
Cost Transfers



University of Colorado

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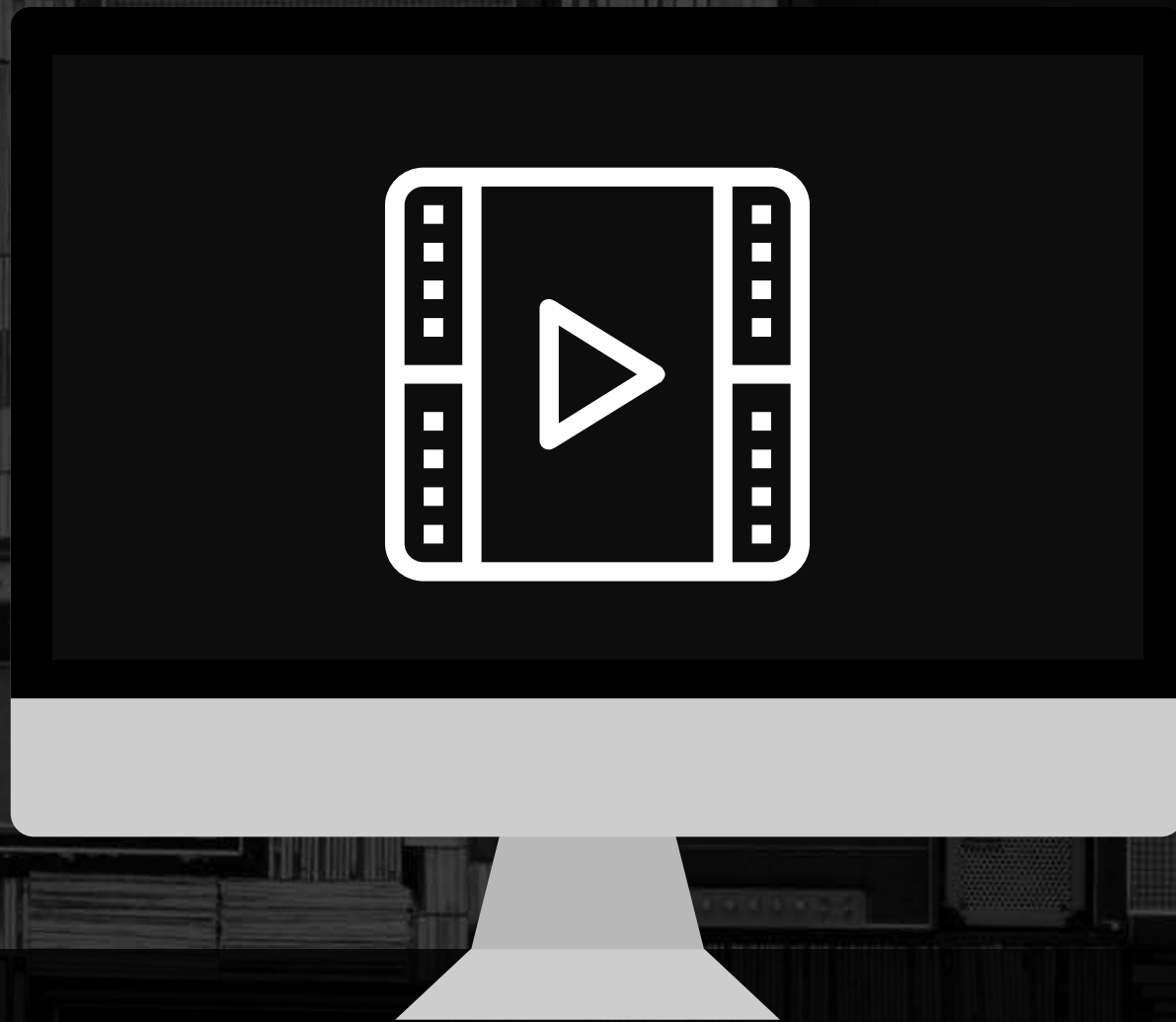


