Cost Transfers on Sponsored Projects

Presented by
Tiffany Stewart &
Dawn Caffrey
<table>
<thead>
<tr>
<th>Course Name</th>
<th>PS Course</th>
<th>Scheduled Dates</th>
</tr>
</thead>
<tbody>
<tr>
<td>SPA Seminar: Cost Sharing on Sponsored Projects</td>
<td>POL022</td>
<td>1/7/2020 10:00AM-11:30AM</td>
</tr>
<tr>
<td>SPA Seminar: Cost Transfers to Sponsored Projects</td>
<td>POL021</td>
<td>2/10/2020 1:30PM-3:00PM</td>
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<td>The History of IRB, IACUC and IBC Institutional Review Boards</td>
<td>POL025</td>
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<td>3/16/2020 1:30PM-3:00PM</td>
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<tr>
<td>SPA Seminar: Awards Transfers From and To Another Institutions</td>
<td>POL032</td>
<td>4/7/2020 10:00AM-11:30AM</td>
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<td>CPT075</td>
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<tr>
<td>SPA Seminar: Sponsored Project Financial Reporting and Closeout</td>
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<td>5/19/2020 10:00AM-11:30AM</td>
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</table>
Agenda

• Welcome and introductions
• Compliance & Administration
• Roles & Responsibilities
• Cost transfer form helpful tips
• Educational resources available
Purpose of the Presentation

• Understand when a cost transfer is appropriate on a sponsored project and the importance of timely transfers.

• Overall Objectives: Overview of the process flow around processing a cost transfer on a sponsored project.
  - Learn about the roles and responsibilities involved in processing a cost transfer
  - Identify required backup for each type of cost transfer
  - Learn some helpful tips for filling out the cost transfer forms
UVM Sponsored Project Life Cycle

Apply
- Find opportunities
- Application forms
- Budget development
- Proposal routing
- Submission

Award
- Award receipt
- Award acceptance
- Set up notification
- Subawards issuance

Manage
- Scope performed
- Budget revisions
- Budget projections
- Project changes

Report
- Technical reports
- Effort & cost sharing
- Acct. payable (subs)

Close
- Budget closeout
- Final project, and property reports
- Patent report

UVM Research Community
UVM Research Community

- 300+ Active Principal Investigators (PIs)
- 100+ Departments with Sponsored Projects from 300+ Sponsors
- $130M+ annual volume of awards on 700+/- award actions
- 300+ subawards issued annually
- Office of Vice President for Research
- Many supporting departments
UVM Sponsored Project Administration Organization

Sonya Stern
Director
Sponsored Project Administration

Julie Macy
Team Lead
Proposal Submissions
Award Administration

Emily Trantum
Team Lead
Award Acceptance
Set up and Subawards

Linda Serrantino
Team Lead
Research Finance
Reporting

Lana Metayer
Team Lead
Sponsored Revenue
Cash Management

Schuyler Dunn
Operations & Office Support

Marcy Whittle
Compliance Analyst Senior

Josh Tyack
Research Administrator Sr.

Gretchen Argraves
Research Administrator

Travis Morrison
Award Acceptance Officer

Molly Epstein
Award Acceptance Officer

Jenifer Purvee
Financial Analyst

Sue Lalumiere
Financial Analyst Sr.

Kim Dutton
Financial Analyst Sr.

