Welcome!

Thank you for joining us today for the Cost TransfersWebinar. The presentation will start at 1:30 p.m. If you are having any technical difficulties, please contact Jennie Situ in the Training Office at 312-996-2045.

We will be with you shortly.

GoToWebinar Control Panel

USING THE CONTROL PANEL

Once you have joined the Webinar you will see the Attendee Control Panel and Grab Tab. The Control Panel contains panes that can be expanded or collapsed by clicking the +/- on the left side of each pane.

Note: Viewing the Attendee List, raising your hand and asking questions are only available if the organizer has enabled these features.

a Attendee List (viewable only if organizer has enabled)

b Grab Tab – Click arrow to open/close Control Panel. Click square to toggle Viewer Window between full screen/window mode. Click hand icon to raise/lower hand. Click mic icon to mute/unmute your audio (if organizer has enabled)

**c** Audio pane – Select audio format. Click **Audio Setup to select Mic & Speakers devices**

d Questions pane– If turned on by an organizer, attendees can submit questions and review answers. Broadcast messages to attendees will also show here

e Type your question and click **Send to submit it** to the organizer

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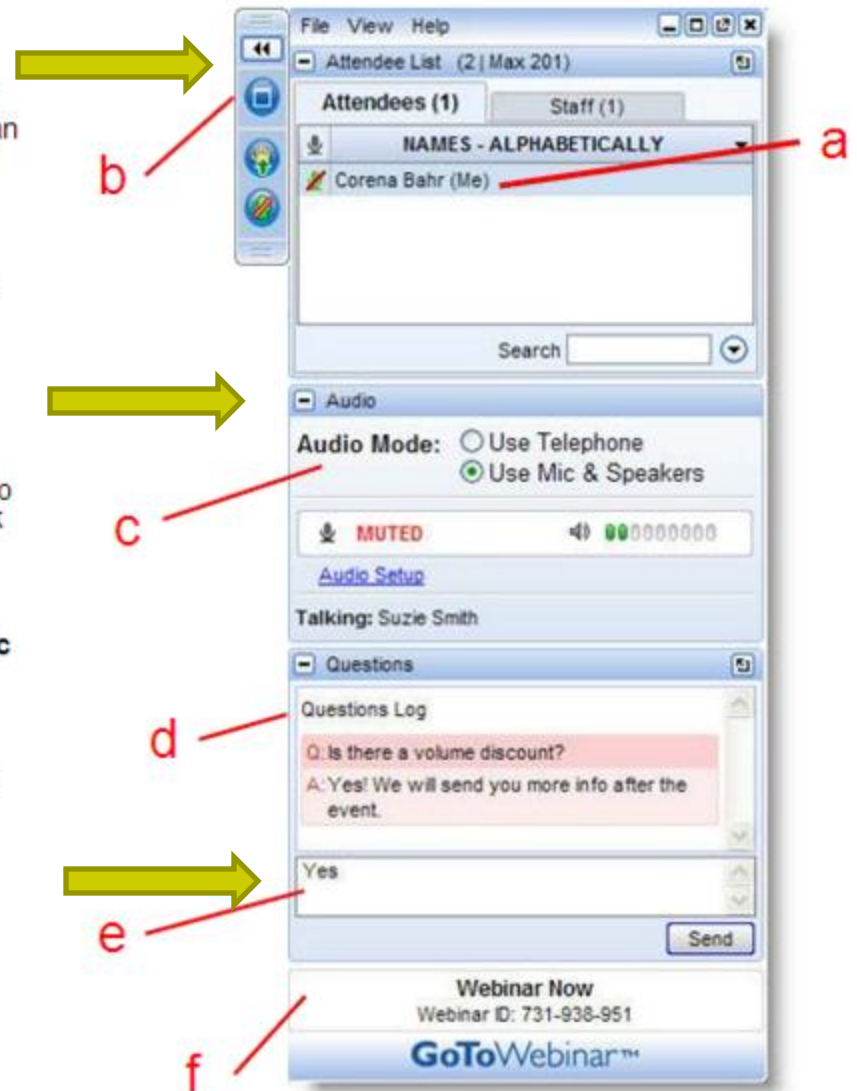
OBFS - Office of Grants & Contracts

Cost Transfers

On

Sponsored Projects

Presentation Objectives

- [ ] What is a Cost Transfer?

