Campus Controller’s Office

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

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Agenda

- Cost Transfers – The Basics
- Red Flags
- Tips to Reduce Cost Transfers
- Review and Q&A

Foundation

Red Flags

Helpful Tips

Best Practices
What is a Cost Transfer

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

1. Allowable and Allocable on Award #1
2. Certifying that this is an appropriate place for the expense
3. Reasonable and directly benefits Award #1
4. End of Story – Book Closed
Potential High-Risk Activity?

Cost Transfer

Expense was charged to a budget where the expense ultimately didn’t belong
Why was there a change to the original allocation?

Is this documented? If so, is there problematic documentation?
From an Auditor’s Perspective

Expense is moved to Award #2

- Allowable and Allocable on Award #1
- Certifying that this is an appropriate place for the expense
- Reasonable and directly benefits Award #1
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.
“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

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.)

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.

Attach a 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 addressing *specific 4 questions*:

1. What was the expense & specifically how it benefits the award?
2. Why the expense was not charged to the award to begin with?
3. Why it took more than 90 days for the mistake to be identified?
4. 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?
Taking a Proactive Perspective to Post-Award Management
How to reduce cost transfers

New Award Received and Set-up
- Review Terms & Conditions and Set-up
- Financial Controls to track project spending

Submit expenses and payroll
- Confirm allowability and allocability at time of original allocation

Reconciliation
- Review general ledger activity and confirm expenses match research work on project

Timely Corrections
- If an error is discovered, review why this error occurred and submit JE to correct error

Access, Review, and Improve (Project Management 101)
- Review internal financial controls, make any necessary corrections to avoid from happening in the future
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.”
“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”
Review - Best Practices – Tips to avoid cost transfers

- University Policy
- Adequately Documented
- Consistently Treated
- Allowable Costs (200.403)
- Allocable Costs (200.405)
- Reasonable Costs (200.404)
Questions?

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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