions billed through iLab that are on a sponsored program are loaded into Oracle via a miscellaneous expenditure batch (MEB) by Research Finance. Any RCT needed to correct such charges are corrected in the same manner - via an MEB processed by Research Finance. Therefore, these types of transaction would use one of the following ICT forms that route to Research Finance for processing:
  - 13 COR – Cores-Sponsored Program related less than 90 days old OR
  - 14 COR – Cores-Sponsored Program related more than 90 days old
- Cores transactions billed through iLab NOT on a sponsored program have historically been corrected by the departments themselves processing an upload through the Intercompany Module in Oracle. There is currently no RCT form for these types of transactions. Changing this process to be a part of the RCT workflow is under consideration.

## 6. How do I know if my RCT falls into the under 90 days or over 90 days timeframe?

The easiest way to determine if the RCT you are submitting is over 90 days or under 90 days is to fill out the "Determination of RCT Form to use" spreadsheet on the SharePoint site. That tool automatically calculates the number of days since the original transaction.

Per Vanderbilt policy, the number of days since the original transaction took place is calculated beginning the first day of the month after the “accounting date” of the original charge. For example, if the original transaction’s accounting date was April 10, the first day of the 90-day counting begins on May 1.

### 7. What happens if my RCT is under 90 days old when I submit it, but does not make it through the approval process before it becomes over 90 days old?

Vanderbilt encourages RCTs to be submitted as quickly as possible after the error is discovered. Approvals should also be done timely. If at any point in the process the RCT reaches the over 90 day threshold and has not made it through all necessary approvals, the reviewer should reject it and the RCT should be resubmitted using the appropriate over 90 day form.

### 8. Who approves an RCT?

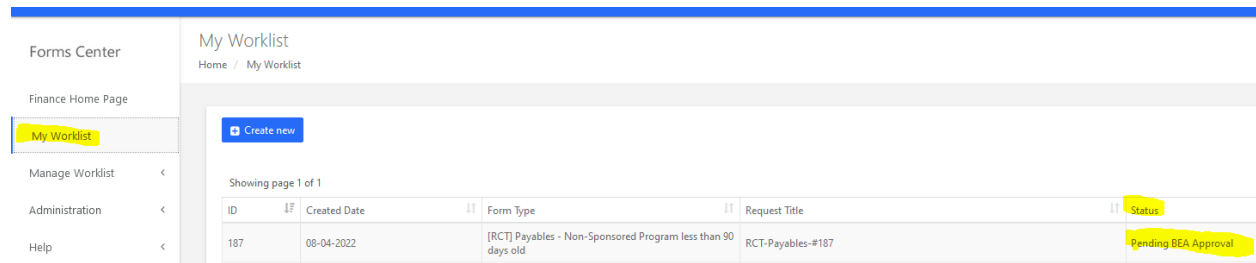
Approvals depend on the type of RCT and its age. The first step of approval is always done by either the BEA or the Grants Administrator. BEAs are the first approvers for all RCTs that do not involve sponsored programs, and Grants Administrators are the first approvers for all RCTs that involve sponsored programs. For specific detail on necessary approvals see the workflow charts in Appendix A of the Retroactive Reallocation of Costs Procedure document on the Finance SharePoint site [here](#).

### 9. Who are my BEA and Grants Administrator?

Your supervisor should be able to tell you who your BEA and Grants Administrator are.

### 10. How do I know if my RCT has been processed?

For any RCT that you initiated, you can check the status by going to the My WorkList section of the Forms Center.



The screenshot shows the 'My Worklist' section of the Forms Center. The left sidebar contains navigation links: Forms Center, Finance Home Page, My Worklist (highlighted), Manage Worklist, Administration, and Help. The main content area shows a 'Create new' button and a table with the following data:

ID	Created Date	Form Type	Request Title	Status
187	08-04-2022	[RCT] Payables - Non-Sponsored Program less than 90 days old	RCT-Payables-#187	Pending BEA Approval

Here is a list of the possible statuses for any RCT:

<b>Status</b>	<b>Meaning</b>
New	Newly created - sitting with the initiator waiting to be put into workflow
Pending BEA Approval	Awaiting the assigned BEA to approve
Pending Grants Admin Approval	Awaiting the assigned Grants Administrator to approve
Pending Controller Approval	Awaiting the Controller to approve
Pending Director of RF Approval	Awaiting the Director of Research Finance to approve
Assigned to RF Grants Analyst	Awaiting assignment to the appropriate Research Finance Grants Analyst
Pending RF Analyst Approval	Awaiting the assigned Research Finance Analyst to approve
Pending Student Accts Approval	Awaiting Student Accounts to approve
Returned for Revision	Rejected and returned to the initiator to make appropriate revisions
Approved	For salary and payables RCTs, the RCT has made it through the full approval process and is ready to be entered into Oracle by payroll or payment services. For student RCTs, the RCT has made it through the full approval process and is ready for the initiator to process in PeopleSoft.
Completed	For salary and payables RCTs, the RCT has been processed in Oracle by the Payroll or Payment Services Teams. For Student RCTs, the RCT has been processed in PeopleSoft by the department.  Note that for payables RCTs, once the Payment Services Team has processed the correction in Oracle, a corrected invoice is generated and must be approved by the initiator before the change will account in the general ledger.
MEB Completed-CORES	Only for RCTs involving CORES. These RCTs are processed by Research Finance. This status means the Research Finance Team has completed the RCT by submitting a miscellaneous expenditure batch (MEB).
Cancelled	Withdrawn from workflow--will not go through any approvals

### 11. How do I answer the “justification” questions?

All retro costing requests must include appropriate support (see next question) and a justification statement regarding the reason for change. This is particularly important when a sponsored award is involved in order to maintain compliance with the provisions of the Office of Management and Budget (“OMB”) as part of 2 CFR Part 200, Subpart E. Therefore, any retro costing request on a sponsored award, must specifically provide answers to the following questions:

1. How did the error happen?
2. How can the error be prevented in the future?

### 3. Why is the change needed?

These questions should be answered in a manner that makes clear to a reviewer/auditor, who has no knowledge of the situation, what happened and why a correction is needed.

Examples of unacceptable and acceptable justification statements:

- Unacceptable: The transfer of supplies from the department to the grant are necessary due to an error.
- Acceptable: The supplies being transferred were purchased via One Card. The administrative assistant did not review the One Card transactions by the deadline which caused the transactions to post to the default One Card COA string, which is our departmental COA. Going forward, the administrative assistant will review all One Card purchases and assign the correct COA string or project, if applicable to be charged before the deadline.
- Unacceptable: The transfer is needed to charge a portion of a lab technician's salary to a different award/project.
- Acceptable: The cost transfer is needed to transfer 50% of the lab technician's salary to Dr. Smith's award/project. This individual performed experiments with mice and was splitting his time between Dr. Smith's NIH award and his NSF award, but he did not notify anyone to update the costing for his labor distribution. We have talked with the lab technician and Dr. Smith to ensure that more timely information about the activities in the lab which impact the salary distributions be shared in the future with our HCM specialists to ensure that such errors in costing do not occur in the future.
- Unacceptable: The transfer is needed to reflect a distribution change that was not processed in time.
- Acceptable: The administrator was informed of a faculty member's effort distribution change after the HR deadline for changes related to the January payroll. The faculty member has been requested to communicate changes in effort in a timelier manner in the future to avoid such circumstances.

### **12. What is considered appropriate support for the reviewer to approve the RCT?**

Adequate support can consist of a variety of things but should include all necessary documentation to make it clear to a reviewer/auditor, who has no knowledge of the situation, what happened, why a correction is needed, and enable him/her to tie out the amounts of both the error and the correction. Examples of appropriate support include, but are not limited to, documentation establishing timeliness, reasonableness, allocability, and allowability such as email history, reports from Oracle, screenshots of costing changes, pages from a contract/grant detailing allowable and unallowable expenses, etc.

### **13. Where can I get further information about Vanderbilt's policies/procedures surrounding RCTS?**

The Finance SharePoint site contains both a policy and a procedure document that can be referenced for further questions. These documents are:

Retroactive Reallocation of Costs Policy

Retroactive Reallocation of Costs Procedure