

Cost Transfers - Frequently Asked Questions

Question: Is the following a sufficient justification for a cost transfer – “The transfer of supplies from the department to the grant are necessary due to an error.”

Answer: No. This explanation does not adequately explain why the wrong COA or POET string was charged and why/how the charge is appropriate to the award/project being debited, nor does it describe how the error occurred. The explanation should be expanded to better describe the reason why the award being charged is appropriate and how the amount being transferred was determined.

Acceptable Explanation: *The supplies being transferred were purchased via the One Card. The administrative assistant did not review the One Card transactions by the deadline, which caused the transactions to post to the default One Card COA string, which is our departmental COA. Going forward, the administrative assistant will review all One Card purchases and assign the correct COA string or project, if applicable, to be charged before the deadline.*

Question: Is the following a sufficient justification for a cost transfer – “The transfer is needed to transfer the overage to related award.”

Answer: No. The transfer of overages from one award to another is not permitted. If expenses are being moved between two interrelated awards, the cost transfer description should clearly identify which costs are to be shared, the proportions in which the awards will share the costs and a clear indication of how the amount to be shared was determined.

Acceptable Explanation: *The supplies to be transferred are used on related projects. Supplies should be shared equally on both projects, thus 50% of the cost of the highlighted items is being transferred.*

Question: Is the following a sufficient justification for a cost transfer – “The transfer is needed to correct the COA or project that was incorrectly charged due to clerical error.”

Answer: No. Insufficient explanation of why and how the clerical error occurred, and why the error was not caught earlier. In general, this explanation is only adequate if a

transposition error occurred, and such circumstances should be included in the description.

Acceptable Explanation: *The research assistant in the lab who ordered the supplies used a POET string of a project which was terminated. He has been instructed to use the POET string of the new project. In the future, all supply orders will be reviewed and approved by myself or other administrator prior to submission of the order so that such errors can be prevented.*

Question: Is the following a sufficient justification for a cost transfer – “The transfer is needed to charge a portion of a lab technician’s salary to a different award/ project.”

Answer: No. The reason for the transfer is missing, and there is no indication of why the HCM assignment costing was not updated timely to reflect the necessary change. The description should be expanded to include a description of the individuals’ role on the project, the portion of his/her salary being moved, and how the portion of salary being moved was determined.

Acceptable Explanation: *The cost transfer is needed to transfer 50% of the lab technician’s salary to Dr. Smith’s award/project. This individual performed experiments with mice and was splitting his time between Dr. Smith’s NIH award and his NSF award but he did not notify anyone to update his costing for his labor distribution. We have talked with the lab technician and Dr. Smith to ensure that more timely information about the activities in the lab which impact the salary distributions be shared in the future with our HCM specialist to ensure that such errors in costing do not occur in the future.*

Question: Is the following a sufficient justification for a cost transfer – “The transfer is needed to reflect the distribution change that was not processed in time.”

Answer: No. The explanation does not adequately address why the change was not processed in time. The description should be expanded to better explain the circumstances of the delay in processing the distribution change and the specific plan to avoid such occurrences in the future.

Acceptable Explanation: *The administrator was informed of a faculty member’s effort distribution change after the HR deadline for changes related to the January payroll. The faculty member has been requested to communicate changes in effort in a timelier manner in the future in order to avoid such circumstances.*

Question: Is the following a sufficient justification for a cost transfer – “The transfer is needed to move charges from department COA.”

Answer: No. The reason for the transfer is not stated. 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.

Acceptable Explanation: *The start date of the grant is December 1. However, the official award documentation was not received to setup the award in the Oracle PPM system until January 15th. The PI needed to purchase some materials to begin work on the project in December and they charged them to the department until the award was established. (Note: The department could have also asked for an interim award to be set up and they could have used the project number created for the award to capture the cost and no cost transfer would have been necessary.)*

Question: Is the following a sufficient justification for a cost transfer – “The transfer is needed to change Dr. Wilson’s salary distribution on his sponsored-funded project associated with his NIH award to 10% due to lack of funding on sponsored project.”

Answer: No. The amount charged to an award should be a reasonable reflection of the effort spent on the award. The salary distribution should reflect this reasonable amount of effort as a percentage of their 100% distribution. If this percentage causes the grant to be overspent then a portion of the effort should be reflected as cost shared and charged to the cost shared project associated with award.

Acceptable Explanation: *Dr. Wilson worked 14% of his time in August on this award, which ended August 31. The award is currently in deficit due to a salary increase in July. We need to cost share 4% of August’s salary and fringe benefits so that his total effort on the award is 14% of which the sponsor is funding 10% and VU is costing 4%.*

Related Documents

Uniform Guidance – <https://www.ecfr.gov>

NIH Grants Policy Statement – <https://grants.nih.gov/policy/index.htm>

NSF Requirements – <https://www.nsf.gov/bfa/dias/policy/>