

# Cost Transfers

The Good, The Bad, and The Ugly

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# 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

## GL ACCOUNT NUMBERS FOR JV TRANSACTIONS

Transfer for Intra-agency Services by Journal			
Lab Costs	955090 SPNSR Expense	X-Ray	955210 SPNSR Expense
	950090 Non-SPNSR Revenue		950210 Non-SPNSR Revenue
Medical Supplies	955100 SPNSR Expense	Rent	955270 SPNSR Expense
	950100 Non-SPNSR Revenue		950270 Non-SPNSR Revenue
Animals**	955105 SPNSR Expense	RSOKC	955600 SPNSR Expense
	950105 Non-SPNSR Revenue		950600 Non-SPNSR Revenue
Other Professional	955130 SPNSR Expense	Patient Care*	955610 SPNSR Expense
	951130 Non-SPNSR Revenue		951610 Non-SPNSR Revenue
	(taxable)		(taxable)
	950130 Non-SPNSR Revenue		950610 Non-SPNSR Revenue
	(non-taxable)		(non-taxable)
Pharmaceuticals	955150 SPNSR Expense	IRB	955620 SPNSR Expense
	950150 Non-SPNSR Revenue		951620 Non-SPNSR Revenue
Physician Services	955160 SPNSR Expense	Miscellaneous	955900 SPNSR Expense
	951160 Non-SPNSR Revenue		950900 Non-SPNSR Revenue
	(taxable)		
	950160 Non-SPNSR Revenue	Dept IDC	999410 SPNSR Expense
	(non-taxable)		999310 Non-SPNSR Revenue
Conf Registration	955020 SPNSR Expense	Section IDC	999430 SPNSR Expense
	950020 Non-SPNSR Revenue		999330 Non-SPNSR Revenue

# 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

TYPE OF EXPENSE	REFERENCE COLUMN (max 10 characters)
Payroll	Pay End Date (MM/DD/YY)
Tuition	Journal ID number w/ SF typed immediately before
AP Expense	Voucher Number
SU Expense	Invoice # w/ the first three numbers replaced w/ INV
Pcard Expense	Month of charge preceded by PC (PC MM/YYYY)
Concur Expense	'TE' Journal Number

TYPE OF EXPENSE	DESCRIPTION COLUMN (max 30 characters)
Payroll	Individual's First and Last Name (No commas)
Tuition	Individual's First and Last Name followed by the word tuition
AP Expense	Vendor Name (no periods or commas)
SU Expense	Vendor Name
Pcard Expense	Vendor Name (no periods or commas)
Concur Expense	Vendor Name or if Trainee Travel, Trainee Name from backup document

# 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

- [https://www.ouhsc.edu/financialservices/documents/Grants\\_Contracts\\_forms/Cost\\_Transfer\\_Checklist.pdf](https://www.ouhsc.edu/financialservices/documents/Grants_Contracts_forms/Cost_Transfer_Checklist.pdf)

## ▶ 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

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