



# Assistance Document – Cost Transfers

Proper management of funds is essential to uphold the fiduciary responsibilities of the University. Federal agencies and other sponsors may regard the following activities as indicative of inadequate fiscal or project monitoring.

- Frequent cost transfers
- Late cost transfers
- Inadequately documented or explained transfers, especially those which involve sponsored projects with overruns or unexpended balances

Diligent review of financial records and timely communication between principal investigators and departmental office should prevent the necessity for transfers; however, under certain circumstances transfers may be appropriate.

When cost transfers move expenses involving sponsored program accounts, it is critical that the transfer meets the requirements for allowability, allocability, reasonableness, and consistency.

Cost transfers at Brandeis University are normally implemented via journal entries and payroll accounting adjustments in Workday. Before submitting a cost transfer please read and become familiar with the [University Cost Transfer Policy](#).

## Cost Transfer Documentation

Transfer of costs to sponsored programs must be accompanied by acceptable explanations and justifications. The following guidance is provided to ensure that all such transfers confirm to Brandeis policy and all pertinent regulations.

A good justification will allow anyone reviewing the cost transfer to understand what happened and how the expense benefits the receiving award(s). It should be easily understood by anyone reviewing the journal, and provide enough detail to inform approvers and auditors about the action taken. Think, "if I leave my position, will an auditor be able to understand this request two years from now?"

Here is an example of the minimum levels of documentation required for different types of transfers:

Description	To a Single Project	To Multiple Projects
<b>Under 90 days from date of the expense:</b>	1. What happened? 2. Benefit to project?	1. What happened? 2. Benefit to projects?

	3. Allocation: N/A	3. Method of allocation?
<b>Over 90 days from date of the expense:</b>	1. What happened? 2. Benefit to project? 3. Allocation: N/A 4. Why the delay? 5. Preventative action?	1. What happened? 2. Benefit to project? 3. Method of allocation? 4. Why the delay? 5. Preventative action?
<b>For salary that has been previously certified:</b>	1. What happened? 2. Benefit to project? 3. Allocation: N/A 4. Delay: N/A 5. Action: N/A 6. How the incorrect effort was certified?	1. What happened? 2. Benefit to project? 3. Method of allocation? 4. Why the delay? 5. Preventative action? 6. How the incorrect effort was certified (detailed)?

All transfer moving costs to a sponsored project must have the first two questions answered and additional justification is needed for transfers involving multiple awards that are past 90 days or for salary charges that have been previously certified.

Generic statements are not generally acceptable on cost transfers. Any justification and documentation should be specific to the cost transfer being submitted. If the justification could theoretically be applied to any request then we do not have sufficient detail.

A detailed version of the questions and some examples are below:

1. Why this expense was originally charged to the chart string from which it is now being transferred? What was the error?

**Insufficient justification:** “There was an allocation error.”

**Appropriate justification:** “The award wasn’t extended in Workday resulting in the charges defaulting to the department operating budget in error.”

2. Why should this charge be transferred/posted to the proposed receiving grant? This should be specific language describing how the project benefits from the transfer.

**Insufficient justification:** “They/it should be charged to project ‘X’.”

**Appropriate salary justification:** “<Insert individual’s name> is a <insert individual’s role> who is responsible for <insert

individual's duties> on <insert grant number/project name>. This journal will correctly reflect their effort for the <insert period>.

**Appropriate non-salary justification:** “<Insert description of charge(s) by vendor> are appropriately charged on <insert grant>. This item was/is used for <insert specific activity> during the <insert time period >

Note: In some specific circumstances such as some fellowships or foundation award designed to support an individual's research in general the benefit described can be broader and less detailed.

3. If the charge is being moved to multiple projects what is the basis for the allocation? How do you know how much to charge each project? For salary allocations if an allocation methodology is used (percentage of budgets, etc.) please include that method in the justification.

**Insufficient justification:** “This is the correct allocation.”

**Appropriate salary justification:** “The charges are being allocated based on a reasonable estimate of actual effort by the principal investigator.”

