



Campus Controller's Office

Helpful Tips To Reduce Cost Transfers – 3/23/2021



Campus Controller's Office
UNIVERSITY OF COLORADO **BOULDER**

Be Boulder.



Welcome and Introductions

Campus Controller's Office

Provides sponsored projects compliance to ensure the highest levels of integrity are met in all areas of regulatory compliance in managing CU Boulder Fund 30/31/33 transactions.



Adam Finefrock

Research Compliance
Accountant:

Adam.Finefrock@Colorado.edu



Campus Controller's Office
UNIVERSITY OF COLORADO **BOULDER**

Be Boulder.

Agenda

Foundation ○ Cost Transfers – The Basics

Red Flags ○ Red Flags



Helpful Tips ○ Tips to Reduce Cost Transfers

Best Practices ○ Review and Q&A



Campus Controller's Office
UNIVERSITY OF COLORADO **BOULDER**





What is a Cost Transfer



Definition

An **after-the-fact reallocation of costs**, either salary or non-salary, to or from a sponsored project.

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



Prior to a cost transfer



Original Expense on Award #1



Allowable and Allocable on Award #1



Certifying that this is an appropriate place for the expense



Reasonable and directly benefits Award #1



End of Story – Book Closed



Potential High-Risk Activity?



Cost Transfer

Expense was charged to a budget where the expense ultimately didn't belong





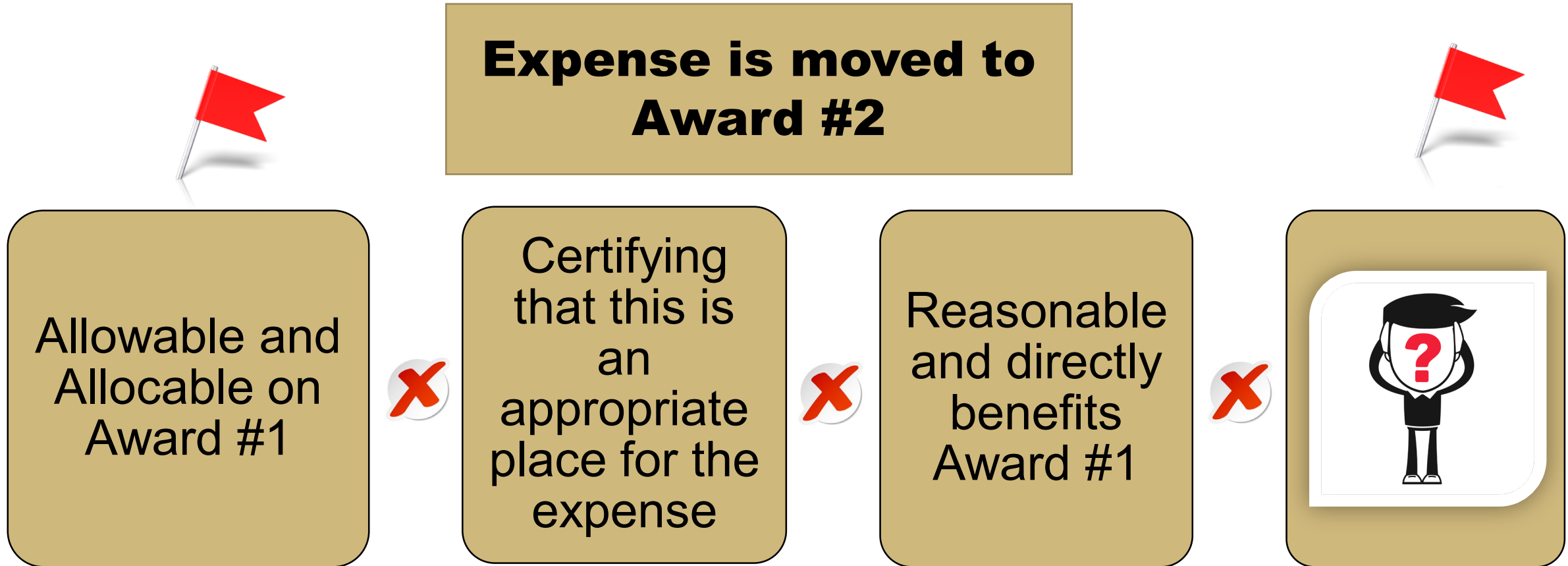
Cost Transfer

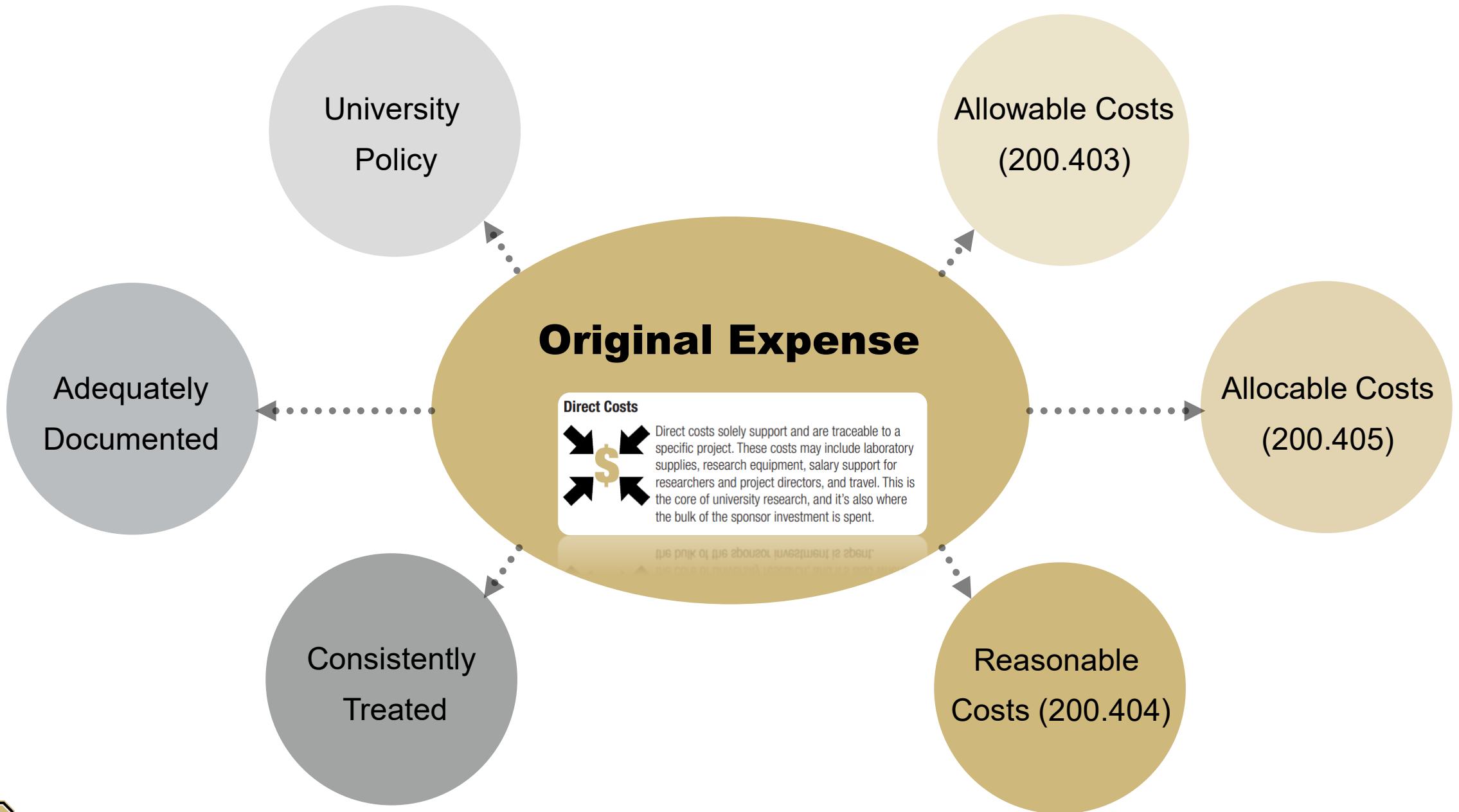
Why was there a change to the original allocation?

Is this documented? If so, is there problematic documentation?



From an Auditor's Perspective





When and Why Cost Transfers Are Done?



When

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

Manually entered into Peoplesoft through a journal entry (JE).



Why

The error was discovered during review and is now being corrected through a journal entry (JE).

The reason (why?) the error occurred should be included in the JE description.





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.”





How To Document A Cost Transfer

Long Description

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

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



Document!





How to Document a Cost Transfer (cont.)

Line Items

Document specific journal entry ID associated with the expense.

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

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





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
addressing *specific* 4
questions:**

What was the
expense &
specifically
how it
benefits the
award?



Why the
expense
was not
charged to
the award to
begin with?



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



How this
will be
prevented
in the
future?





Exceptions

PI statements are not needed for expenses moving **off of awards** (onto non-sponsored project ST's) or if an expense is moving within the same award.

Cost transfers moving expenses **onto awards** will not be approved after a year of the original journal entry date or the ST creation date.



