

Cost Transfer FAQs

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Accountable Department/Unit: Controller’s Office, questions regarding policy content should be directed to the sr. director, Sponsored Projects and Cost Analysis.

Table of Contents

- 1.0 What is a cost transfer? 2
- 2.0 What is the process for submitting cost transfers? 2
- 3.0 How long do I have to submit cost transfers?..... 2
- 4.0 What is sufficient justification for a cost transfer processed within the 90-day limit? 3
- 5.0 What is sufficient justification for a cost transfer processed after the 90-day limit? 3
- 6.0 What backup is needed when submitting a cost transfer?..... 3
- 7.0 What would be an acceptable extenuating circumstance? 4
- 8.0 Why do cost transfers have to be completed within the 45 calendar days of the award end date?..... 4
- 9.0 Is the 90-day timeframe extended if SPA returns my form because the form was missing some of the required signatures? 4
- 10.0 Can I provide an email approval from the PI in lieu of the PI signing the cost transfer form?..... 4
- 11.0 Are the signature, justification and documentation requirements different at award close out? 5
- 12.0 Due to clerical error (transposition error), costs were charged to an incorrect account. They need to be transferred onto the correct sponsored award, but they were incurred greater than 90 days ago. Will these cost transfers be approved? 5
- 13.0 A cost has been identified as benefiting more than one sponsored award. A cost transfer is going to move the cost from one appropriate sponsored award to the other. Is this allowable? 5
- 14.0 The PI is expecting a new award and needs to begin work while we wait for the agreement to be fully executed. Once the award is executed, can these pre-award costs be transferred from a department account onto the sponsored oracle award? 5
- 15.0 I need to “park” a charge on my federal award temporarily until another charging mechanism is available. What should be the justification on the cost transfer?..... 6
- 16.0 The PI is anticipating a continuing budget period to be funded. Once the new funding comes in, will cost transfers be permitted to the new oracle award?..... 6
- 17.0 My PI requested a payroll distribution adjustment to an e-verify award, is this allowed?..... 6
- 18.0 My federal award has a dinner/reception to share project results in the scope of work. At the dinner/reception alcohol was served, which is unallowable on a federal award. When and how should a cost transfer be done to move the alcohol costs from the award? 7
- 19.0 During a closeout review of a sponsored award, unallowable costs were identified and need to be transferred to a non-sponsored funding source, but the costs are greater than 90 days. Will the cost transfers be approved? If so, does the Associate Dean and SPA Director still need to sign off? 7

1.0 What is a cost transfer?

A cost transfer is a transfer of an expense onto or from a sponsored project previously recorded elsewhere in CMU's Oracle financial system. These cost transfers require institutional approvals prior to being completed.

2.0 What is the process for submitting cost transfers?

When a cost transfer is determined to be necessary, the department must complete the applicable form(s). For cost transfers affecting effort, a payroll distribution adjustment form must be completed and transfers of non-salary items should be noted on the accounts payable distribution form. The forms and applicable instructions for completion can be found at the following locations:

https://www.cmu.edu/finance/forms/files/Payroll_Distribution_Adjustment_Form_Landscape.xls

https://www.cmu.edu/finance/forms/files/AP_redist.pdf

Cost transfers forms, once signed by the appropriate departmental signatures as required by the Cost Transfer policy can be submitted to Sponsored Projects Accounting (SPA) in hard copy or can be scanned/mailed to the appropriate SPA Representative.

Any forms that are incomplete – insufficient documentation or having incomplete signatures – will be returned to the department. This additional time is included in the processing timeframe.

3.0 How long do I have to submit cost transfers?

Unless a shorter period of time is required by the sponsor, cost transfers should be submitted within 90 days of the original transaction date or the original date of labor certification. Payroll cost transfers on E-Verify awards may only be completed if the timeframe to initiate E-Verify requirements has been met. These timeframes are:

For Contracts Awarded After September 9, 2010	Newly Hired Employees Assigned to An E-Verify Federal Contract	Existing Employees Assigned to an E-Verify Federal Contract
First 90 days after the date of the contract award	Within 3 days of the date of hire	Within 90 days of the contract award or 30 days of being assigned to work on the contract, whichever is later

More than 90 days after the date of the contract award	Within 3 days of the date of hire	Within 30 days of being assigned to work on the contract
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4.0 What is sufficient justification for a cost transfer processed within the 90-day limit?

