Guide to Cost Transfers

Post Award Finance
Cost Transfer Resources/Policies

- Hoop Policy Number 96: Establishes cost transfer policies
  - [http://www.uthouston.edu/hoop/policy.htm?id=1448040](http://www.uthouston.edu/hoop/policy.htm?id=1448040)
- Hoop Policy Number 137: Processing Retroactive Personnel actions
  - [http://www.uthouston.edu/hoop/policy.htm?id=1448122](http://www.uthouston.edu/hoop/policy.htm?id=1448122)
- Recommended Queries
  - HCM
    - UT_CA_PAFT_PAYHIST_FMS_EMPLID2
    - UT_CA_PAFT_PAYHIST_FMS_ACCTCD2
  - FMS
    - Grant Reports - Project Expense Detail Report
- Retro PA Checklist
  - [https://inside.uth.edu/finance/post-award-finance/forms.htm](https://inside.uth.edu/finance/post-award-finance/forms.htm)
Cost transfers have the potential to make us vulnerable during audit.

We aim to ensure the costs are reasonable, allocable, and allowable.

We seek documentation that provides a clear understanding of why the charges were not originally applied to the correct project.
PAF Perspective Cont.

- We need to understand the whole picture
  - What happened
  - Why
  - What caused the error
  - Is the discovery and correction timely
- Justify, justify, justify
Rationale Means EVERYTHING

- Put yourself in the shoes of the PAF member that is reviewing your cost transfer request.
  - We have no working knowledge of the situation, and we need a rationale that fully and clearly explains the need for an expense transfer.
  - Remember this rationale is AUDIT SUPPORT, and it should justify the cost movement. If the explanation is not clear up front it certainly will not be clear if it is pulled for audit.
There was a deficit
Money was freed up
To use up remaining funds
We needed to see if funds would be available
To correct an error
PI said move it
Forgot to enter the PA
Did not know the person was working on this project
Move expense to a related project
PAF looks for answers to the following when reviewing Retro PAs

- Why was the person not charged to the correct project when the original PA was submitted?
- Did the person contribute effort/work at the FTE level in the PA?
- How long did it take to catch the error, and is there justification for a long delay?
Retro PAs: Things to Remember

- If a PA affects a prior system generated effort report
  - An effort report calculation worksheet must be completed
  - The effort report must be updated and certified prior to receiving PAF approval
- Attach all related documents to the PA prior to submission.
- If an exception to policy is not approved the decision is final. The salary expense will need to be placed on an unrestricted account through another PA.
- The retro PA process is time consuming, which makes it important to monitor your accounts far before the end date.
Dept. Submits Retro PA

SDR Receives it and sends to PAF

PAF begins the review process

SDR Manually enters the changes in HCM

Process runs and FMS is updated

PAF approves PA and returns to SDR

If exception to policy final review by Jodi Ogden

PAF overrides errors to allow post in system

PAF gathers all necessary material and documentation
Must have ledger documentation and proof of payment with the CTM.

Provide detail justification to support the movement of the costs.

Explain any delay in catching the error in detail.

Provide information about why the charge was not originally expensed to the project.
The purpose of a cost transfer request is to provide justification to move a cost, and the document is audit support for the transfer.

The rationale on the request should paint a picture of what happened, why, and justify the timeliness of the correction.

If it is an exception to policy you need to detail what actions will be taken to avoid future similar instances.
Best Practice Scenarios

- Get it right the first time
  - Guarantee projects
  - Review PAs prior to submission
  - Have a clear and open dialog between administration and PIs
  - Encourage communication at all levels
- Catch errors quickly and take immediate action to correct any issues.
  - Reconcile accounts monthly
  - Share information with PIs
  - Review effort reports prior to certification