Emily Hawkins

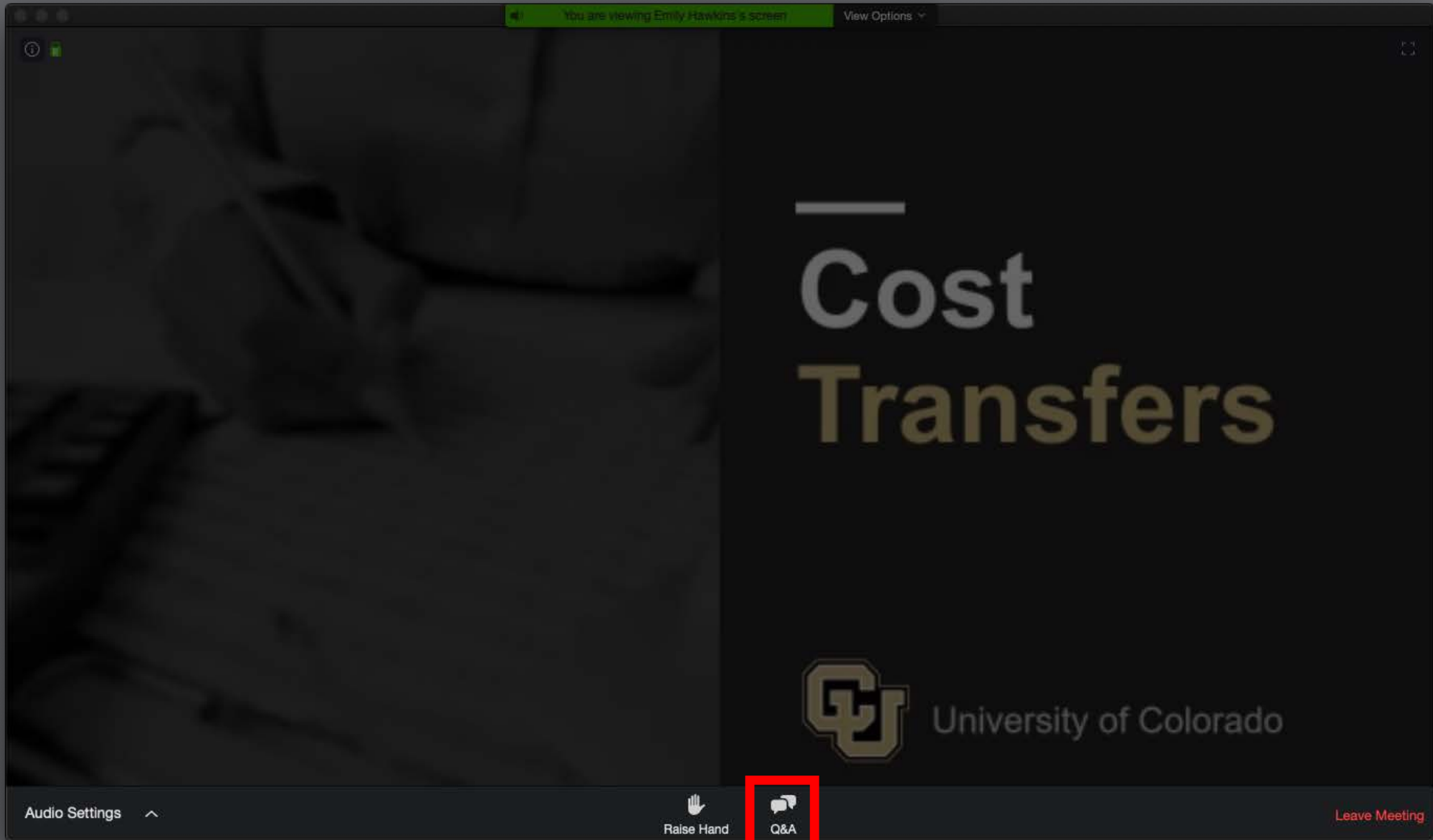
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Recording Available



Q&A Button



Poll Questions

Why Are We Here?