- [ ] Managing Cost Transfers and Administration

- [ ] Compliance and Case Studies

- [ ] Contacts

What is a

COST TRANSFER?

Definition of Cost Transfers

A cost transfer is defined as reallocation or redistribution of a previously charged expenditure to another Fund (C-FOAP).

Sponsored project cost transfers include payroll and non-payroll redistributions.

UIC's Policy: OBFS Policies and Procedures Manual, Section 16.1.7 – Chicago Cost Transfers, www.obfs.uillinois.edu/cms

Examples: Actions requiring Cost Transfers

- ☐ Correct clerical errors such as transposition of C-FOAP numbers, incorrect amounts, typing or data entry errors
- ☐ Use of wrong fund, organization or program code
- ☐ Transfer costs applicable to a new/renewal grant or contract, or approved pre-award costs, from departmental funds
- ☐ Reallocate effort to reflect actual time spent on project
- ☐ Reallocate shared services (telephone, photocopying costs, etc. charged to a non-sponsored project fund)
- ☐ Expenses on related projects
- ☐ Remove overdraft to a departmental unrestricted C-FOAP
- ☐ Transfer unallowable or non-allocable expenses

Types of Cost Transfers

- Non-Personnel Expenses
  - Current
  - Non-current
- Personnel Expenses
  - Current
  - Non-current

All cost transfers must meet the minimum requirements listed under each category in order to be approved. Cost transfers submitted without the minimum required notations and/or documentation will be returned to the originator with a message indicating the reason for disapproval.

Current Cost Transfers

- *Definition* - Transfer of expenditures incurred within 90 days of period of service, or within 90 days of initial posting to the incorrect Banner C-FOAP.

Current – Non-Personnel Transfers

Use Journal Voucher form FGAJVCQ or FGAJVCD

Minimum Requirements – Minimum requirements to ensure approval of these cost transfers include:

- Completion of "Description" field in JV form
- JV Text Form (FOATEXT) must include:
  - Explanation of transaction and reason for initial posting to incorrect C-FOAP
  - Date when service was provided or incurred
  - Date and Document Number of original transaction
  - Preparer's name and telephone number

POLLING

QUESTION

Question

A journal voucher (JV) is submitted to transfer a supply expense from a departmental ICR fund to a sponsored project account. The justification given in FOATEXT is that the charge is in furtherance of sponsored project ABC, and it is being allocated to the corresponding project account. The information also includes the document number for the charge, the JV preparer's name, and the JV preparer's phone number. Should this JV be approved?

Current – Personnel Transfers

Use Banner form PZAREDS

Minimum Requirements –Although labor redistributions are not currently routed through an approval queue prior to Banner posting, listed below are the minimum requirements to ensure compliance and post review approval:

- ☐ Documentation justifying transaction should be on file in department initiating redistribution. Labor redistributions samples are periodically selected and subjected to post-transaction reviews.

- ☐ Documentation should contain an explanation of transaction and reason for initial posting to incorrect C-FOAP

- ☐ Documentation should indicate date when service was provided or incurred, along with the individual's UIN and Pay Period Code

- ☐ Preparer's name and telephone number should be included

Non-Current Cost Transfers

- *Definition* - Transfer of personnel and non-personnel expenditures or services which were incurred but were not corrected within the cut-off date for current transactions (within 90 days of period of service or within 90 days of initial posting).

- *Form GC81- UIC Cost Transfer Justification for Sponsored Projects* must be completed and maintained by department initiating transfer, and should be available for review upon request. This form is available under www.obfs.uillinois.edu >Forms >Grants & Sponsored Projects >Forms Related to Sponsored Projects and Activities >Chicago "Cost Transfer Justification for Sponsored Projects". Please note that funding agencies occasionally disallow a non-current transfer even if it meets the University's criteria for approval.

