

## Procedure 1305 PR.02

### Cost Transfers Involving Sponsored Projects

Last Revision: 4/30/2009

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## I. Cost Transfer Procedures—General

### Scope

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

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### Purpose

As a companion to [Policy 1305: Cost Transfers Involving Sponsored Projects](#), this Procedure is issued:

- to assure the integrity of the University’s charges for salaries, wages, goods, and services on sponsored projects transferred to and/or from a sponsored project after an initial charge elsewhere in the University’s accounting system; and
- to ensure compliance with sponsor terms and conditions, regulations, and University policies.

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### Definitions

#### Cost Transfer:

A cost transfer is the reassignment of an expense to a sponsored project after the expense was initially charged to another sponsored project or non-sponsored project. Cost transfers include reassignments of salary, wages, and other direct costs.

Cost transfers processed through Oracle—in the form of labor distribution adjustments (LDAs) or non-salary journal entries (JSAs)—represent the vast majority of cost transfers at Yale; however, a number of cost transfers are executed through other systems, including the Graduate Student Payment System (GSPS) and Banner.

#### Preparer:

The Preparer of a cost transfer is the person who sets up the cost transfer and who has one or both of the following required Oracle responsibilities:

- For LDAs, “YULD\_Phase 2 Dept LD Accountant With Grants”; and
- For JSAs, “YUGL\_Phase 2 Staging Manager with Grants”.

#### Department Approver:

The Department Approver of a cost transfer is the individual who administratively approves the cost transfer and who has any or all of the following required responsibilities in Oracle:

- For LDAs, “YULD\_Department\_Grant\_Approver”; and
- For JSAs,
  - “YUGL\_Phase 2 Staging Manager” for the Department Approver not using the Grant & Contract Cost Transfer Process;
  - “YUGL\_JSA\_Department\_Grant\_Approver” for the Department Approver who is using the Grant & Contract Cost Transfer Process.

## II. Cost Transfer Procedures—Basic Process

### Department Business Managers and Business Office Staff—Who Can Prepare and Administratively Approve On-Line?

Department business managers and business office staff involved in the preparation and administrative approval of cost transfers must be appropriately trained by the University regarding the cost transfer policy and procedures.

**Note:** An individual who *prepares* a cost transfer in a University department cannot be the same individual who administratively *approves* that cost transfer.

### Initiation of Cost Transfers

The need for a cost transfer may be identified as a result of the following examples:

1. **Reviewing Account Holder Reports:** Department business managers or other designated staff must provide monthly Account Holder Reports to Principal Investigators (PIs) and should assist those PIs in reviewing these reports.
  - When the review of an Account Holder Report reveals a legitimate charging error, the PI should promptly contact the business office in his or her department to request a cost transfer involving either labor costs or non-salary expenses.
 

**Note:** In many cases, it may be the business manager or other business office administrator who initially identifies the charging error. In such cases, the PI should be notified of the error before proceeding.
2. **Posting to Suspense Accounts:** For labor costs, an error in charging instructions may cause salary charges to post to a Suspense Account.
  - Whenever an expense goes into a Suspense Account, the business manager or other department administrator must prepare a cost transfer to correct the error and charge the cost to the appropriate funding source(s). Approval from the PI may not be necessary. In specific cases where the transaction is clearing labor suspense (Project 0300018) to the same award, due to the award being “on hold”, and the original charging instructions remain the same, PI signature/approval is not required. In this specific situation, documentation must be attached that verifies the salary/effort for the individual is continuing, and not being initiated, on the award being charged at the same level as the original charging instructions.

### TASK 1: Preparation of the Cost Transfer

Cost transfer Preparers may be department business managers or other business office staff members. The Preparer should perform the following steps in setting up a cost transfer.