Tiffany Stewart
Financial Analyst

Kathy McConnell
Financial Analyst

Ken Viglucci
AR/BI Subject Matter Expert

Maggie Hall
Billing Analyst

Paul Sebastiano
AR Specialist

Updated 8/21/19

Sponsored Project Administration
# UVM Cost Accounting Services Contacts

<table>
<thead>
<tr>
<th>CAS Staff Member</th>
<th>Responsibilities</th>
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</thead>
<tbody>
<tr>
<td><strong>Michael Meunier</strong></td>
<td>Manage CAS resources and expectations</td>
</tr>
<tr>
<td>Assistant Controller</td>
<td>Costing Standards/Policy Guidance/Outreach</td>
</tr>
<tr>
<td>Phone: 656-1375</td>
<td>Effort Costing Guidance/Outreach</td>
</tr>
<tr>
<td>Email: <a href="mailto:Michael.Meunier@uvm.edu">Michael.Meunier@uvm.edu</a></td>
<td>Rate Proposals &amp; Negotiations</td>
</tr>
<tr>
<td></td>
<td>Cost Standards QA Activities</td>
</tr>
<tr>
<td><strong>Dawn Caffrey</strong></td>
<td>Salary/Wage Transfer Approvals</td>
</tr>
<tr>
<td>Senior Cost Accountant</td>
<td>Effort Management and Certification</td>
</tr>
<tr>
<td>Phone: 656-1336</td>
<td>University Space Functionalization</td>
</tr>
<tr>
<td>Email: <a href="mailto:Dawn.Caffrey@uvm.edu">Dawn.Caffrey@uvm.edu</a></td>
<td>Cost Accounting Modeling/Reporting</td>
</tr>
<tr>
<td></td>
<td>Fixed Asset Capitalization/Depreciation</td>
</tr>
<tr>
<td><strong>Reiko Choiniere</strong></td>
<td>Equipment Accounting</td>
</tr>
<tr>
<td>Cost Accountant</td>
<td>Space and Equipment Inventory</td>
</tr>
<tr>
<td>Phone: 656-1482</td>
<td>Asset Insurance Cost Accounting</td>
</tr>
<tr>
<td>Email: <a href="mailto:Reiko.Choiniere@uvm.edu">Reiko.Choiniere@uvm.edu</a></td>
<td>Asset Management Data Steward</td>
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Definition of Cost Transfer

• A reallocation or redistribution of a previously charged expenditure to another chartstring is defined as a cost transfer.

• Sponsored project cost transfers include both payroll and non-payroll reallocations and redistributions both to and from the sponsored project.
Compliance & Administration

• Proper administration and approval of cost transfers are required to ensure compliance with federal requirements as defined by Uniform Guidance Subpart E - Cost Principles and with related University policies.

• The federal government scrutinizes cost transfers closely for indications of cost misallocation, and may disallow costs transferred into federal accounts on the basis, or because of non-compliance with timing, documentation, and procedural requirements.
Compliance & Administration Continued

• Cost transfers to or from sponsored projects should be:
  - Initiated promptly, after recognition of posting to incorrect chartstring;
  - Supported by required documentation justifying the transfer;
  - Approved by the receiving PI(s) or responsible official for transfers greater than 90 days.
Cost Transfer Principles/Expectations

- Cost transfers must be completed in accordance with the University policy and Uniform Guidance cost principles
  - Allowable
  - Reasonable
  - Allocable
  - Treated Consistently
  - Timely
  - Cost transfers over 90 days should be avoided. They raise concerns with reliability of the institutions accounting system, internal controls and management capabilities.
Expenditure Review & Management

The Principal Investigator or their delegate officials should:

- Retrieve and review monthly grant reports
- Review personnel effort quarterly (key and non-key personnel)
- Verify that posted charges are allowable and proper
- Identify any additions or deletions
- Initiate prompt transfers for errors/corrections
Allowable and Appropriate Cost Transfers

• Transfers due to a clerical or data processing error;

• University internal billing (IC journals), e.g. telephone, publications, photocopying, etc;

• Transfers for expenses incurred before the project start date only if pre-award costs are approved by the sponsor;

• Actual effort worked on the project differs from what was originally planned and distributed on salary distribution forms.
Allowable and Appropriate Cost Transfers Continued

• Transfers from departmental discretionary account to sponsored project account when an Advance Account was not established;
  ➢ Best practice should be to establish an advance account when appropriate.
• Bulk purchases of lab supplies charged to departmental or other non-sponsored accounts, then allocated to the appropriate research project.
Unallowable Cost Transfers

• Transfers from a sponsored project in deficit to another sponsored project for the sole purpose of eliminating the deficit;

• Transfers to a project having unexpended balance for the purpose of expending the remaining balance;