To learn the how and why behind
our **Cost Transfer Policy**

Agenda

Foundation



Basics
Red Flags
NIH Guidance

Timing



Cost Transfers
After 90 Days

Specific
Compliance



Official Functions
Honoraria & Travel
Tuition Remission

Audits



Sample Audits



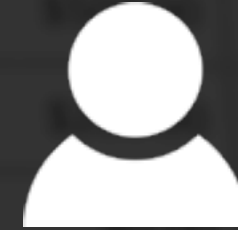
Importance of Cost Transfers



What is a Cost Transfer

A cost transfer occurs when you are **moving an expense from one speedtype to another.**

Manually entered into **PeopleSoft** through a **journal entry (JE).**



My Role

Provide secondary approval on JEs that involve **sponsored projects.**

Evaluate **documentation and audit risk.**

Red Flags



- Timing
- Frequency
- Justification
- Documentation
- Allocable
- Allowable



GRANTS & FUNDING

NIH Central Resource for Grants and Funding Information

Section 7.5

“Cost transfers... should be accomplished within 90 days...”

“...must be supported by documentation that fully explains how the error occurred and a certification of the correctness of the new charge...”

“An explanation merely stating that the transfer was made “to correct error” or “to transfer to correct project” is not sufficient.”

Cost Transfer Basics

Long Description

Specific reason the expense was not originally charged to the award.

An affirmation that the expense benefits the award to which it's being moved. *Include ST or Project Number!*



Document!

POLL



Which of these would you approve?

- Lab supplies allocated incorrectly. Moving lab supplies to correct ST.
- The lab expenses were incorrectly allocated. This JE moves the lab expenses to ST 13012345, where they directly benefited the award.
- The lab expenses were allocated to the incorrect ST due to a transposition in the ST numbers at the time of entry. This moves the expense to ST 13012345, which directly benefited from these lab expenses.

POLL

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Correct Answer

Cost Transfer Basics

Line Items

Document specific Journal ID associated with the expense.

For expenses using **account codes 810100 or 810200 (capital equipment)**, insert PO number in the Journal Line Description field.

Double-check that the amount, debits/credits, SpeedType, account code, and Journal ID are correct.



Attach m-Fin
Financial Detail II

Late Transfers

Transfers onto a sponsored project are **late** when they are processed **90 days** after the original transaction date.

Cost Transfers made after 90 days **require a PI Statement.**

After 90 Days

A signed PI statement addresses these questions:

What was the expense & ***specifically*** how does it benefit the award?



Why wasn't the expense charged to the award to begin with?



Why did it take more than 90 days for the mistake to be identified?



How will this be prevented in the future?

Exceptions

PI statements are not needed to move expenses **off of awards** onto non-sponsored project STs ... or to move expenses within the same award.

Cost transfers moving expenses **onto awards** will not be approved if more than one year after the original journal date ... or if more than one year after the ST creation date (whichever is later).

POLL



In the *PI statement* , what's the best explanation of how expenses benefit the project?

- These lab supplies directly benefited my research work on Project 1559876, and are therefore appropriate to move to the project.
- These nitrous oxides were needed to test the effects of caffeine on our lab rats after they were exercised for 30 minutes. These materials were necessary to complete the research on this project and therefore directly benefit Project 1559876.
- Project 1541234 ends next week and we have \$5,000 remaining. Could you please transfer these lab supplies to this project? That way we can order more on Project 1559876, which doesn't end until next summer.

POLL

Correct Answer

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Purchases Allocated to Multiple Awards

Proportional Method

“If a cost benefits two or more projects [...] in proportions that can be determined without undue effort or cost, the cost must be allocated [...] based on the proportional benefit.”

Uniform Guidance 2 CFR 200.405

Purchases Allocated to Multiple Awards

Proportional Method Examples:



Lab Supplies: Create one Marketplace order for multiple lab supplies...discover that another project utilized 25% of the materials.



Monthly Server Charges: 1/3 of the total use is for project 1541234 and 2/3 for Project 1559876.

Purchases Allocated to Multiple Awards

Reasonable Documented Basis

“If a cost benefits two or more projects [...] in proportions that cannot be determined due to the interrelationship of the work involved, then, [...], the costs may be allocated or transferred to benefitted projects on any reasonable documented basis.”

Uniform Guidance 2 CFR 200.405

Purchases Allocated to Multiple Awards

Reasonable Documented Basis Examples



Travel: By location, total days spent on each project and work effort of PI.



Equipment Use: Hours of use logged by each project.



Lab Supplies: Multiple projects are sharing a large amount of supplies and use cannot be feasibly tracked.

POLL



Which of these is acceptable for a **split purchase** cost transfer?