Non-current – Non-Personnel Transfers

- ☐ Must meet all minimum requirements for current transfers.

- ☐ FOATEXT and Section D of Form GC81-UIC must include reason why costs were not corrected within 90 days of service or within 90 days of initial posting to incorrect C-FOAP.

- ☐ *Cost Transfer Justification for Sponsored Projects* form must be completed, signed, filed and maintained by department initiating transfer, and made available for review upon request. (This form is available under www.obfs.uillinois.edu/ >Forms >Grants & Sponsored Projects >Forms Related to Sponsored Projects and Activities >Chicago "Cost Transfer Justification for Sponsored Projects").

- ☐ **FOATEXT must state that required *Cost Transfer Justification* form has been completed, signed, and filed.**

Non-Current – Personnel Transfers

- Must meet all minimum requirements for current redistributions.

- *Cost Transfer Justification* form must be completed, signed, filed and maintained by department initiating transfer, and made available for review upon request. (See link above.)

- **Section D of the completed *Cost Transfer Justification* form must include reason why the redistribution was not made within 90 days of initial posting to incorrect C-FOAP.**

Managing

COST TRANSFERS & ADMINISTRATION

Expenditure Review & Management

The Principal Investigator or other responsible official should:

- ☐ Retrieve and review monthly grant/fund statements
- ☐ Verify that posted charges are allowable and proper
- ☐ Identify any additions or deletions
- ☐ Initiate prompt transfers for errors/corrections

Cost Transfer Principles/Expectations

- Expense must be an allowable charge to the project as defined by University policy, sponsor's policy, and the terms and conditions of the award. (See next slide for detail.)

- Expense must be allocable as a direct charge to the project and provide benefit to the project.

- Expenses must be treated consistently across like circumstances. (example: allocation criteria/service charges or fees must be same for sponsored project funds as well as other types of funds)

- Expenses should never be intentionally charged to the wrong C-FOAP

- Non-current transfers (older than 90 days) should be kept to an absolute minimum as they raise concerns with external funding agencies and elsewhere about the fiduciary management capabilities of awardees.

POLLING
QUESTION

Question

A JV was submitted to transfer a supply expense from sponsored project account A to sponsored project account B. The justification given in FOATEXT indicates that the expense was originally charged to account A because account B had not yet been created in Banner. Was it permissible to initially post this charge to sponsored project account A?

Allowable and Appropriate Cost Transfers

- ☐ Transfers between projects where the work is closely related but is supported by more than one C-FOAP.

- ☐ Transfers for expenses incurred before the project start date only if pre-award costs are approved by the sponsor.

- ☐ Transfers prior to final or interim financial reports being submitted to the sponsor for the period covered by the transfer.

- ☐ Transfers due to a clerical or data processing error (the error must be describe in detail in FOATEXT).

- ☐ University self-supporting service unit's billing in the form of chargebacks, e.g. telephone, publications and photocopying, etc.

POLLING QUESTION

Question

A JV was submitted to transfer a supply expense from sponsored project account A to sponsored project account B. The justification given in FOATEXT indicates only that the expense was originally charged to account A "due to a clerical error." Should this journal voucher be approved?

Anticipation Grant & Fund Codes

The use of Anticipation Grant and Fund Codes are viewed as a **best practice** and can minimize the volume of required cost transfers. Anticipation funds may be established prior to receipt of a fully executed contract or grant award notification.

A Proposal Approval Form (PAF) must be submitted to the Office of Research Services (ORS) and an Institution Number must exist in the UI eRA (electronic research administration) database before submitting the GC70 anticipation account request.

Anticipation accounts are requested on-line at:
https://apps.obfs.uillinois.edu/GC70/index.cfm

Unallowable Cost Transfers

- Transfers from one budget or project period to the next solely to avoid overdrafts.