• Transfers where the sponsored project was being used as a “holding” fund to redistribute expenses to other projects;

• Transfers for expenses incurred before the project start date if pre-award costs have not been approved by the sponsor.
Transfers over 90 days

- Only allowable under extenuating circumstances which consist of:
  - Setup delays
  - Sponsor delays
  - Moving expenses off from a sponsored project onto departmental funds
  - Other circumstances outside of the departmental control

- Absence of PI or cognizant administrator, lack of experience of the staff administering the award, or competing priorities are **not** a valid extenuating circumstance.
Transfers over 90 days

• Reminder: Payroll charges over 90 days that are being moved off of sponsored projects do not require PI approval. This is more aligned with the Cost Transfer UOP and the Non-Payroll Cost Transfer procedure since there is no receiving PI. All four questions must still be answered though.

• Reminder: If there are multiple sponsored agreements receiving a late cost transfer charge, with multiple PIs, then all PIs must approve of the cost transfer.
Department Initiated Journal entries not considered cost transfers

- Interdepartmental charges (IC journals)
- Purchasing card purchases;
- Chartfield value changes;
- Reallocations of operating costs within the same sponsored agreement;
Roles & Responsibilities for all cost transfers

• Principal Investigator:
  - Responsible for identifying the need for a cost transfer. This includes quarterly review of effort commitments and actual effort applied for key and non-key personnel to identify payroll cost transfers.
  - Reviews award balances and transactions on a consistent basis to validate expenses posted to the award;
    - Recommend monthly reviews for best practice in avoiding late cost transfers.
  - Identifies expenses posted to the project in error;
Roles & Responsibilities for all cost transfers Continued

• Principal Investigator:

  ➢ Works with the Unit Administrator to initiate the expense transfer and provide justification when necessary;

  ➢ Approves late cost transfer form when applicable.
Roles & Responsibilities for non-payroll cost transfers

• Unit Administrator:

  ➢ Assists PI in the review of the project expenses on a consistent basis to identify charges posted in error;
  
  ➢ Primarily responsible for preparing and completing all cost transfers;
  
  ➢ Assists PI in collecting and providing necessary justification required to accompany the cost transfer request;
  
  ➢ Assists PI in identifying the appropriate destination chart string for the cost transfer;
Roles & Responsibilities for non-payroll cost transfers Cont.

• Unit Administrator:

  ➢ Reviews cost transfers for compliance with the University Operating Procedure on Cost Transfers;

  ➢ Creates and submit the journal entry in PeopleSoft along with the appropriate backup documentation;

  ➢ Monitors the progress of the cost transfer to ensure the journal gets posted in a timely manner.
Roles & Responsibilities for non-payroll cost transfers

• SPA:
  - SPA runs a PeopleSoft query at a minimum twice a week to capture all journals awaiting SPA review and approval;
  - SPA FA reviews and approves all cost transfers in a timely manner once submitted with all appropriate backup documentation attached;
  - SPA FA works with Unit Administrator if any changes to the cost transfer are needed;
  - SPA Director reviews and approves all late cost transfers;
  - SPA posts all sponsored project cost transfers in PeopleSoft, once the cost transfer has been approved by the FA and when applicable, the Director.
Roles & Responsibilities for payroll cost transfers

• Unit Administrator:

  ➢ Assists PI in the review of the effort commitments and payroll charges on a quarterly basis to identify required salary or wage transfers;
  ➢ Primarily responsible for preparing and completing all cost transfers;
  ➢ Assists PI in collecting and providing necessary justification required to accompany the cost transfer request;
  ➢ Assists PI in identifying the appropriate destination chart string for the cost transfer;
Roles & Responsibilities for payroll cost transfers Cont.