#### A. Assemble Documentation

The following items/information must be collected by the business office:

1. Requisition, purchase order, invoice, receiving document, etc.
2. Original and corrected entries for Project, Task, Award, Expenditure Type, and Organization (PTAEOs)
3. Written, signed, and dated authorization from the PI or other responsible individual, unless posting from from labor suspense as described in “Posting to Suspense Accounts” under “Initiation of Cost Transfers” on page 3.
4. **Note:** An e-mail from an appropriate individual authorizing and justifying the cost transfer is generally acceptable.
5. A written explanation of the error, including how it occurred

6. A copy of any previously certified Effort Reports, if applicable
7. Information on the cost-allocation method used, if applicable.
8. If the transfer is beyond the the 90 day limit, a copy of the Account Holder Report page showing the cost to be transferred and the accounting period date of the original transaction.

**B. Evaluate the Proposed Cost Transfer**

1. In evaluating the cost transfer, the Preparer should review the collected supporting documentation and ask the following questions **with respect to the Award to which the cost will be transferred.**

Is the cost:

- a. allowable under [OMB Circular A-21](#) and/or the terms and conditions of the award and University policy?
  - b. allocable to the award that will now be charged? (consult with PI)
  - c. reasonable and necessary?
  - d. within the award period or pre-award period, if applicable?
  - e. consistently treated in relation to other awards?
  - f. based on a justification that is complete, identifying how the charging error originally occurred, how the error was discovered and how the cost benefits the Award to which the cost is being transferred?
    - For a cost transfer to be approved by the Office of Grant and Contract Financial Administration (GCFA), the answer to all of these questions must be **yes**.
2. The Preparer should then ask the following additional questions.

Are the costs identified by the cost transfer:

    - a. more than 90 days from the end of the calendar month in which the original transaction appeared on the award?
    - b. to cover an apparent cost overrun on another award?
    - c. in the final months of the award period for the award that is to be charged?
      - For a cost transfer to be approved by GCFA, the answer to all of these questions should typically be **no**.
  3. If any questions or issues are raised by answering the questions in **1.** and **2.** above, the Preparer should proceed to **C. Contact Department Supervisor** below.

If this review does not reveal any initial concerns, proceed directly to **D. Defining the Cost Transfer in Oracle** below.

**C. Contact Department Supervisor**

For any of the issues or unresolved questions that arise from addressing **B. 1.** and **B. 2.** above, the Preparer must contact his or her department supervisor.

If further review and discussion with the department supervisor resolves all of these concerns, the Preparer should proceed to **D. Defining the Cost Transfer in Oracle** below.

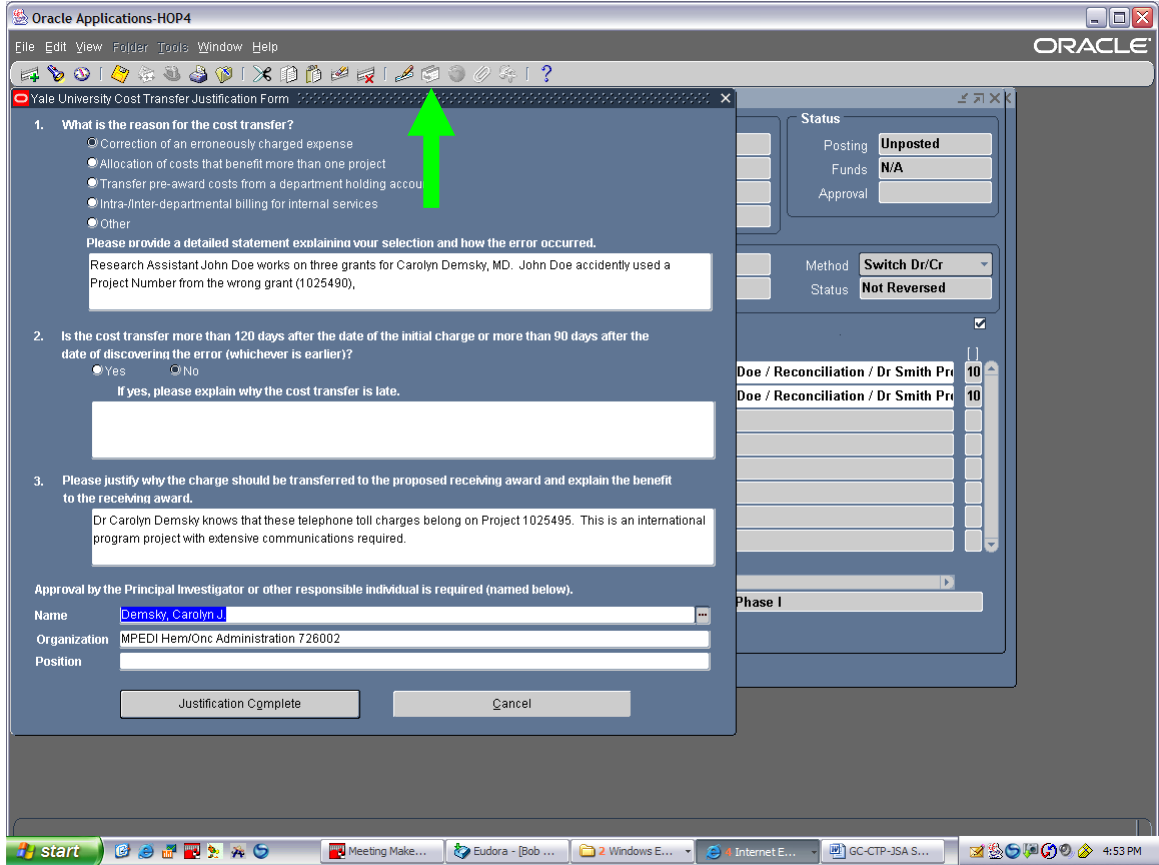
If all issues cannot be satisfactorily resolved within the department, the cost transfer request and supporting documentation must be returned by the Preparer to the PI with an explanation outlining the reasons for the return of the requested cost transfer.

