Cost Transfers
The Good, The Bad, and The Ugly
Michelle Bremenkamp, Manager Grants & Contracts Accounting
Objectives

- Purpose
- Basics
- Guidelines
- ECRT
- Common Errors
Purpose

There are two purposes for creating cost transfers:

- Correction of posting errors in the General Ledger
- Payment of intra-agency invoices
Correction of Posting Errors

- Sponsored project corrections processed by Grants & Contracts Accounting
- Non-sponsored corrections processed by General Accounting
- Movement of expenditures onto sponsored projects require detailed justification
- Submit cost transfer as soon as the error is discovered. Don’t wait to group multiple errors
- Timeliness & the importance of the monthly reconciliation
Required Monthly Recon

- Departments are required to complete monthly reconciliations
- Not considered complete until reviewed with the PI and signed by the PI
- Reviewing the recon with the PI would alert to corrections needed and cost transfers would be submitted within 90 days
Payment of Intra-agency invoices

- Services invoiced to projects by departments other than the project’s dept.
- Backup should be an invoice on department letterhead
- Special GL Account numbers
<table>
<thead>
<tr>
<th>GL ACCOUNT NUMBERS FOR JV TRANSACTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Transfer for Intra-agency Services by Journal</strong></td>
</tr>
<tr>
<td><strong>Lab Costs</strong></td>
</tr>
<tr>
<td>950090 Non-SPNSR Revenue</td>
</tr>
<tr>
<td><strong>Medical Supplies</strong></td>
</tr>
<tr>
<td>950100 Non-SPNSR Revenue</td>
</tr>
<tr>
<td><strong>Animals</strong></td>
</tr>
<tr>
<td>950105 Non-SPNSR Revenue</td>
</tr>
<tr>
<td><strong>Other Professional</strong></td>
</tr>
<tr>
<td>951130 Non-SPNSR Revenue</td>
</tr>
<tr>
<td>(taxable)</td>
</tr>
<tr>
<td>950130 Non-SPNSR Revenue</td>
</tr>
<tr>
<td>(non-taxable)</td>
</tr>
<tr>
<td><strong>Pharmaceuticals</strong></td>
</tr>
<tr>
<td>950150 Non-SPNSR Revenue</td>
</tr>
<tr>
<td><strong>Physician Services</strong></td>
</tr>
<tr>
<td>951160 Non-SPNSR Revenue</td>
</tr>
<tr>
<td>(taxable)</td>
</tr>
<tr>
<td>950160 Non-SPNSR Revenue</td>
</tr>
<tr>
<td>(non-taxable)</td>
</tr>
<tr>
<td><strong>Conf Registration</strong></td>
</tr>
<tr>
<td>950020 Non-SPNSR Revenue</td>
</tr>
</tbody>
</table>
Cost Transfer Basics

- Salary cost transfers
  - Number begins with ‘PR’
  - Validates against information on HR table
  - Once uploaded into General Ledger, cannot be deleted/changed

- Non-salary cost transfers
  - Number begins with ‘CT’
  - Can group together any non-salary GL account codes
  - Once uploaded into General Ledger, can be deleted/changed if necessary
Cost Transfer Basics

Backup required:

- All cost transfers must include a query showing GL code and chart field spread of original posting
- If Payroll, attach Epafs
- If Tuition, copy of Group Detail Report or Invoice(s)
- If AP Expense, copy of Invoice(s)
- If SU, need support for SUR’s
- If Pcard expense, copy of Invoice(s)
- If Concur, copies of Receipts from Concur System
- Intra-agency transfers (950000 series of GL codes) should be on letterhead from the billing department
- All backup documentation must be attached to the cost transfer in the system and invoices
## Cost Transfer Basics

- **Reference and Description fields**

<table>
<thead>
<tr>
<th>TYPE OF EXPENSE</th>
<th>REFERENCE COLUMN (max 10 characters)</th>
<th>DESCRIPTION COLUMN (max 30 characters)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll</td>
<td>Pay End Date (MM/DD/YY)</td>
<td>Individual’s First and Last Name (No commas)</td>
</tr>
<tr>
<td>Tuition</td>
<td>Journal ID number w/ SF typed immediately before</td>
<td>Individual’s First and Last Name followed by the word tuition</td>
</tr>
<tr>
<td>AP Expense</td>
<td>Voucher Number</td>
<td>Vendor Name (no periods or commas)</td>
</tr>
<tr>
<td>SU Expense</td>
<td>Invoice # w/ the first three numbers replaced w/ INV</td>
<td>Vendor Name</td>
</tr>
<tr>
<td>Pcard Expense</td>
<td>Month of charge preceded by PC (PC MM/YYYY)</td>
<td>Vendor Name (no periods or commas)</td>
</tr>
<tr>
<td>Concur Expense</td>
<td>‘TE’ Journal Number</td>
<td>Vendor Name or if Trainee Travel, Trainee Name from backup document</td>
</tr>
</tbody>
</table>
Cost Transfer Basics

- **Approvals**
  - Department approver should be reviewing for errors which will cut down on processing time
  - GCA Accountant reviews for allowability on the project for all cost transfers
  - GCA Manager reviews all cost transfers over 90 days, transfers moving expenditures from one federal project to another federal project, and some intra-agency cost transfers
  - All cost transfers moving gift cards should have prior approval from Assistant Controller (Tamara Franklin) attached along with usual backup
Cost Transfer Guidelines

- Checklist on GCA website

- NIH policy statement
  - Cost transfers should be accomplished within 90 days of when the error is discovered
  - Must be supported by documentation that fully explains how the error occurred
  - Explanation merely stating the transfer was made “to correct error” or “to transfer to correct project” is not sufficient
  - Transfers of costs from one project to another to cover cost overruns are not allowable
  - Numerous cost transfers are a sign to auditors of poor internal controls
Cost Transfer Guidelines

- **Justifications**
  - Every cost transfer
    - How does this expenditure benefit the project?
    - Why was the expense not charged to the correct project originally?
  - Over 90 day cost transfers must include additional justification
    - Why was the error not identified in a timelier manner?
    - Are monthly reconciliations being completed and reviewed by the PI?
  - If the 90 day cost transfer is due to a late setup of the project
    - Why was an advance account (ECAV) not initiated?
  - If the cost transfer is from one federal award to another
    - What internal controls will be put in place to ensure the proper charging of expenditures on federal awards?
ECRT

ECRT’s relationship with Salary cost transfers

- Salary cost transfers uploaded to ECRT nightly
- Not all salary cost transfers should be uploaded into ECRT
  - Cost transfers removing PTO payroll only are processed as ‘CT’ transfers and are not uploaded
  - Cost transfers correcting program code, GL account codes or changing subclass are processed as ‘CT’ transfers and are not uploaded
Common Mistakes

- Combining non-sponsored to non-sponsored lines to a SPNSR cost transfer submitted to GCA. These non-sponsored lines should be a separate cost transfer sent to General Accounting.
- Not attaching correct backup to the cost transfer. This causes delays in processing.
- Reversing of signs
- Approvers not reviewing the cost transfer
- Insufficient justification
Contact

Michelle Bremenkamp, Manager Grants & Contracts Accounting
Michelle-bremenkamp@ouhsc.edu
(405) 271-2177 ext. 46383