Expenditures may be identified by the Principle Investigator, Department Administrator or by the Grants Management Office.
Some reasons for Cost Transfers:

• To correct a clerical error (i.e. incorrect PTA indicated on expenditure document)
• Transfer unallowable fringe benefits
• To redirect an expenditure to the correct Award, Project and/or Task
• To apply Pre-Award costs
• Process a category refund
Rules for Executing Cost Transfers

• Corrections of clerical errors should be accomplished within 90 days of discovery

• Cost transfers must be supported by documentation that fully explains how the error occurred and a certification by a responsible organizational representative that the new charge is correct
Rules for Cost Transfers cont.

• Explanations, such as “to correct error” or “to transfer to correct project” are not sufficient.

• Transfers of costs from one project to another are not allowable if they are made solely to cover cost overruns.
Rules for Cost Transfers cont

• Grantees must maintain cost transfer documentation pursuant to 45CFR74.53 or 92.42 and make it available for audit.
• Frequent errors in recording costs may indicate the need for accounting system improvements, enhanced controls, or both.
Rules for Cost Transfers cont

• Grantees are encouraged to evaluate the need for system improvements and to make the necessary improvements necessary to prevent the reoccurrence of cost transfers.

• NIH may require grantees to take corrective action by imposing additional terms and conditions on an award.
RED FLAGS

Auditors tend to focus on late cost transfers (over 90 days), particularly payroll transfers, because they are easy targets and difficult to defend if not properly documented.

Payroll transfers are particularly vulnerable because the original charge has already been certified as correct.
Cost transfers that are particularly suspect:

- Transfers to or between federal projects
- Late transfers (greater than 90 days after discovery of error)
- Transfers to a federal project occurring at the end of the project, thereby giving the appearance of utilizing funds inappropriately
RED FLAGS continued

• Transfers with an inadequate explanation
• Transfers between federal projects that clears an overrun on one of the projects
• Payroll transfers that are recorded in the accounting system but not in the payroll system
Develop a Cost Transfer Policy

• The cost transfer policy must be kept current
• The policy must be distributed to those responsible for assigning costs
• The institution must provide periodic training
Cost Transfer Policy continued

• The institution must ensure that all cost transfers are adequately documented

• It is critical for the institution to develop a monitoring system and to provide additional training to those institutional units with a large number of transfers.
Cost Transfer Procedure

- Identify the Expenditure to be transferred
- Verify that the transfer request is made timely; within 90 days of discovery of error
- Verify that sufficient funds are available in the new Project
Cost Transfer Procedure continued

• The new award to be charged must benefit from the item or service. A detailed justification explaining how the cost benefits the research on the new project must be included with the request.

• Ensure that the cost is allowable to the new Award/Project to be charged, i.e. consistent with sponsor guidelines
Two types of Cost Transfer forms:

1) Payroll Expenditure
   • Use Payroll Distribution Adjustment form

2) OTPS
   • Use Encumbrance/Expenditure Transfer Request form
Payroll Distribution Adjustment

- Compete the Distribution Adjustment Form
- Attach corresponding Payroll Form
- Attach justification from the Principle Investigator or Departmental Administrative staff person
- Attach other supporting documentation, i.e. Oracle screen prints
- Signatures Required:
  - Principle Investigator
  - Grants Management Specialist
  - Manager of Sponsored Project Expenditures or AVP, Office of Grants Management
# Payroll Distribution Adjustment Form

<table>
<thead>
<tr>
<th>Last Name</th>
<th>First Name</th>
<th>Social Security Number</th>
<th>Foreign Present</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Employee Number</th>
<th>Assigned Number</th>
<th>Start Date</th>
<th>End Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Current Labor Schedule

<table>
<thead>
<tr>
<th>Project</th>
<th>Task</th>
<th>Award</th>
<th>Organization</th>
<th>Expenditure Type</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### New Labor Distribution

<table>
<thead>
<tr>
<th>Project</th>
<th>Task</th>
<th>Award</th>
<th>Organization</th>
<th>Expenditure Type</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Distribution Adjustment

<table>
<thead>
<tr>
<th>From</th>
<th>Project</th>
<th>Task</th>
<th>Award</th>
<th>Organization</th>
<th>Expenditure Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>To</th>
<th>Project</th>
<th>Task</th>
<th>Award</th>
<th>Organization</th>
<th>Expenditure Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Reason for Change:**

<p>| |</p>
<table>
<thead>
<tr>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

**Approvals:** This adjustment is consistent with sponsored award terms and conditions, and with Research Foundation policies.

