



Cost Transfer Guidance

A cost transfer is when an expense is transferred from one account to another account after the expense was initially recorded in the financial accounting system or is an after-the-fact reallocation of expenses (e.g., P-card reallocations). Cost Transfers can be for salary or non-salary expenses. Cost transfers for salary expenses are done through a Past Period Distribution Adjustment (PPDA). Non-salary adjustments are done through a General Error Correction (GEC). The following guidance applies to both PPDA's and GECs used for any reallocation of expenses to or from sponsored (53) accounts.

When an expense is charged to an account, you are certifying that expense is allowable, allocable, and a direct benefit to that account. A cost transfer invalidates that certification.

Cost transfers that are, or appear to be, problematic include:

- Transfers between two sponsored project (53) accounts;
- Transfers occurring more than 90 days after the original transaction posted to an account;
- Transfer to a project at the end of the period of performance to use available budget (spending out the account);
- Inadequate explanation/justification of the cost transfer;
- Transfers between two sponsored project accounts that clears a deficit off one of the projects; and
- Salary transfers (PPDA's) that invalidate completed project certifications.

For additional information see the following documents:

- CSU POLICY: Cost Transfers on Sponsored Projects
<http://policylibrary.colostate.edu/policy.aspx?id=765>
- Financial Procedure Instructions FPI 1-5 Journal Entry
http://busfin.colostate.edu/Forms/FRP/Accounting/FPI_1-5_Journal_Entry.pdf#zoom=100

Initiating a Cost Transfer

In Oracle, the labor redistribution (PPDA) process prompts for a reason:

< In the Comments field enter the reason why the redistribution is necessary. >

- Charged to incorrect account (including transposition error)
- Clearing costs to non-sponsored account
- Allocation of costs that benefit more than one project
- Transfer Pre-Award costs from a department holding account
- Late Award (Received Notice of Award late from awarding agency)
- Due to Regulatory Hold (COI, IACUC, IRB, IBC)
- Transfer costs from Labor Suspense
- Reallocate effort to reflect actual effort

A KFS GEC requires a Description (40 characters max.) and provides optional space for Explanation (400 characters max.):

The screenshot shows a web form titled "Document Overview" with a "hide" button. Below the title bar, there are two main input areas. The first is labeled "* Description:" and has a text input field. The second is labeled "Explanation:" and has a larger text area. Below these fields, there is a section for "Financial Document Detail" which includes a field for "Organization Document Number:".

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Either within the available fields or using an attached document, provide the following information for all cost transfers:

1. **Explanation for Error:** Provide an explanation for the error and how it occurred. (e.g., transposition error).
2. **Benefit to Receiving Project:** What is the benefit to the receiving award?
3. **Explanation and Corrective Action for Cost Transfers Greater than 90 Days:** If the transfer is more than 90 days past the original transaction, explain the unusual circumstance that prevented the timely review, correction, and submission of the error and what preventative action has been taken to eliminate future cost transfers of this type.

COST TRANSFER EXAMPLES

PPDA Examples

Acceptable: Clearing costs to a non-sponsored account to accurately reflect Dr. Principal Investigator effort for September 2016. Dr. Principal Investigator completed the study early and the accounting technician was not notified in enough time to adjust labor distribution before the payroll deadline.

Acceptable: During September 2016, Dr. Principal Investigator had an increase effort on X project during the deer season while project Y is in its final stage requiring less effort from Dr. PI. This PPDA is to reallocate effort to reflect actual effort on each project. The increased effort on Project X was a direct benefit to the award as the time spent was on additional analysis of the increased sample supply during the peak of the season.

Unacceptable: New account issued for Yr 2. Moving to new account. *What is the reason? What is the benefit to the new account charged?*

Unacceptable: Staffing sheet was changed, but labor distribution was not. This corrects the salary to where the effort was spent. *What is the benefit to the award to which the cost are being moved?*

GEC Examples

Acceptable: P-Card holder X was unable to obtain a receipt from the vendor before the P-Card charge was automatically reallocated by the system to the P-Card default account, 14-XXXXX. Although the P-Card holder was aware of the issue, she was unable to obtain a receipt prior to the automatic reallocation process occurring. Central to understanding the host-pathogen interaction is a clear picture of the host immunological response. The purchase of X lab supply allows the identification of the host response to the pathogen and also to drug induced toxicity. This GEC moves the lab supply to the project that directly benefited from the expense and correct the object code from the default of general supplies, to the appropriate lab supply code.

Acceptable: Allocating September 2016 charges for BSL3 to Dr. Principal Investigator's two projects. BSL3 is required on project X in order to perform the necessary objectives of Aim 1 of the research project. BSL3 is also required on project Y to perform necessary analysis to meet Aim 4 of the research project.

Unacceptable: PI discovered charges were not being split correctly between grants. *What caused the error? What is the benefit to the receiving award?*

Unacceptable: Moving pre-award cost from department account to the grant account. *What is the benefit of the charges to the receiving award?*

Greater than 90 days

Acceptable: Due to the departure of the research administrator responsible for timely review of expenses on award X for Dr. Principal Investigator, combined with Dr. Principal Investigator's travel abroad over the summer, the department was unable to review account expenses with the PI for accuracy. Upon return of the PI from her travels, department met with the PI to review expenses and it was determined that salary for Post-

Doc Y was lower than actual effort spent over the summer while PI was on travel. Department will be sure to review salary distributions with PIs who will be on extended leave prior to their departure going forward.

Unacceptable: Both the department administrator and PI were on vacation during the review period. *A blanket statement like this does not address how the department will modify processes to keep this from happening again, which must be addressed.*