- Travel benefited two different projects (1541234 and 1559876), but sponsor doesn't allow international travel on project 1541234 so placing travel 100% on NSF grant.
- Traveler attended a conference that equally benefited two projects (1541234 and 1559876), therefore splitting travel 50-50. Airfare unable to be split at time of purchase, therefore moving half of airfare to appropriate awards per TA form and benefit to each.
- Project 1541234 is in deficit by \$157.35, moving hotel and transportation to Project 1559876 (total \$157) since this benefited from travel as well.

POLL

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Correct Answer

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Compliance for Specific Expenses

Official Function
& Food Expense



Must be specifically
authorized by
sponsor

May need to attach
OF form to the JE

Honoraria



If greater than
\$100, attach
Honorarium form

Travel



Attach approval
for trip (TA form
or other)

Compliance for Specific Expenses

Student Aid

Account code range 770100-770199 (SFTR journals).

Verify the amounts using the CU-SIS GL Detail Range.

Attach class roster report – for continuing education courses.

Tuition Remission

Long description should state the employee name, semester, and PET number.

PET must be approved.

Attach m-Fin Payroll TS report.

Other Notes



Internal Sales

- Include goods or services provided.
- Dates of when goods/services were provided.



Lump Sum Transfers

- Use Large Volume Cost Transfer spreadsheet.
- Consolidate charges on JE for expenses with same Journal ID.



Award Balance

- Award needs to have enough available balance *before encumbrances* to cover JE expenses.

I love Audits!

- said no one ever



Audit Findings – Stanford



Stanford
University

Questioned \$84,197 for equipment, travel, instrument usage, and lab supplies, representing costs that were allocated to NSF awards using unsupported allocation methodologies.

The allocation percentage was only the PI's estimate of expected future use, which appeared to be arbitrary and based on convenience.

Audit Findings – UNC Chapel Hill



Questioned \$265,000 allocation of equipment. The University did not document the allocation basis for the amount transferred and did not document why it took so long to transfer the costs.

Costs not adequately documented: Equipment, supplies, and services totaling \$284,865 transferred to HHS awards without documenting the reason the transfers were necessary, or why transfers occurred several months after the University initially recorded the charges.

Audit Findings – UCSB



Questioned \$500,000 of inappropriate cost transfers.

Transfers made onto an NSF grant at grant close out to spend out those funds

Transfers from an NSF grant that went over budget onto an NSF grant with available funds

Audit Findings – UMASS



University of
Massachusetts
Medical School

Questioned cost transfers made without detailed explanation.

The cost transfers were not accomplished within 90 days of the original transaction. The journal entries did not explain any unusual or exceptional circumstances that would allow these transfers to exceed the 90 day limit.

Audit Findings

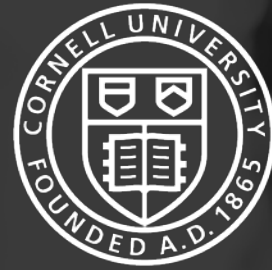


NIH designated one University as high risk because of questionable accounting for grant fund expenditures, specifically cost transfers.

The explanations that the University provided to support the cost transfers were vague and unclear.

Audit Process Data Samples

Cornell NSF audit sampled all cost transfers during the period under audit greater than \$200.



Cornell University



THE UNIVERSITY OF
CHICAGO

University of Chicago had all cost transfers sampled over \$100.

Red Flags - Review



- Timing
- Frequency
- Justification
- Documentation
- Allocable
- Allowable

POLL



Put it all together - Which of these JEs would you approve as is?

- JE 0008912 is moving lab expenses within 90 days and states that the department has a list of STs or the PI's awards—the lab member looked at the wrong ST when placing an order for lab expenses. The lab expenses directly benefit Project 1559876.
- JE 0007654 is moving travel for a conference from Project 1559876 to 1541234. The employee was supported entirely by Project 1559876. The TA form says that they presented research from Project 1541234, thus are moving travel to Project 1541234.
- JE 0004567 is moving lab expenses from NSF Project 1559876 to NIH Project 1565432. Project 1559876 is ending in a month and is in deficit by almost the exact amount that is moving. Documentation attached claims these were allocated in error.

POLL

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Questions?

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