Red Flags



Timing

Frequency

Justification

Documentation

Allocable

Allowable



Tips To Reduce Cost Transfers

New Award & Setup



Review Award Documents

Research Begins



Set-up Project Expenditure Tracking Tools

Award spending



Project Staff Meeting and Financial Planning for Award

Reconciliation



Timely Financial Review and Oversight

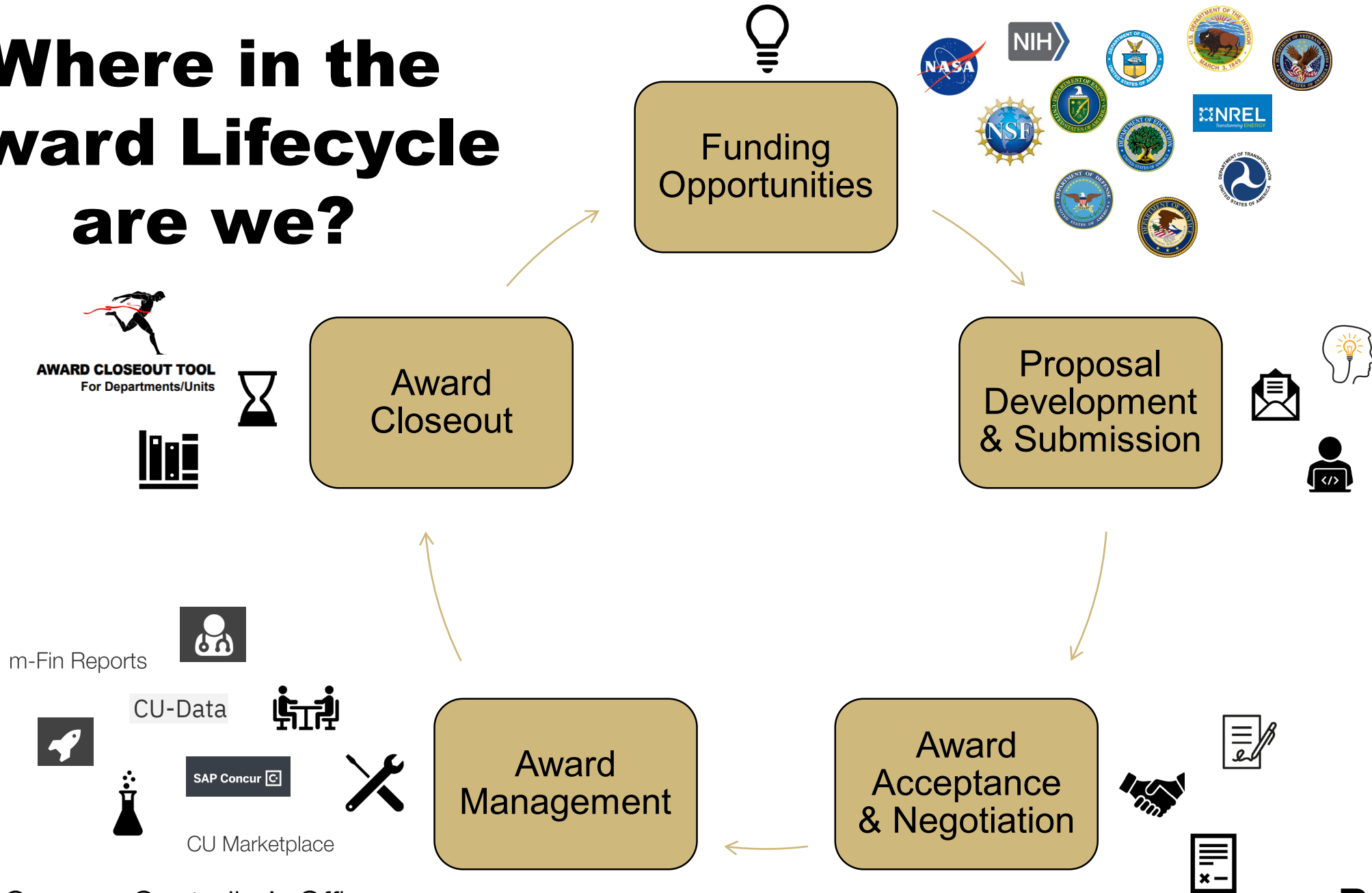
Close-out



Reaching the Finish Line



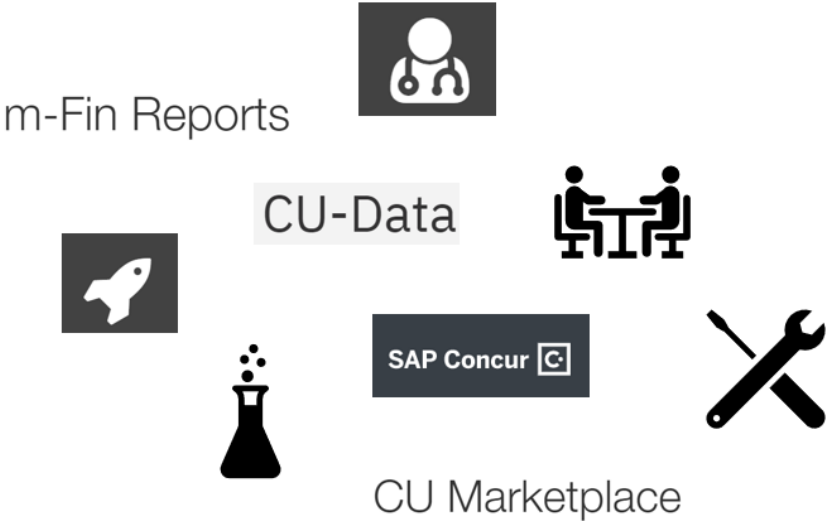
Where in the Award Lifecycle are we?