The justification/description for a cost transfer must explain the following:

Description must include...	<90 Days	>90 Days
How was the error or situation discovered? Why was the cost not charged correctly at the time it was incurred?	Required	Required
How is the charge appropriate or inappropriate for the sponsored award?	Required	Required
If the cost transfer relates to a payroll, statement that the award is NOT subject to e-Verify.	Required	Required
If the cost transfer relates to a payroll transaction for an effort reporting period that has ended; explain why this was overlooked when certifying efforts.	Required	Required
Why was the transfer not completed within the 90-day timeframe? <ul style="list-style-type: none"> - Sponsor requirement that the cost transfer must be completed (proof necessary) - Failure of another department to take action (e.g. a properly submitted PDA request submitted, but not processed. Evidence of timely follow-up by requestor will be required) - Other extenuating circumstances, please describe 	N/A	Required
How would this error or situation be prevented from occurring in the future? Based on SPA's review, this may result in the development of a corrective action plan after further review of the department and SPA.	Required	Required
If the original charge is being split, how was the calculation determined?	Required	Required
For E-Verify awards, evidence of the employee's E-Verify status and date, and a statement documenting that the 3-, 30-, or 90- day deadline has be met.	Required	Required

5.0 What is sufficient justification for a cost transfer processed after the 90-day limit?

Unless the cost transfer has been requested or required by the sponsor (with written evidence of such), cost transfers exceeding the 90-day limit are normally not approved.

6.0 What backup is needed when submitting a cost transfer?

The appropriate supporting documentation for a cost transfer is explained in the accounts payable distribution adjustment and payroll distribution adjustment forms.

7.0 What would be an acceptable extenuating circumstance?

Extenuating circumstances are evaluated on a case-by-case basis. An extenuating circumstance is an uncontrollable event such as, but not limited to, a natural disaster. The following are not considered extenuating circumstances: employee turnover, university holidays, employee PTO, or cancellations due to weather.

Regardless of the reason, transfers made to/from any sponsored award after 90 days raise additional questions concerning the propriety of the transfer, and could potentially heighten the level of scrutiny applied to all cost transfers university-wide. (Unallowable costs must always be removed regardless of the timeframe in which they are discovered.)

8.0 Why do cost transfers have to be completed within the 45 calendar days of the award end date?

Awards must be closed 90 days after the award end date. A department best practice is to begin its closeout procedures (detail review of award) soon after the award end date, make any necessary changes, and make any appropriate cost transfers at this time. We are strongly recommending cost transfers be completed within 45 days. SPA begins its high-level review on the day after final payroll has posted on the award. If the department reviews have been completed by this time, the closeout will be concise and only critical items will need to be reviewed with the department, saving time for all parties.

9.0 Is the 90-day timeframe extended if SPA returns my form because the form was missing some of the required signatures?

If the form does not contain the appropriate signatures, it will be returned to the department. The time necessary to return the form to the department for appropriate signatures is part of the 90-day timeframe. If the revised form is not appropriately signed and received on day 90, it will be considered past the 90-day limit.

10.0 Can I provide an email approval from the PI in lieu of the PI signing the cost transfer form?

PI signature/approval received through email, must clearly identify the details of the cost transfer as they appear on the cost transfer form, or the approval cannot be accepted.

11.0 Are the signature, justification and documentation requirements different at award close out?

No. All of the signatures, justifications and documentation requirements are the same as they would be for the less than 90-day category. If any cost transfers exceed the 90-day timeframe, when found during the award closeout review, these transfers will be subject to the same rigorous evaluation as all other late transfers.

12.0 Due to clerical error (transposition error), costs were charged to an incorrect account. They need to be transferred onto the correct sponsored award, but they were incurred greater than 90 days ago. Will these cost transfers be approved?

No. Correction of clerical errors is allowable only when the correction is made within 90 days of the incurred date and includes appropriate justification. Cost transfers greater than 90 days from the date incurred will not be approved, as sponsored awards should be more closely monitored to identify errors timely. Note: even if the costs cannot be moved onto the correct sponsored award, these costs must be removed if originally charged to another sponsored award.

13.0 A cost has been identified as benefiting more than one sponsored award. A cost transfer is going to move the cost from one appropriate sponsored award to the other. Is this allowable?