**Appropriate non-salary justification:** “The charges are being allocated based on a reasonable estimate of actual use of the item.”

4. Why is this cost transfer being requested more than 90 calendar days after the date of transaction on a budget vs actual statement or its original occurrence?
5. What action is needed to eliminate the future need for cost transfers of this type? Is this action being taken?
6. If the transfer request involves salary that has been previously certified we need a detailed explanation explaining why the original charge was certified.

Some cost transfers may require additional justification (examples: after the project has ended, large transfers (over \$10k), etc.).

## Cost Transfers Documentation Exceptions

Some transfers may need less documentation depending on the specific circumstances of the transfers. Some examples are:

- Transfers involving F&A or fringe costs to correct system errors.
- Transfers moving costs off a sponsored project (to a non-sponsored account) to correct a deficit.
- Transfers involving the movement of pennies in the various reconciliation and reporting processes.

## Submitting Cost Transfers in Workday

Submitting cost transfers in Workday is done via a payroll accounting adjustment or a journal entry.

- A Payroll Accounting Adjustment (PAA) is a mechanism to adjust the worktags assigned to an employee’s payroll cost allocation after the payroll has posted (retroactive).
- A Journal Entry (JE) is a mechanism to record or adjust the accounting on a financial transaction. The total dollar amount of debits for the journal must equal the total dollar amount of credits.

If you need assistance submitting a PAA or JE in Workday related to a sponsored project you can contact SPA for assistance.

A few notes on submitting cost transfers in workday:

- Budget Date: the budget date should be the original date of the activity to ensure the transaction is classified as over or under 90 days.
- Supporting justification: For cost transfer related to activity prior to 90 days (that don’t involve recertifying effort) the supporting information can be added directly in Workday in the comments field of the journal entry or supporting documents can be attached to the request in Workday.
- For cost transfers over 90 days the “over 90-day cost transfer justification form” needs to be filled out, signed, and attached in Workday.

## Cost Transfer Checklist

When preparing a cost transfer, review the transaction and the documentation provided to support it. You can use the following as a tool to ensure you have provided adequate documentation.

<b><i>Have you clearly shown:</i></b>	<b>Yes</b>	<b>No</b>	<b>N/A</b>
<i>The reason why the expense was charged incorrectly?</i>			
<i>How the expense directly benefits the receiving grant?</i>			
<i>How the expense is allowable on the receiving award (benefit)?</i>			
<i>The allocation methodology used if transferring expenses to multiple awards?</i>			
<i>Any systematic problems which might cause this problem to be repeated have been addressed?</i>			
<i>The reason for any delay in a timely processing of the transfer?</i>			
<i>Confirmed the transfer complies with all Brandeis policies?</i>			

## Questions?

If you need help determining the level of documentation required for a cost transfer or if you have any questions about the overall process please contact the [Sponsored Programs Accounting](#) office.

## Reference Material

1. Brandeis University's Cost Transfer Policy.
  - <https://www.brandeis.edu/business-finance/sponsored-accounting/policies/Brandeis%20Cost%20Transfer%20Policy.pdf>
2. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200) and Office of Management and Budget (OMB) Circulars.
  - 200.405 Allocable costs  
<https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-E>.
3. The NIH Grants Policy Statement (NIHGPS) (Rev. 11/16) Part 7.5
  - [https://grants.nih.gov/grants/policy/nihgps/html5/section\\_7/7.5\\_cost\\_transfers\\_overruns\\_and\\_accelerated\\_and\\_delayed\\_expenditures.htm](https://grants.nih.gov/grants/policy/nihgps/html5/section_7/7.5_cost_transfers_overruns_and_accelerated_and_delayed_expenditures.htm).
4. The NSF's Grant Policy Manual NSF 05-131\_III. Grant Administration
  - [https://www.nsf.gov/pubs/manuals/gpm05\\_131/gpm3.jsp](https://www.nsf.gov/pubs/manuals/gpm05_131/gpm3.jsp)