• Unit Administrator:

- Reviews cost transfers for compliance with the University Operating Procedure on Cost Transfers;
- Creates and submits changes to salary distributions, additional payments and bi-weekly wage transfers along with the appropriate backup documentation;
- Monitors the progress of the cost transfer to ensure the payroll changes get posted in a timely manner.
- Recommendation: monthly monitoring of department suspense to help avoid payroll cost transfers over 90 days past the accounting date.
Roles & Responsibilities for payroll cost transfers

• Payroll:
  - Payroll confirms that all requests are complete:
    - Two approvers for cost transfers involving sponsored projects (PI can be the second approver);
    - Appropriate questions answered on the cost transfer form depending on lateness of the transfer;
    - PI approval for cost transfers past 90 days from the accounting date;
    - Wage transfers include a certifying statement;
Roles & Responsibilities for payroll cost transfers Cont.

- Payroll:
  - Adds Cost Accounting Services to the approval workflow for all payroll cost transfers (excludes chartstring changes w/in the same project);
  - Adds the Assistant Controller or Controller to the approval workflow for any payroll cost transfer requests past 90 days from the accounting date;
  - Adds SPA Financial Administrator to the approval workflow if the project is ending within 30 days or has already ended;
  - Processes the cost transfer once all approvals have been obtained;
Roles & Responsibilities for payroll cost transfers

• Cost Accounting Services:

  ➢ CAS will double check that requests are complete, contain two approvals and includes the PI approval if the transfer onto or between sponsored projects is past 90 days from the accounting date of the original payroll charges.

  ➢ CAS approves all cost transfers in a timely manner once submitted with all appropriate backup documentation attached;

  ➢ CAS works with Unit Administrator if corrective action is insufficient, the reason for the cost transfer is not considered a valid extenuating circumstance or if any other question regarding the cost transfer needs to be addressed.
Roles & Responsibilities for payroll cost transfers Cont.

• SPA:

  ➢ SPA FA reviews if there are available funds for the transfer and approves all cost transfers in a timely manner once submitted with all appropriate backup documentation attached;

  ➢ SPA FA works with Unit Administrator if the cost transfer is denied due to insufficient funding or if any changes to the cost transfer are needed.
Cost transfer form – helpful tips

• Question 1: Why were the expenses included in this cost transfer request originally charged to the current chart string(s)?

  ➢ The response should provide sufficient detail so that an independent reviewer can ascertain why the corrective action will satisfactorily address the reason for the error. A statement that merely states “to correct an error” or “to transfer to the correct account” is not sufficient.
Acceptable or not?

• Question 1: Why were the expenses included in this cost transfer request originally charged to the current chart string(s)?
  ➢ They were charged to current project while awaiting setup of new funding period.

• This would not be an acceptable answer, as a sponsored project cannot be used as a holding account while awaiting future funding or setup. In this case it should be charged to a departmental chart string or an advance account should be established.
Cost transfer form – helpful tips

• Question 2: Why should these expenses be transferred to the proposed chart string(s)?

➢ The response should provide sufficient detail to address the four guiding principles of allowability, allocability, reasonableness, and consistency. It needs to clearly explain why this expense is allowable and should be moved to the proposed chart string(s).
Acceptable or not:

• **Question 2:** Why should these expenses be transferred to the proposed chart string(s)?
  
  ➢ To correct supplies charged due to a clerical error. The lab technician wrote down the wrong project number causing the supply to be allocated to the wrong grant. This transfer corrects the error, as it is an appropriate and allowable charge on the proposed chart string.

• This justification would acceptable. It states why and how the clerical error occurred and that it is considered an allowable expense on the proposed chart string.
Acceptable or not:

- **Question 2**: Why should these expenses be transferred to the proposed chart string(s)?
  - Moving expenses from department onto grant.

- This justification would not be acceptable. The description should be expanded to explain how the charge benefits the grant being charged and why the charge was not originally posted to the grant.

- An acceptable response would be:
  - The start date of the grant is December 1. However, the chart string was not established in PeopleSoft until December 31st. The PI needed to purchase some materials to begin work on the project in December, thus they were charged to the department until the chart string was established.
Cost transfer form – helpful tips

• Question 3: Why is this cost transfer being requested more than 90 days after the accounting date of the original transaction and what extenuating circumstances justify this expense transfer?

➢ The response should provide sufficient detail on what extenuating circumstances warrant approval of the cost transfer request. It should also clearly explain the reason it was not able to be completed within the 90 days.
Acceptable or not?