- Transfers from one sponsored project C-FOAP in overdraft status to another sponsored project C-FOAP for the sole purpose of eliminating overdraft.

- Transfers to a project having unexpended balance for the purpose of expending the remaining balance.

- Transfers in which the sponsored project C-FOAP was being used as a "holding" fund to redistribute expenses to other fund codes.

- Transfers for expenses incurred before the project start date if pre-award costs have not been approved by the sponsor.

Unallowable Cost Transfers (cont)

- Transfers involving prior fiscal year state appropriation funds under any circumstances.

- Transfers where the **account** code is being changed, unless the transfer is to correct an expense originally posted to an incorrect account code.

- Transfers where the **program** code is being changed, unless the transfer is to correct an expense originally posted to an incorrect program code.

- Transfer of Medical Services Plan (MSP) Variable Compensation (ie, Lump Sum) payments into Grant C-FOAPs **under any circumstances.**

- Transfer of lump sum or "E-classification" salary payments into Grant C-FOAPs for faculty under Fund type 4S, 4U or 4W, unless meeting the requirements as defined in OMB Circular A-21 whereby the consultation is across department lines or in a separate/remote location, the work performed is in addition to regular departmental load, and the payment is specified in the proposal or approved in writing by the sponsoring agency.

Sample JV FOATEXT

Required JV FOATEXT Justification

Sample FGAJVCD form

Sample FGAJVCQ form

Oracle Developer Forms Runtime - Web: Open > PZAREDS

File Edit Options Block Item Record Query Tools Help

Labor Redistribution Form PZAREDS 7.0 [MC:37.0] (BANPROD) (2UIC)

ID: 678951524 ▼ 99999999 Peter R. Williamson Jonathon Ray Doe

Payroll ID: MN ▼   Begin Year: 2005 ▼   Payroll Number: 12   Date: 16-NOV-2005
                         End Year: 2006 ▼   Payroll Number: 5   Date: 15-MAY-2006

Earnings History

Status	Year	Payroll Number	Sequence Number	Jobs ID	Effective Date	Shift	Earning Code	Disposition	Type	Posting
>	2005	12	2	C99624-00	16-AUG-2005	1	RGE	70	R	11-APR-2006
	2005	12	2	C99625-00	16-AUG-2005	1	RGE	70	R	11-APR-2006
	2006	1	2	C66766-00	16-DEC-2005	1	ADL	70	R	11-APR-2006
	2006	1	2	C99624-00	16-AUG-2005	1	RGE	70	R	11-APR-2006
	2006	1	2	C99625-00	16-AUG-2005	1	RGE	70	R	11-APR-2006

Earnings Labor Distributions

Hours	Percent	Amount	COA	Index	Fund	Orgn	Account	Program	Activity	Location	Project	Cost
67.96	89.11	2,863.18	2		497456	586009	211400	191100				
8.31	10.89	349.91	2		494831	586009	211400	191100				

| 76.27 | 100.00 | 3,213.09 | Totals |

FRM-40200: Field is protected against update.
Record: 1/?   <OSC>

Sample PZAREDS form

Documentation Maintained by Dept

- ☐ Copy of documents charging original expense, e.g. Inv Voucher, P-Card, or campus service unit billings

- ☐ Copy of grant terms supporting transfer

- ☐ Copy of award budget supporting labor redistribution

- ☐ Copy of Banner HR appointment form showing the redistribution C-FOAP

- ☐ Copy of IPAS/OPAS budget revision supporting transfer

- ☐ Copy of Banner JV or PZARED forms

- ☐ Completed and signed GC81-UIC form (for non-current transfers and redistributions)

Unacceptable Language/Justification

The following types of commonly used JV FOATEXT explanations are not acceptable and will result in disapproval and return for correction or more detail.

