



Sponsored Project Administration

Procedure:	Non-Payroll Cost Transfers
Owner:	Sponsored Project Administration
Effective date:	05/11/2018
Last Updated:	06/8/2021

Background

The University of Vermont requires that all expenses and financial obligations made in support of federal and non-federal sponsored projects be charged to the appropriate project when incurred. There are a few situations when an expense should be transferred from the chart string where it was initially charged. In these cases, a cost transfer is generated to ensure the expense is appropriately re-allocated.

The Principal Investigator, and/or the Unit Administrator is responsible to review expenses on a consistent basis at least every 30 days to verify that all financial transactions are accurately and appropriately charged to the correct project. The guiding principles for allowable cost requirements are outlined in the [Uniform Guidance \(200.400 - Subpart E - Cost Principles\)](#).

If a transfer is deemed necessary after the review of expenses, it should be submitted and approved no more than 90 days from the accounting date in which the original expenditure has posted in the General Ledger. The National Institutes of Health includes within its [Grants Policy Statement](#) the guidelines to be followed in relation to cost transfers.

Cost transfers are not to be used as a means of managing costs on sponsored agreements. The purpose of a cost transfer is to correct errors in the processing of the original transaction; to move costs between awards for closely related work that is supported by more than one funding source, or to transfer pre-award costs to an award in accordance with the provisions of the award. At no time should a sponsored project be used as a holding account for any expenses that will then be transferred, pending the continuation, renewal, or modification of the project or the receipt of a new award. In these cases, an Advance Account should be established, per the [Advance Account Procedure](#).

Purpose

The goal of this document is to outline the process for processing non-payroll cost transfers that require Sponsored Project Administration review and approval. Payroll cost transfers are the responsibility of Cost Accounting Services. Refer to the [Cost Accounting Services](#) website for information on processing payroll cost transfers.

Roles and Responsibilities



Principal Investigator

- Responsible for identifying the need for a cost transfer and requesting accordingly.
- Reviews award balances and transactions on a consistent basis to validate the expenses posted to the award during the previous period, as well as, all costs incurred to date on the project.
- Identifies expenses posted to the project in error.
- Works with the Unit Administrator to initiate the expense transfer and provide justification if necessary.
- Electronically approves late cost transfer, where applicable.

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 the cost transfer.
- Assists PI in collecting and providing the necessary justification required to accompany the cost transfer request.
- Assists PI in identifying the appropriate destination chart string for the cost transfer when applicable.
- 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.
- Contacts the appropriate [SPA Financial Analyst](#) with any issues.

Department Approver

- Approves all cost transfers in PeopleSoft.

SPA

- SPA FA reviews and approves all cost transfers in a timely manner.
- SPA FAs works with Unit Administrators if any changes to the cost transfers are needed.
- SPA adds Department Approver and PI (when applicable) into the journal workflow.
- SPA Team Lead posts all sponsored project cost transfer journals in PeopleSoft (IC-Journal and regular journal).

Definitions

Cost Transfer: The assignment of an expense or expenditure (charge) to a sponsored agreement that was initially recorded elsewhere in the University's general ledger.

PeopleSoft: The University of Vermont financial system.

Monthly Budget Report: A detailed listing of revenue and expenses transactions that have posted up to the previous night to the general ledger.

Cost Transfer Justification Form: A form embedded into the journal that captures details and justification of a cost transfer.



IC-journal: Interdepartmental billing journals-

<https://www.uvm.edu/sites/default/files/Division-of-Finance/UserGuides/journalentry.pdf>

Advance Account: A process that allows a sponsored project chart string to be setup in PeopleSoft before a formal notice of award is accepted by the University.

SPA: Sponsored Project Administration

FA: Financial Analyst

PI: Principal Investigator

UA: Unit Administrator (For the purpose of all procedures, Business Unit Administrator, Business Manager, Grant Administrator, and Department Administrator are all used interchangeably and refer to the person assisting the PI in the Department.)

Reasons for a Cost Transfer

Acceptable reasons for a cost transfer are:

- To correct an error (e.g. departmental or bookkeeping) on the original transaction, such as transposition of numbers or allocation of expense to the wrong project by staff.
- To move expenses being charged from a departmental discretionary account to a sponsored project account when an Advance Account was not established. (Please Note: Adequate and substantial justification is recommended when moving costs from a non-sponsored project to a sponsored project, as Advance Accounts are expected to be established to enable pre-spending on grant awards).
- Bulk purchases of lab supplies charged to a departmental or other non-sponsored accounts, then allocated to the appropriate research projects.

