

# Managing Cost Transfers

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# Cost Transfers

- Definition: transfer of cost from one institutional account to another
- Cost transfers can occur between two sponsored accounts, from a non-sponsored account to a sponsored account, from a sponsored account to a non-sponsored account, or between two non-sponsored accounts

# Why are Cost Transfers Problematic?

- A cost that is originally placed on an account is certified for allowability, allocability and direct benefit to a particular project
- A cost transfer invalidates that original certification

# YouTube Video by Brian Squilla

- <http://www.youtube.com/watch?v=HeIFBuPtv5E>

# What makes the Problem Worse?

- Inadequate explanation/justification for cost transfer (e.g., “to correct error”)
- Transfers between two Federal projects that clears a deficit off one of the projects
- Salary transfers after Effort Certification
- Late!

# Cost Transfers

- Late (continued)
  - **HHS Grant Policy Statement re Cost Transfers:**  
Generally unallowable but may be necessary to correct error, “Permissible cost transfers should be made promptly after the error occurs but no later than 90 days following occurrence unless a longer period is approved in advance by the GMO.”
  - UA policy requires that all cost transfers be accomplished in a timely manner and be supported by documentation that fully explains how the error occurred and a certification of the correctness of the new charge  
<http://osp.ua.edu/Cost%20Transfer%20Policy%20r2.pdf>

# Cost Transfers

Intense Federal audit scrutiny in this area

**02/03/06** - Audit of Yale University, a subawardee of the University of Massachusetts Medical School

Among other issues, **Cost transfers** – insufficient documentation, email said transfer made to spend down funds, altered document given to auditors

# What can we do?

We know there is only so much you can do if the PI is not responsive or gives conflicting information.

- **Minimize Cost Transfers**
  - Take time to get all info to begin with and charge correctly from the start saving time and paper
- **Get necessary transfers done ASAP**

## How?

- **Review expenditures through the life of the project**
  - Use Banner
  - Research Dashboard – encourage PIs to use it
  - Eprint (however Banner and Dashboard is considered “live” data)
- **Communicate with PI and others (e.g. C&GA)**
  - ASA- Advanced Spending Authorization
  - Check Cost Transfer Policy



# What can we do?

- **Provide adequate support for necessary transfers**
  - Include original documentation of the charge such as MDV, travel voucher or DTA that is being corrected. (Date, Amount fund that the original charge hit)

# How?

- **Answer the questions on the Cost Transfer Request Form including complete explanations for:**
  - How it got charged to the wrong place
  - Why it really belongs where you are moving it
  - What controls are in place (or will be) to minimize reoccurrence
  - If late, why did it take 90 days or more to discover and correct

# Examples:

## **Good or Bad or both?**

- **This charge is being moved off of a grant because it is not applicable to the grant. Other work priorities caused the delay in preparing the paperwork necessary for this transfer.**

# Examples:

## Good or Bad or both?

- **Jane Student's salary was originally funded from Dr. Meanswell's startup. Dr. Meanswell made a request in January 2011 to have Jane's salary switched to GR12345 because Jane would be working on this project. The request was never processed. We now have a file with a listing of PA information so that we can easily review and avoid errors such as this going forward.**

# Examples:

**Think of how it will sound to an auditor!**

- **Explanations aren't just about convincing C&GA. C&GA has to be able to show the auditors, "This is what we were told and it makes sense."**

# YouTube Video by David Mayo

- <http://youtu.be/HaIOpnqwMWg>

Questions?

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Thank you!