- Question 3: Why is this cost transfer being requested more than 90 days after the accounting date of the original transaction and what extenuating circumstances justify this expense transfer?
  - Due to other competing deadlines, expenses were not reviewed during the last quarter. During this quarterly review, the PI noted this expense was allocated incorrectly and should be charged to his other R01 grant.
- This would not be an acceptable response, as it is not considered an extenuating circumstance that is outside of the departments control. Best practice is to review all grants at a minimum bi-monthly to catch any errors before they are over 90 days.
Acceptable or not?

- Question 3: Why is this cost transfer being requested more than 90 days after the accounting date of the original transaction and what extenuating circumstances justify this expense transfer?
  - The delay was due to ongoing negotiations between UVM and the sponsor. The grant start date was July 1st, but the agreement was not signed until October 10th. Once fully signed, we initiated the transfer of expenses from the departmental chart string. An advance account was not established due to the complexity of the award.

- This would be an acceptable response, as it is clearly an extenuating circumstance that was beyond departmental control.
• Question 4: What corrective action has been instituted to prevent this type of cost transfer from occurring in the future?

- The response should provide sufficient detail on what systematic corrective action has been instituted within the department/academic unit’s business practice to prevent this type of error from occurring in the future. The corrective action should address the issue described in your answer to question 3.

✓ If the award is set up months after the start date there should be a mention of why an advanced account was not appropriate for that particular award if effort was being applied to the award.
Acceptable or not?

• Question 4: What corrective action has been instituted to prevent this type of cost transfer from occurring in the future?
  ➢ We will try to review grants in a more timely manner going forward.
• This would not be an acceptable corrective action. It does not state how frequent or what type of review will be conducted. The response needs to clearly define what is being done to prevent this from re-occurring.
Question 4: What corrective action has been instituted to prevent this type of cost transfer from occurring in the future?

- The PI and Unit Administrator plan to meet on a monthly basis instead of quarterly to review all expenses. This will give the PI and Unit Administrator time to process the transfer within 90 days if an error is discovered in the future. In addition, the administrative staff who process expenditures have been notified to verify with the PI or UA before processing future shipping charges.

- This would be an acceptable corrective action. It clearly states the frequency of the review and how it will eliminate this error in the future. It also adds additional training to staff who are posting expenses against the grant.
Backup required for all non-payroll cost transfers

- PeopleSoft monthly budget report showing the original transaction posted.
  - Main Menu > UVM Reports > Budget Reports > Monthly Budget Rpt – Projects
- Cost transfer form
  - Non-Payroll Cost Transfer Form
Backup required for payroll cost transfers

• Salary Distribution Changes:
  - These changes are entered in PeopleSoft HR, which includes tabs for the cost transfer form and the electronic workflow to include the second approver and PI (if required).
  - See the [user guide](#) for steps on creating and submitting the salary distribution changes in PeopleSoft.

• Electronic Additional Pay Form (eAPR) Changes:
  - Make a copy of the eAPR and mark it as “Revision Only to Combo Code” and the correct chartstring written below the old chartstring.
  - Re-sign and date the form.
  - Attach the completed [payroll cost transfer form](#) and submit all paperwork to [retro@uvm.edu](mailto:retro@uvm.edu)
  - See the [user guide](#) for more details on submitting Additional Pay Form changes.
Backup required for payroll cost transfers continued

- Wage Transfers:
  - The hours to be moved need to be downloaded to Excel from uv_tl_payable_time_detail query 
    (see user guide for more details on running a query, on documentation formatting, calculating and noting the hours and/or dollar amount to be moved and more).
  - A re-certification statement is required for wage transfers since the employee certifies the hours as they are submitted. Therefore, moving those hours requires a re-certification.
  - The employee or the appropriate department personnel who has first-hand knowledge of the reasonableness of the effort revision must sign the certifying statement.
  - Attach the completed payroll cost transfer form and submit all paperwork to retro@uvm.edu
Backup required for payroll cost transfers continued