Unacceptable reasons for a cost transfer:

- To transfer costs from a sponsored project in deficit to another sponsored project for the sole purpose of eliminating the deficit.
- To transfer costs to a sponsored project to spend the remaining funds.
- To charge another sponsored project in anticipation of future funding for a new project.
- To charge a sponsored project for a bulk purchase then move costs to the appropriate project(s).

Transfers over 90 days:

- Date determined by using the original accounting date listed on the monthly budget report.
- 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
- SPA reserves the right to reject any late cost transfer that does not meet these expectations.



Procedure

PI and UA Process

- The PI or UA discovers the expense(s) in question and initiates the cost transfer.
- The PI and UA verifies if the expense is allowable, reasonable, and allocable to the receiving award.
- Depending on the type of transfer, the appropriate backup will be needed. Refer to the journal entry matrix for types of journal entries and backup needed for each type. [SPA Non Payroll Cost Transfer Procedure Appendix B Journal Matrix](#)
- The PI or UA will complete the Cost Transfer Justification Form in PeopleSoft and attach a monthly budget report where the original charge is highlighted. As a reference, these are some helpful tips to assist with the preparation of the Cost Transfer Justification Form. – [SPA Non Payroll Cost Transfer Procedure Appendix A Tips for Form](#)
 - For cost transfers less than 90 days, the PI does not need to approve the journal and only questions 1 and 2 need to be answered on the form. The initiator will indicate on the Cost Transfer Justification tab one additional Department Approver from the unit who will be added into the workflow by the SPA FA at time of approval.
 - For cost transfers over 90 days moving expenses onto a sponsored project, the PI will need to approve the journal in addition to the Department Approver, and all four questions need to be answered. The initiator will indicate on the Cost Transfer Justification tab the name of the PI to be added into the workflow by the SPA Team Lead at time of approval.
 - If the PI is unavailable to electronically approve the journal in PeopleSoft, an email approval for the cost transfer is acceptable. It will need to state the journal number and reason PI is unavailable and be attached to the journal in PeopleSoft.
 - On all DHHS (Non-NIH) projects, any cost transfer over 90 days, also requires sponsor's approval. The UA will work with the SPA FA to obtain the prior approval from the sponsor prior to submitting the journal.
- The UA will prepare the journal entry and edit the journal to confirm it passes the PeopleSoft budget checking.
 - If any errors exist, the UA will work with their SPA FA to assist with resolving the budget errors.
- Once the journal has passed the budget check, the UA will attach the monthly budget report (and any other required documentation) to the journal.
- The UA will submit the journal in PeopleSoft.

SPA Process

- SPA FAs will review all journal entries for the following:
 - Verify correct journal class is selected on the journal header.
 - Review entries in the journal to ensure the correct chart strings have been entered.
 - Verify the expense(s) for allow ability and compliance with Uniform Guidance, sponsor's guidelines and the University of Vermont policies.



- Review Cost Transfer Justification Form and all backup to ensure it is in compliance with the SPA process and adequately documents the need for the cost transfer, as well as, ensure the justification and corrective action is appropriate and consistent.
- SPA FA will work with the UA to resolve any issues that are found in either the journal entry or supporting backup.
 - For cost transfers over 90 days, the UA should submit the journal in PeopleSoft by the end of the 1st business day of the following month to allow time for the FA and Team Lead to review and post in the current month. If issues are found, this may affect the ability to post in the current month.
 - For cost transfers under 90 days, The UA should submit the journal in PeopleSoft by the end of the 3rd business day of the following month to allow time for the FA and Team Lead to review and post in the current month
- SPA FA will add the Department Approver listed on the cost transfer form into the journal workflow and approve the journal for posting in PeopleSoft.
- SPA Team Lead will review the journal and backup and add the PI into the journal workflow, when applicable.
- SPA Team Lead will approve to post the journal in PeopleSoft.
- Once all approvers added into the workflow have approved the journal, it will post in PeopleSoft.

Helpful Links

University of Vermont

- [University Operating Procedure: Cost Transfers Involving Sponsored Agreements](#)
- [SPA Forms Library](#)
- [Journal Entries User Guide](#)
- [Cost Accounting Services: Cost Transfers FAQs](#)

External

- [eCFR: Electronic Code of Federal Regulations](#)

Document Change Record

Date	Version	Author	Change Details
05/11/2018	1	SPA	Initial release
06/11/2019	1.2	Linda / Nicole	Update Contact Information
07/11/2019	1.3	Nicole	Helpful Links Update
1/14/2020	1.4	Nicole/Linda	Appendix B Updated
6/8/2021	1.5	Linda	Updated to reflect electronic cost transfer form in PeopleSoft