**D. Defining the Cost Transfer in Oracle**

1. For cost transfers involving salary charges, the Preparer should promptly define a new LDA in Oracle by filling in all applicable boxes on the following screen. (See also [Procedure 1315 PR.01: Labor Distribution.](#))

2. For cost transfers involving non-salary charges, the Preparer should promptly define a new JSA on the following screen in Oracle. (See also [Procedure 1305 PR.01: Journal Entries.](#))

- The Preparer should also ensure that the justification for the cost transfer is complete. To access the Cost Transfer Justification Form for either LDAs or JSAs, click the “Zoom” icon pointed out below:



- The Preparer is responsible for entering the information on the LDA Cost Transfer Justification Form screen:

The screenshot shows a web-based form titled "Yale University Cost Transfer Justification Form". The form is divided into three numbered sections:

- 1. What is the reason for the cost transfer?**
  - Correction of an erroneously charged expense
  - Transfer costs from a labor suspense account
  - Transfer pre-award costs from a department holding account
  - Reallocate estimated effort to reflect actual effort
  - Other

Please provide a detailed statement explaining your selection and how the error occurred.
- 2. Is the cost transfer being submitted within 90 days from the end of the calendar month in which the transaction appeared on the award?**
  - Yes
  - No

If no, please explain the extenuating circumstance.
- 3. Please justify why the charge should be transferred to the proposed receiving award and explain the benefit to the receiving award.**

Approval by the Principal Investigator is required (named below).

Name

Organization

Position

Justification Complete  Cancel

5. For JSAs, the Preparer should enter the justification information on the following Cost Transfer Justification Form. Note the differences in the answers listed under Question 1 between the above LDA Cost Transfer Justification Form and the Cost Transfer Justification Form for JSAs below:

**1. What is the reason for the cost transfer?**

Correction of an erroneously charged expense

Allocation of costs that benefit more than one project

Transfer pre-award costs from a department holding account

Intra-/Inter-departmental billing for internal services

Other

Please provide a detailed statement explaining your selection and how the error occurred.

**2. Is the cost transfer being submitted within 90 days from the end of the calendar month in which the transaction appeared on the award?**

Yes  No

If no, please explain the extenuating circumstance.

**3. Please justify why the charge should be transferred to the proposed receiving award and explain the benefit to the receiving award.**

Approval by the Principal Investigator or other responsible individual is required (named below).

