

Cost Transfer Procedures --- General

Scope

This document sets forth University procedures regarding cost transfers associated with sponsored projects, including the transfer of payroll and other direct costs.

Purpose

Procedures applicable to Policy 5.28: Cost Transfers Involving Sponsored Projects

- To ensure the integrity of Texas Woman's University's accounting system for all charges (salaries, wages, goods and services) that are transferred to a sponsored project account after initial posting.
- To assure compliance with sponsor terms and conditions, federal and state regulations, and University policies.

Definitions

Cost Transfer: A cost transfer is defined as a transaction that moves expenses from the account of original posting to a sponsored project account in order to correct an error or make an adjustment. Cost transfers include reassignments of salary, wages, and all other direct costs.

Cost transfers processed through Oracle involving payroll (salary, wages, fringe benefits) require submission of a Cost Transfer Form (CTF) to the Office of Research and Sponsored Programs (ORSP) to document the appropriateness of the reassignment and to provide a record of efforts in order to reduce future occurrences and the need of further transfers of this type. ORSP will forward a copy to the Controller's Office (CO). In addition to completing a CTF, cost transfers involving payroll transactions may require additional forms.

Cost transfers processed through Oracle involving non-payroll direct costs require submission of a CTF to ORSP, who will forward an approved CTF to the CO. Journal entries for approved CTFs will be entered by CO to record the requested transfer in the general ledger.

Requestor: The requestor should be the Principal Investigator (PI) or the Project Director (PD) assigned to the sponsored project account.

Supervisor of PI: Person to whom the PI or PD directly reports.

Date of Request: The date of the request is the day the CTF is prepared and signed by the requestor. Every effort should be made to request the cost transfer within 30 days of the date the error is posted to the Budget Manager's Detail (BMD).

Date Error Posted to the BMD: The date the error posted to the BMD is the date the transaction was originally posted in the general ledger. This date is indicated on the sponsored project account's BMD when it **first** appears under the heading **Effective Date** with the amount of the expense

appearing in the Actual column. To document this date a print-out of the entire BMD for the affected account (header page to the last page) should be attached to the CTF.

Initiation of Cost Transfers

1. **Review Budget Manager's Detail:** The PI or PD should review BMD on a regular basis. When the review of the BMD of the sponsored project account reveals an expenditure error which legitimately should have posted to a different sponsored project account, the PI should promptly complete a CTF and submit to ORSP. The PI may contact ORSP for assistance with this process.
2. **Assemble Documentation to Attach to CTF:**

Documentation for All Transactions:

Budget Manager's Detail – Print all pages from first to last. **Highlight** the entire line of the charge to be moved including the expenditure object code. Oracle: TWU Financial System Inquiry>Other>Requests>Run>Single Request>TWUBU_BUDGET_MANAGERS_DETAIL

Documentation for Transactions other than Payroll:

- **P-Card transactions:** Print P-Card log and copy of invoice(s).
- **Travel:** Print copy of Request for Travel Approval (RTA) and travel voucher.
- **Other Goods and Services** paid through Accounts Payable: Print **other** pertinent documentation such as invoice, purchase order, etc.

Documentation of Payroll Transactions:

Payroll Summary – Oracle: TWU Financial System Inquiry>Other>Requests>Run>Single Request>TWUHR Payroll Summary Report. Attach copy of Personnel Activity Report (PAR) if applicable.

3. **Evaluate the Proposed Cost Transfer:** The PI should evaluate the cost transfer to make sure that all costs are allowable, allocable, and reasonable, and in accordance with funding agency guidelines and University policies.

Cost Transfer Request Form – Instructions

Date of Request: MM-DD-YYYY

Name of Account Manager/PI of account removing charges:

Name of Account Manager/PI of account receiving charges:

Request to transfer cost from account # and to account #:

Form prepared by:

From account #: Fill in complete twenty-three (23) digit account number

XX . XXX . XX . XXXX . XXXX . XXXXXXXX

To account #: Fill in complete twenty-three (23) digit account number

XX . XXX . XX . XXXX . XXXX . XXXXXXXX

List all account numbers as needed with a From and To account for each transfer amount.

Section I – Explanation

Explanations should consist of detailed sentences, stating only the facts.

1. Provide a detailed sentence or two explaining **how** and **why** the expenditure was not originally charged to the appropriate sponsored project account.
2. Explain why the expenditure should be moved to the requested sponsored project account and provide **justification**.
3. Explain what controls will be followed in the future to reduce or eliminate the need for transfers of this nature.

Section II – Transaction Details

4. Amount to be transferred.
5. Date error posted to the Budget Managers Detail (BMD).
6. Description of the item to be moved.
7. Enter the name of vendor, individual for accounts payable transactions (AP) or name of employee if payroll or travel transaction. For IDTs enter the TWU department providing the goods or services.
8. Place an X in the box or boxes that apply and type in additional information in the shaded spaces beside the X'd box(es).

Section III – Attachments

Required for ALL Cost Transfer Requests:

- **Budget Manager’s Detail (BMD)** all pages for the account on which the original expenses posted. Highlight the expense (s) to be transferred.
- **If applicable, attach report with highlighted expense being transferred:**
 - Payroll Summary
 - Personnel Transaction Form
 - Personnel Activity Report
 - Invoice
 - P-Card Log
 - Correspondence
 - Any other documentation related to this cost-transfer

Section III – Required Signatures

The Account Manager/PI removing and receiving the charges must certify that the costs being transferred are appropriate and comply with the sponsored grant and/or contract before submitting to ORSP. The Director of ORSP must sign before forwarding the CTF to the CO.

Section V – Cost Transfers exceeding ninety (90) days of initial posting of error.

When the CTF is not initiated within 30 days of the initial posting, the chances for its approval attenuate. If the cost transfer is not requested within 90 days from the posting of the error, Section V must be completed before a transfer will be considered. Provide a detailed explanation why the CTF exceeded 90 days. The additional information and signatures required in Section V of the CTF indicate the gravity of the financial reporting issues corresponding to delinquent requests. Late changes to modify grant expenditures are frequently targeted in audits.

PI’s and PD’s should be advised that **the possibility of transferring costs diminishes rapidly with the passage of time.** Special care should be taken around the end of the fiscal year (August 31st) to verify that all costs are posted to the correct account. A cost transfer request cannot be approved if the fiscal year has been closed or the final expenditure report / invoice has been prepared.