- [https://www.uvm.edu/finance/user-guides](https://www.uvm.edu/finance/user-guides)

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<th>Payroll, Additional Pay, Retros &amp; Salary Distribution, Time Entry &amp; Approval</th>
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<tbody>
<tr>
<td>Payroll</td>
</tr>
<tr>
<td>• Reports and Queries (from PeopleSoft HCM) (PDF): This document covers information on the essential HR Reports and Queries for collecting data from PeopleSoft Human Resources.</td>
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<td>• Understand Your Paycheck (PDF)</td>
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<tr>
<td>• Update Personal Information (PDF)</td>
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<tr>
<td>Additional Pay, Retros, Salary Distribution - Used to process payment in prescribed circumstances within University policies, handbooks and collective bargaining agreements</td>
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<tr>
<td>• eAdditional Pay Form (Word)</td>
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<td>• Additional Pay Workflow (PPT)</td>
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<td>• Additional Pay Reason Code Definitions (Word)</td>
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<td>• Electronic Salary Distribution Form for Initiators (PDF)</td>
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<tr>
<td>• Electronic Salary Distribution Form for Approvers (PDF)</td>
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<tr>
<td>• eAPF Revisions (PDF)</td>
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<tr>
<td>• Wage Transfer Guide (PDF)</td>
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Questions?
Resources for Answering Questions

- Sponsor Guidelines
- University Operating Procedures: https://www.uvm.edu/policies/grants/costtrans.pdf
- SPA Non-Payroll Cost Transfer Procedure: https://www.uvm.edu/sites/default/files/Sponsored-Project-Administration/spa_non-payroll_cost_transfer_procedure.pdf
- Cost Accounting Services: https://www.uvm.edu/finance/costtransfers
- Non-Payroll Cost Transfer Form: https://www.uvm.edu/spa/forms-library
- Payroll Cost Transfer Form: https://www.uvm.edu/sites/default/files/Division-of-Finance/Forms/cost_transfer_form.pdf
- Payroll User Guides: https://www.uvm.edu/finance/user-guides
- NIH: 7.5 Cost Transfers, Overruns, and Accelerated and Delayed Expenditures
- Uniform Guidance: Subpart E - Cost Principles
Educational Resources Available - NCURA

The National Council of University Research Administrators (NCURA) strives to make advances in the field of research administration through professional development, the sharing of knowledge, and by fostering a sense of community via multiple venues:

https://onlinelearning.ncura.edu/ Tutorials, on-line publications, magazine, industry news are available to NCURA members

http://www.ncura.edu/travelingworkshops/Home.aspx These workshops are taught by experienced leaders in the areas of compliance, department research administration, global research management, post-award administration and pre-award administration; the expertise depends on the workshop.

https://onlinelearning.ncura.edu/free-resources Education available to the public at no cost, NCURA membership is not required
Educational Resources Available - RACC

Research Administrators Certification Council (RACC) is an independent non-profit organization composed of active certified research administrators whose role is to certify that an individual, through experience and testing, has the fundamental knowledge necessary to be a professional research or sponsored programs administrator.

http://www.cra-cert.org/
Educational Resources Available – Federal

**Federal Demonstration Partnership (FDP)** is a cooperative initiative among 10 federal agencies and 154 institutional recipients of federal funds and is a program convened by the Government-University-Industry Research Roundtable of the National Academies. Its purpose is to reduce the administrative burdens associated with research grants and contracts. Many institutions utilize FDP’s templates, including one for outgoing subawards [http://thefdp.org/default/subaward-forms/](http://thefdp.org/default/subaward-forms/).

**National Institute of Health** publishes YouTube videos which cover all sorts of information relevant to NIH grants [https://www.youtube.com/user/nihgrants](https://www.youtube.com/user/nihgrants).
Some universities have developed educational videos on various aspects of sponsored research administration, which they make accessible to the public. Vanderbilt University offers a “Getting Started in Sponsored Research” series of webinars at no cost. [http://www.vanderbiltlinkages.org/gssr-1/](http://www.vanderbiltlinkages.org/gssr-1/)