Name: \_\_\_\_\_

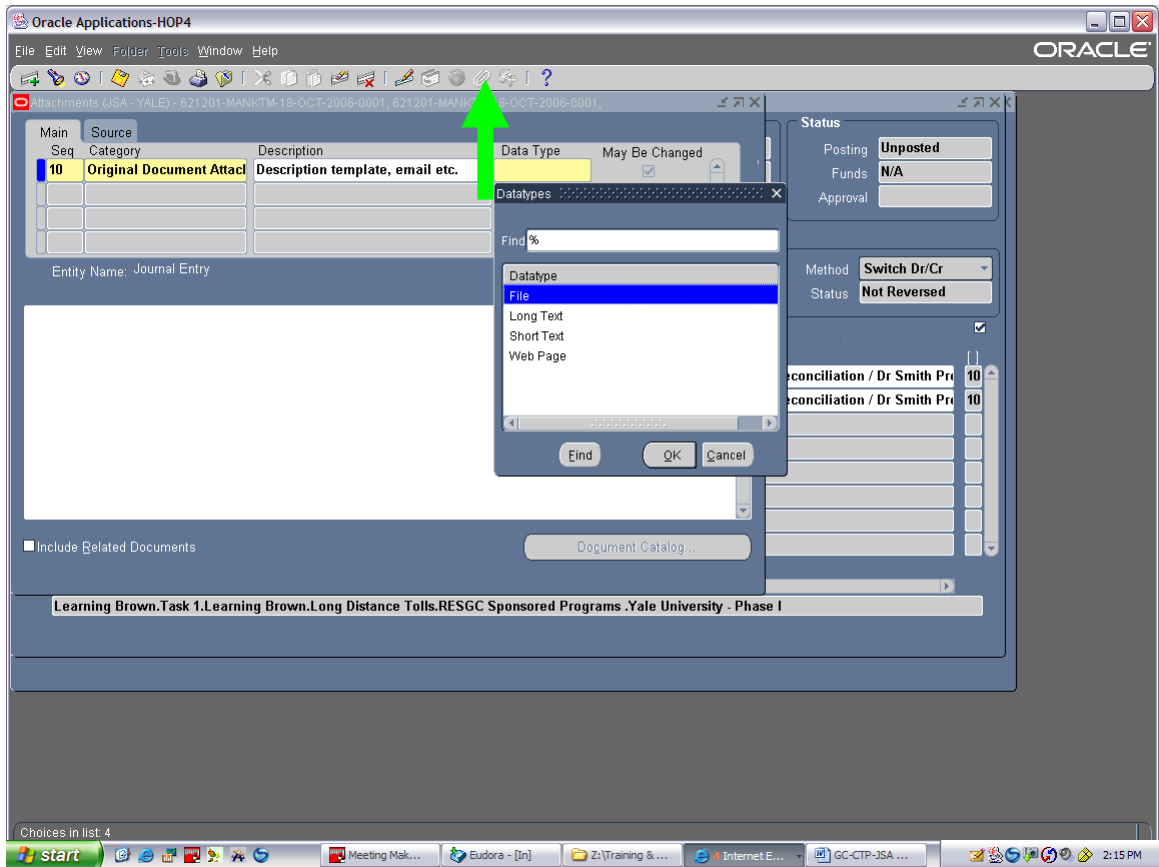
Organization: \_\_\_\_\_

Position: \_\_\_\_\_

Justification Complete      Cancel

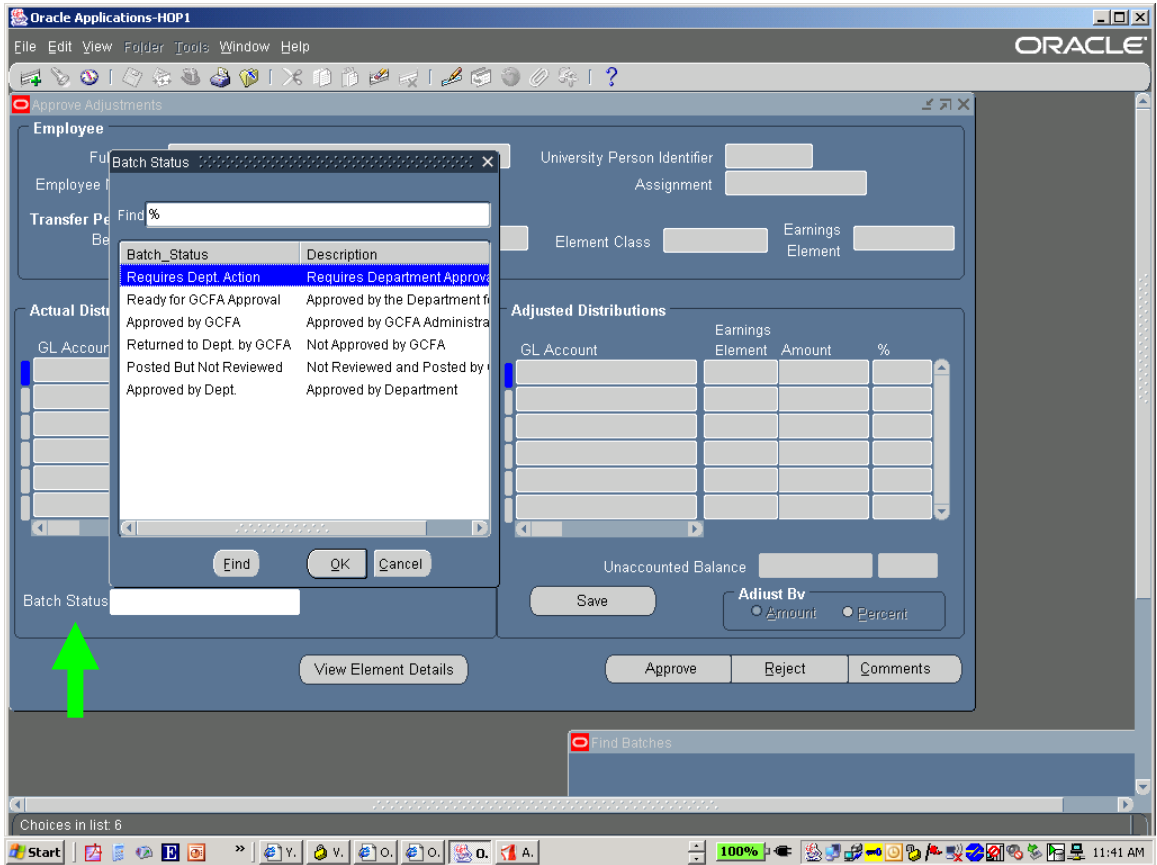
6. In addition to pertinent background information, justifications must include the following details about the activity or expense associated with the cost transfer:
  - a. an explanation of the direct benefit to the award to which the cost will be transferred; and
  - b. for LDAs, if an Effort Report has already been certified, the PI must provide a detailed explanation as to why the Effort Report was originally certified and the circumstances requiring the change in effort.

7. The Preparer should then review all information submitted in Oracle.
  - a. The Batch Header Form should be used as the cover sheet for any printed cost transfer documentation. The Preparer should print this form by performing the following steps:
    - o Click “Tools” in Oracle and select “Print Journal Batch Name” in the menu, which will display the Batch Header Form.
    - o Click “File” in Internet Explorer, then click “Print.”
  - b. In addition, the Preparer should attach all transaction documents listed in **A. Assemble Documentation** above.
    - o To do so, he or she may scan and upload these documents to the Cost Transfer Server. The documentation will automatically be matched to the JSA or LDA transaction directly in the Oracle application.
    - o Alternatively, the Preparer may use the “Paperclip” icon pointed out below. This icon will open the Oracle Upload Form, on which the Preparer should select “Original Documentation Attached” under *Category* and “File” under *Data Type* as shown below. This process will allow the Preparer to browse for, open, and attach each selected file and is an identical process for JSAs and LDAs.

