



SPA Non-Payroll Cost Transfer Procedure Appendix A: Tips for Non-Payroll Cost Transfer Form

Frequently asked questions and tips:

- **The four questions on the cost transfer justification form:**
 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 error” or “to transfer to correct account” is not sufficient.
 2. **Why** should these expenses be transferred to the proposed chart string(s)?
 - The response should provide sufficient detail to address the four guiding cost principles of allowability, allocability, reasonableness, and consistency. Is this typically a direct expense on a sponsored agreement?
 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. Answer only if the request is untimely as defined in the cost transfer operating procedure.
 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 systemic corrective action will be instituted within the department/academic unit’s business practices to prevent this type of error from occurring in the future. Answer only if the request is untimely as defined in the cost transfer operating procedure.

Following are several examples of scenarios that would require an expenditure transfer to be initiated with sample responses to the above questions that would be considered sufficient in detail for an appropriate review of the transaction by the approver. Please note that these hypothetical scenarios and responses are provided for illustrative purposes only.

Scenario 1: Sponsored project ended March 31, 2017. Payroll expenses continued to be charged to the expired project.

- **Sample Responses to Above Questions (Transfer is under 90 days):**
 1. Department was waiting for new funding for the research project. Department continued to charge salaries to the expired project inappropriately because the new research project was not fully executed until May 1, 2017. Department did not utilize the appropriate mechanism to expend in advance of receipt of an award as outlined in the Universities Advance Account procedure.
 2. The salaries do not belong to the current expired project and should be transferred to the correct project where it is allowable and appropriate.



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Scenario 2: Expenses were inadvertently charged to the wrong project (Transfer over 90 days)

- Sample Responses to Above Questions:
 1. Upon the review of expenses by PI and Unit Administrator, it was discovered that the shipping charge was charged to the incorrect project **A** because the technician provided an incorrect chartstring.
 2. The shipping was for samples related to the research and scope of the project **B**. These animal samples are required for the research to carry out the scope of project **B**.
 3. The erroneous charge was not discovered until the PI and Unit Administrator did the quarterly review of the expenses. The projects both require animal samples and the PI often buys samples for the lab on both Project A and Project B. The Administrative staff inadvertently charged the shipping charges to the incorrect project.
 4. The PI and Unit Administrator plans to meet on a monthly basis instead of quarterly basis to review 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 the expenditures have been notified to verify with the PI and Unit Administrator before processing future shipping charge.

Scenario 3: Supplies charged to the wrong account, multiple projects (transfer over 90 days)

- Sample Responses to Above Questions:
 1. PI has multiple research projects. This charge should have been initially split with another project.
 2. The supplies are used for data analysis related to the work for both of these projects.
 3. These supplies were allocated to only one of the necessary projects and it was not discovered in the monthly review. After further analysis and looking at the backup, it was discovered that these charges should have been split between the two projects the with similar scope of work as they both used the same amount of supplies.
 4. Before ordering supply items, the department staff will work closely with PI to determine the correct accounts to charge expenses to when multiple sponsored research projects are involved. We will also monitor these accounts more closely during our monthly review of expenses so we can catch any possible errors and fix them prior to reaching 90 days.

Scenario 4: Overdraft on the project (Transfer under 90 days)

- Sample Responses to Above Questions:
 1. Expense benefits the sponsored project; however, exceeds the approved budget.
 2. We cannot bill for expenses over the awarded amount; therefore, we are removing expense that is over the allowed amount by the Sponsor to the departmental general fund account.

Scenario 5: Removing unallowable expense (Transfer over 90 days)

- Sample Responses to Above Questions:
 1. The foreign travel airfare expense was charged to the project by the pcard. The trip was for a graduate student, Amy Nguyen, to attend a training seminar in Paris and the expense was believed to be allowable and allocable to the sponsored project.



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2. The airfare expense, although required by the research grant, does not comply with the Fly America Act. The charge cannot remain on this project and will be moved to our general fund account.
3. The error was discovered during the final closeout of the award by our Financial Analyst within Sponsored Project Administration and subsequently brought to the attention of the Grant Management specialist. These expenses are deemed to be unallowable due to the terms of the Fly America Act and must be removed accordingly.
4. We are offering additional training on the Fly America Act to all Staff and Faculty within our Unit. The Grant Management Specialist will also monitor all foreign travel before it is booked to ensure compliance with the Fly America Act. We will also review each award monthly to ensure if there are any foreign travel expenses, they are confirmed to be in compliance with the Fly America Act.