When a particular charge to a sponsored agreement benefits another agreement, that charge may be transferred to the other agreement provided that:

- 1) the initial charge could appropriately have been made to the other PTA,
- 2) the charge is represented in the approved budgets of both awards,
- 3) the transfer explanation is clear as to why the particular charge is appropriate to both of the awards, and
- 4) the transfer is processed within the timeframes noted in the policy. If the charge is being allocated among sponsored awards, a description of the methodology used to allocate the costs to the awards is required.

14.0 The PI is expecting a new award and needs to begin work while we wait for the agreement to be fully executed. Once the award is executed, can these pre-award costs be transferred from a department account onto the sponsored oracle award?

For the effective and economical conduct of a sponsored project, it is sometimes necessary for costs to be incurred prior to receipt of the award document and actual funding. In these cases, the department administrator should request an Early Award from the Office of Sponsored Projects by completing the

Early Center form, found here: <https://www.cmu.edu/osp/awards/awards-forms/earlyaward.pdf>. Upon receiving OSP's approval, SPA will establish an early award number, which will become the permanent award number when the award is executed. Establishing the early award prevents the need for cost transfers. If the anticipated award/funding is not received, the department is responsible for these costs which must be transferred to a non-sponsored funding source of the department's choosing as noted on the above mentioned form. Cost transfers must follow the appropriate process as described in 2.0 above.

15.0 I need to "park" a charge on my federal award temporarily until another charging mechanism is available. What should be the justification on the cost transfer?

Only expenditures that benefit or support the scope of work may be charged to a federal award. The federal award should never be used as a temporary holding account. If the expenses are related to pre-award costs, see question #14.0 above regarding establishment of early awards.

16.0 The PI is anticipating a continuing budget period to be funded. Once the new funding comes in, will cost transfers be permitted to the new oracle award?

If a continuation award is anticipated after the end date of the original contract or current contract modification and the award has automatic carryforward, costs may continue to be charged to the current active PTA after completion and submission of the Award Extension Form to the Office of Sponsored Programs. The form is located at: <https://www.cmu.edu/osp/awards/awards-forms/awardext.pdf>. Upon receipt of OSP's approval for award extension, SPA will change the award status to At Risk and spending may continue. If the award terms require approval of carryforward, an Early Award should be requested by submitting the Early Award Request form to OSP. If the continuation award is denied, regardless of carryforward terms, any costs beyond the funded period of performance must be transferred to a non-sponsored funding source of the department's choosing as noted on the above-mentioned form. Cost transfers must follow the appropriate process as described in 2.0 above.

17.0 My PI requested a payroll distribution adjustment to an e-verify award, is this allowed?

It may be. As stated in Section 4.5 of the Cost Transfer Policy, Cost transfers involving payroll may be allowed for E-Verify contracts and subcontracts, however due to the very narrow window of time to complete the E-verify process evidence that the E-Verify deadlines have been met will be required as part of the documentation for a cost transfer to be approved.

18.0 My federal award has a dinner/reception to share project results in the scope of work. At the dinner/reception alcohol was served, which is unallowable on a federal award. When and how should a cost transfer be done to move the alcohol costs from the award?

Alcohol and other unallowable costs should never be charged to a sponsored award regardless of the intent to perform a cost transfer after the fact. If a purchase order is used for the event, the PO should be set up with two (2) Oracle accounts. One account would be the PTA for the federal award for the allowable event costs and a second departmental account using the appropriate unallowable expenditure type should be established to account for any unallowable costs.

If however, an unallowable cost is unintentionally charged to a federal award, a cost transfer should be submitted immediately upon realizing the error.

19.0 During a closeout review of a sponsored award, unallowable costs were identified and need to be transferred to a non-sponsored funding source, but the costs are greater than 90 days. Will the cost transfers be approved? If so, does the Associate Dean and SPA Director still need to sign off?

Principal investigators and department/research administrators overseeing sponsored awards should be particularly careful to manage and monitor their expenses to avoid incurring costs that are not reimbursable. Principal investigators and departmental administrators should review the original agreement and/or ask Sponsored Projects Accounting if uncertain about the allowability of the expense prior to charging the sponsored award. If, however, unallowable costs have already been incurred, the costs must be removed from the award and charged to a non-sponsored funding source. Ongoing monitoring of sponsored awards by the department is essential and strongly encouraged and preferable to adjustments initiated in the last month of the sponsored agreement. Cost transfers removing unallowable costs from an award must be made regardless of timing. The Associate Dean's and SPA Director's signatures acknowledges the transfer of the unallowable cost.