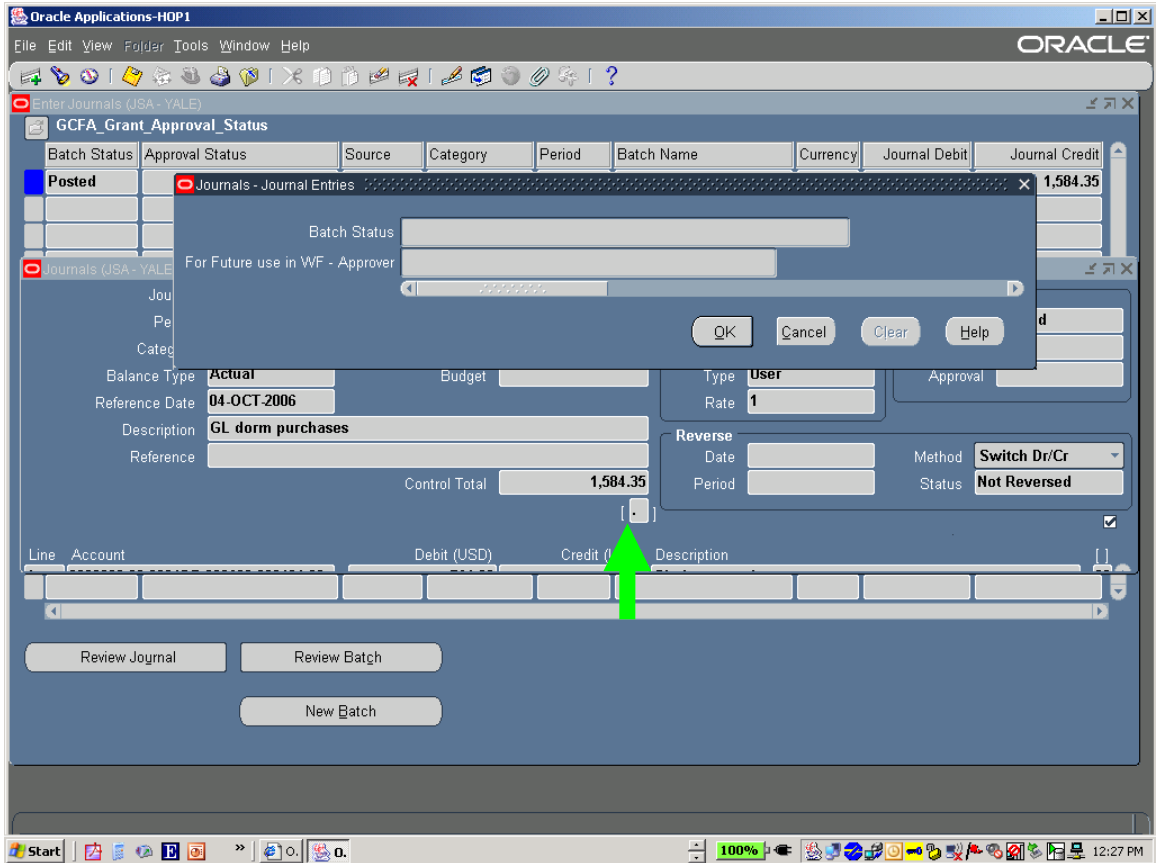


8. The status of the requested cost transfer should then be changed to “Ready for Department Approval,” and all information should be forwarded to the Department Approver. The following screens show the Status boxes for LDAs and JSAs.

- a. Status box for LDAs:



b. Status box for JSAs, activated by clicking the “Beer mug” button pointed out below:



## TASK 2: Administrative Approval of the Cost Transfer

Department Approvers of cost transfers may be business managers or more senior business office staff. As is the case for Preparers, Department Approvers must be trained by the University regarding the cost transfer policy and procedures.

**Reminder:** An individual who has *prepared* a cost transfer in a University department cannot be the same individual who administratively *approves* that cost transfer.

Department Approvers should perform the following steps in evaluating and approving a cost transfer.