- ☐ Transfer expense to correct fund
- ☐ Transfer expense to remove overdraft
- ☐ Transfer expenses to correct rogue FOAPAL when debit and credit funds are different
- ☐ Transfer expenses per grant or contract agreement
- ☐ To spend remaining available balance

POLLING

QUESTION

Question

A JV was submitted to transfer a supply expense from sponsored project account A to sponsored project account B. The only justification given in FOATEXT is to "transfer the charge to the correct fund." Should this journal voucher be approved?

Check for Disapproved JV's (GUAMESG)

Cost Transfers

COMPLIANCE AND ADMINISTRATION

Compliance & Administration

Regulations Applicable to Cost Transfers

OMB Circular A-21, Section C.4.b

Any costs allocable to a particular sponsored agreement … may not be shifted to other sponsored agreements in order to meet deficiencies caused by overruns …

NIH Grants Policy Statement (12/03) Part II: Terms and Conditions…Subpart A: General…Cost Transfers…

Cost transfers to NIH grants by grantees… that represent corrections of clerical or bookkeeping errors should be accomplished within 90 days … The transfers must be supported by documentation that fully explains how the error occurred and a certification of the correctness of the new charge.

Grantees must maintain documentation of cost transfers, pursuant to 45CFR 74-53 or 92-42, and must make it available for audit or other review…

Compliance & Administration cont.

Proper administration and approval of cost transfers are required to ensure the University's compliance with federal requirements as defined by the United States Office of Management and Budget (OMB) and described in Section 16.4.1 "Unallowable Costs under OMB Circular A-21" in the Business Policies and Procedures Manual, www.obfs.uillinois.edu/manual/Chicago/se16-4-1.html, and with related University policies.

<u>Cost transfers to or from sponsored projects should be</u>:

☐ Initiated promptly, after recognition of posting to incorrect Fund (C-FOAP).

☐ Supported by documentation justifying the transfer.

☐ Approved by P.I. or responsible official for non-current transfers.

Recent Audit Finding

☐ FY10 A-133 Audit Finding

… Inadequate supporting documentation for cost transfers

- Missing GC81's
- Incomplete or missing justifications in FOATEXT
- Incomplete or missing supporting documentation
  - Missing receipts, invoices, approvals, other

Cost Transfers

Case #1

☐ The original charge for supplies was purchased with a P-Card and posted to Banner default account on October 7, 2010

☐ A journal entry was completed to reallocate the   charge on January 14, 2011

☐ P-Card transaction reconciled on 10/19/10

__Auditor Question__:

       Is a GC81 form required?

Department's Response

[Case #1] - Originally it was reconciled on 10/19/10, therefore, when we processed the transfer we were still under the 90 day limit.

Cost Transfers cont.

Case #2

- ☐ The department processed an invoice voucher to pay for services provided by an external consultant from institutional funds

- ☐ The department then completed a journal entry to place the consultant charges on a sponsored project

- ☐ The original award documentation did not include a consultant agreement

Auditor Question/Request:

Provide additional documentation

Department's Response

[Case #2] – We reallocated funds to pay for the services provided by the external consultant. The PI has a verbal agreement with the consultant.

Cost Transfers cont.

Case #3

- Department completes a JV to remove supplies charged in error to grant Hxxxx and place on grant Exxxx

- Transaction completed within 90 days of the original transaction date

- FOATEXT comments were "to correct charges due to clerical error"

__Auditor Question__:

What's wrong with this JV?

Department's Response

[Case #3] – The JV was completed within 90 days and it simply was a clerical error.

How to Avoid Compliance Issues

Cost transfers to or from sponsored projects should be:

- ☐ Initiated promptly, after recognizing the error
- ☐ Supported by documentation explaining the transfer; and
  - ■ Maintained by the departments for the same period of time described in the signed agreement

Unacceptable explanations for current/non-current cost transfers:

- ☐ Transfer expense to correct fund
- ☐ Transfer expense to remove draft
- ☐ Transfer expenses to correct rouge FOAPAL when debit and credit fund is different
- ☐ Transfer expenses per grant or contract agreement

Questions? Call us!

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