---

**Principal Investigator or Authorized Signature + Date**

**Additional Campus Signature as required + Date**

**Office of Grants Management + Date**

**Entered By + Date**

---

Rev 6-8-06

Office of Grants Management, Stony Brook University
Encumbrance/Expenditure Transfer Request Form
(OTPS ONLY)

This form can be used to transfer up to three Purchase Order encumbrances or OTPS expenditures.

• Complete the Encumbrance/Expenditure Transfer Request Form

• Attach:
  • Justification from PI or Departmental Administrative Staff Person
  • Copy of expenditure transaction or Purchase Order
  • Screen-Shot of PTA showing where the transaction currently resides

• Signatures Required:
  • Principle Investigator
  • Grants Management Specialist
  • Manager of Sponsored Project Expenditures or Director of Grants Management
# Encumbrance/Expenditure Transfer Request Form (OTPS Only)

## TRANSFER FROM:

<table>
<thead>
<tr>
<th>Originaly Paid/Encumbered on PO#:</th>
<th>Requisition #:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vendor Name:</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Payment / Encumbrance Date</th>
<th>Project</th>
<th>Task</th>
<th>Award</th>
<th>Organization</th>
<th>Expenditure Type</th>
<th>Amount</th>
</tr>
</thead>
</table>

## TRANSFER TO:

<table>
<thead>
<tr>
<th>Project</th>
<th>Task</th>
<th>Award</th>
<th>Organization</th>
<th>Expenditure Type</th>
<th>Amount</th>
</tr>
</thead>
</table>

## TRANSFER FROM:

<table>
<thead>
<tr>
<th>Originaly Paid/Encumbered on PO#:</th>
<th>Requisition #:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vendor Name:</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Payment / Encumbrance Date</th>
<th>Project</th>
<th>Task</th>
<th>Award</th>
<th>Organization</th>
<th>Expenditure Type</th>
<th>Amount</th>
</tr>
</thead>
</table>

## TRANSFER TO:

<table>
<thead>
<tr>
<th>Project</th>
<th>Task</th>
<th>Award</th>
<th>Organization</th>
<th>Expenditure Type</th>
<th>Amount</th>
</tr>
</thead>
</table>

## TRANSFER FROM:

<table>
<thead>
<tr>
<th>Originaly Paid/Encumbered on PO#:</th>
<th>Requisition #:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vendor Name:</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Payment / Encumbrance Date</th>
<th>Project</th>
<th>Task</th>
<th>Award</th>
<th>Organization</th>
<th>Expenditure Type</th>
<th>Amount</th>
</tr>
</thead>
</table>

## TRANSFER TO:

<table>
<thead>
<tr>
<th>Project</th>
<th>Task</th>
<th>Award</th>
<th>Organization</th>
<th>Expenditure Type</th>
<th>Amount</th>
</tr>
</thead>
</table>

## JUSTIFICATION:

[explain how expenditure relates to the new award, and reason it was not charged to this award originally]

## Approvals:

This Transfer is consistent with sponsored award terms and conditions, and with Research Foundation Policies.

---

Principal Investigator ___________________________ Date ____________

or

Authorized Signature ___________________________

Office of Grants Management ______________________ Date ____________

Procurement/Accounting ___________________________ Date ____________

Additional Signature as Required __________________ Date ____________

Please complete the form and return it to the Office of Grants Management with a copy of the original requisition and/or purchase order.
References and Web Sites

• OMB Circular A-21
  Cost Principles for Educational Institutions

• NIH Grants Policy Statement, Part II
References and Web Sites cont.

• Publication: FEDERAL GRANTS NEWS for Colleges and Universities, July/August 2005, Article: “HHS OIG Targets Cost Transfers in Its College and University Pilot Audits”

• Research Foundation of SUNY http://epss.rfsuny.org/nav/index.htm
QUESTIONS?

Stephanie Ammann, Manager
Sponsored Project Expenditures
Office of Grants Management
SUNY @ Stony Brook
Stony Brook, N.Y. 11794 - 3366
Phone: 631 632-9071
Fax: 631 632-9147
email: sammann@notes.cc.sunysb.edu