### A. Assess the Prepared Cost Transfer

The Department Approver should review the information placed into Oracle by the Preparer, as well as the uploaded supporting documentation, and ask the following questions:

1. Are the costs identified by the cost transfer and prepared and submitted by the Preparer:
  - a. greater than 90 days from the end date of the award?
  - b. within the project’s award period?
  - c. being transferred after the authorized award period has ended?
  - d. more than 90 days from the end of the calendar month in which the original transaction appeared on the award?
  - e. covering an apparent cost overrun on another award?
    - For a cost transfer to be approved by GCFA, the answer to all of these questions should typically be **no**, or if answering yes, documentation should be provided that fully justifies the benefit to the sponsored award with an explanation of the circumstances that supports the expenses being transferred and charging the sponsored award.

The Department Approver should then ask the following questions **with respect to the award to which the cost will be transferred**.

2. Is the cost:
  - a. allowable under [OMB Circular A-21](#) and/or the terms and conditions of the award and University policy?
  - b. allocable to the award that will now be charged?
  - c. reasonable and necessary?
  - d. consistently treated in relation to other awards?
  - e. based on a justification that is both *clear* and complete, identifying how the charging error originally occurred and how the cost benefits the Award to which the cost is being transferred?
3. Did the Preparer upload complete supporting documentation into Oracle?
  - For a cost transfer to be approved by GCFA, the answer to all of these questions must be **yes**.

If any questions or issues are raised by answering the questions in **1.**, **2.**, and **3.** above, the Department Approver should proceed to **B. Contact Supervisor or Preparer** below.

If the requirements of **1.**, **2.**, and **3.** above do not reveal any concerns, the Department Approver must choose one of the following:

- a. If the requested cost transfer involves a change to a previously certified Effort Report, proceed to **C. AVP Review** below.
- b. If no previously certified Effort Report is affected, proceed directly to **D. GCFA Review** below.

#### **B. Contact Supervisor or Preparer**

For any issues or unresolved questions that arise from addressing **A.** above, the Department Approver must contact his or her department supervisor or the Preparer of the cost transfer.

If further review and discussion with the department supervisor or the Preparer resolves all of these concerns, the Department Approver must then choose one of the following:

- a. If the requested cost transfer would involve a change to a previously certified Effort Report, proceed to **C. AVP Review** below.
- b. If no previously certified Effort Report is affected, proceed directly to **D. GCFA Review** below.

If all issues cannot be satisfactorily resolved within the department, the Department Approver should return the cost transfer request and supporting documentation to the Preparer or the PI with an explanation outlining the reasons for the return of the requested cost transfer.

#### **C. AVP Review**

Once the Department Approver has completed all necessary review steps for a cost transfer and all potential issues are resolved, two more approval steps may be required, which are outlined immediately below in this section and in section **D. GCFA Review**.

1. For LDAs, if the requested cost transfer involves a change to a previously certified Effort Report, the Department Approver must provide the following supporting documentation with the transfer.:
  - a. attach supporting documentation that fully and adequately explains the transfer and the reason for the original charge and an explanation as to why the Effort Report was originally certified.
  - b. written, signed, and dated PI and Department Chair approval letters or e-mails
  - c. the reason for requesting modifications to a previously certified Effort Report
  - d. an explanation of how the individual's effort benefited the particular award to be charged
  - e. contact information for an individual who can answer further questions.

**Note:** Section 1315.05 of [Policy 1315](#): Effort Reporting: Certifying Effort on Sponsored Projects states as follows:

Once certification of salary has been completed, only in rare circumstances will subsequent salary adjustments be permitted. If it is necessary to adjust the salary charges for a previously certified effort period, documentation must provide a detailed explanation of the need for the salary adjustment and subsequent recertification. This documentation must be approved by the PI and the Department Chair, and be submitted to the AVP for Research Administration for approval. If approved, a certification of the effort period and an appropriate salary reallocation is then required. A salary reallocation that benefits the sponsor will always be approved.

2. The Department Approver will change the batch status to “Ready for GCFA Approval”. GCFA will then provide an initial review of the batch.
  - a. Proceed to **D. GCFA Review** below.
    - i. If the AVP approves the cost transfer, GCFA will post the approved batch.
    - ii. If AVP approval is not granted for the cost transfer, the cost transfer request will be transferred to the department’s suspense account. An e-mail communication will be sent to the Department Approver and/or the PI with an explanation outlining the reasons given by the AVP for denying the request.