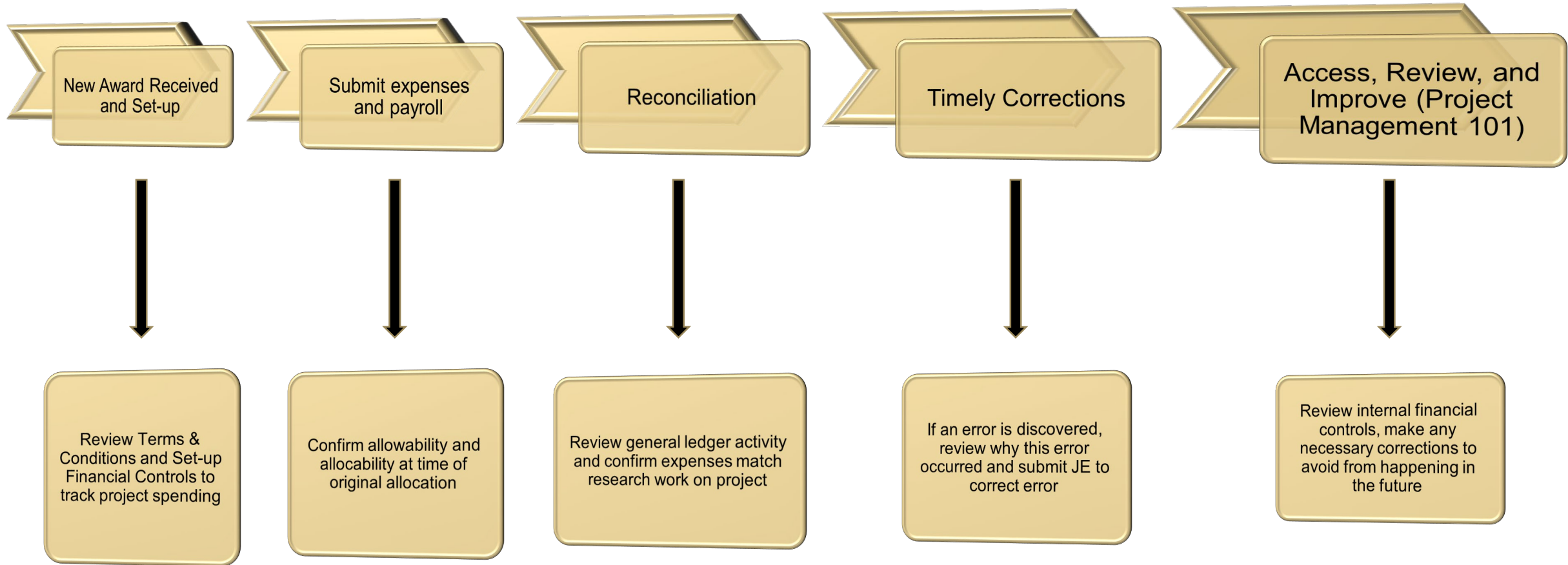


Post-Award Management

Taking a Proactive Perspective to Post-Award Management



How to reduce cost transfers



Audit Findings



“Questioned \$23,654 in cost transfer costs.”

“UConn was unable to provide written documentation supporting all of its cost transfers, including its justification for transferring the costs to a sponsored award, as required by UConn’s internal policies and procedures.”

“UConn has sufficient policies in place for documenting cost transfers; however, it does not appear to have sufficient procedures in place to ensure that it maintains all cost transfer documentation.”



Audit Findings



“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”





Questions?

Adam Finefrock

Research Compliance Accountant:

Adam.Finefrock@Colorado.edu



Campus Controller's Office
UNIVERSITY OF COLORADO **BOULDER**

Be Boulder.



Resources

Campus Controllers Office

[Cost Transfer main page](#)

[Cost transfer Policy and
Guidance](#)

[Acceptable vs Unacceptable PI
statement](#)

Office of Contracts & Grants

[Office of Contracts and Grants –
Award Management](#)

[Award Closeout Tool](#)

[InfoEd/eRA training](#)