#### **D. GCFA Review**

Review and Approval Threshold

1. If the net-debits to a single award of a submitted cost transfer exceed the GCFA review threshold and any one of the affected awards is federal, the Department Approver must change the status of the cost transfer in Oracle to “Ready for GCFA Approval.”

**Note:** The steps that GCFA will follow in its approval process are outlined in **TASK 3: Monitoring of Cost Transfers** below.

2. If the dollar amount of the submitted cost transfer is under the GCFA review threshold or all of the affected Awards are non-federal, the Department Approver should proceed to **E. Approval and Departmental Record-Keeping** below.

#### **E. Approval and Departmental Record-Keeping**

1. For LDAs or JSAs satisfying all required criteria in this **TASK 2: Administrative Approval of the Cost Transfer**, the Department Approver should change the status of the cost transfer in Oracle to “Approved by Department.”
2. Paper copies of the following supporting documentation must be kept on file in the department:
  - a. Records of the original charges, such as purchase orders or invoices
  - b. Any written, signed, and dated authorizations from the PI, Department Chair, AVP, or other responsible individuals

**Note:** E-mails from an appropriate individual authorizing a cost transfer are generally acceptable.
  - c. A written explanation of the error, including how it occurred
  - d. Copies of any previously certified Effort Reports affected by this cost transfer, if applicable
  - e. The printed Batch Header Form.
3. All Award documents should be retained by the department according to [Policy 1105](#): Retention of University Financial Records.

## TASK 3: Monitoring of Cost Transfers

### A. Initiation

Cost transfer review by GCFA may be initiated in two ways:

1. **“Ready for GCFA Approval” Status:** When a Department Approver changes the status of a cost transfer in Oracle to “Ready for GCFA Approval,” GCFA Accountants will identify and begin the following initial review process for each of these unposted cost transfers:
  - a. At least daily, GCFA accountants will perform an Oracle cost transfer query (LD and JSA screen, as applicable) to locate batches of unposted cost transfers in their assigned departments/orgs. It is expected, under normal circumstances, GCFA accountants will perform an initial review of cost transfers awaiting GCFA review within 5 business days and may request additional information during this period.
  - b. For each LDA or JSA identified as “Ready for GCFA Approval,” the assigned accountant will open the corresponding LDA or JSA form that was completed by the Preparer.
    - I. If all boxes are complete on this form, the accountant will print all scanned attached documentation for the cost transfer and proceed to **B. Manual Review** below.
    - II. If the form is incomplete, the accountant must change the status of that cost transfer in Oracle to “Returned to Department by GCFA,” insert an explanation in the Comments field, and send an e-mail to the Preparer as notification of the return.
      - o The Preparer should then retrace the steps outlined in **Task 1—D. Defining the Cost Transfer in Oracle** above to correct any deficiencies.
2. **Random Sampling:** Each month, GCFA’s Quality Assurance & Compliance (QA) staff chooses a random sample of posted batches of cost transfers to review on a post-audit basis. These may include the following:
  - a. LDAs or JSAs involving dollar amounts below the GCFA review threshold
  - b. LDAs or JSAs of any size that do not affect federal awards.
    - i. For each of these cost transfers, QA staff prints all attached supporting documentation or will request copies of all supporting transaction documentation listed above in **Task 1—A. Assemble Documentation** via e-mail or fax (*e-mail preferred*) from the Preparer. (See GCFA e-mail address and fax number in **Contacts** below.)
    - ii. Once received, QA staff should follow the same steps outlined for GCFA accountants in **B. Manual Review** below.

### B. Manual Review

Once all supporting documentation for the identified cost transfers are received and printed, the GCFA accountant runs the LDA Reviewer’s Brio or the JSA Reviewer’s Brio, as applicable, and compares the data gathered by this Brio against the information contained in the printed supporting documentation. Performing this manual check should include asking the following questions for each requested cost transfer, as appropriate:

1. Has the PI or department chair or other responsible individual authorized this cost transfer via a signed and dated letter or e-mail?
2. If approved, are the expense(s) identified by the cost transfer occur a) during the award period, b) during the authorized pre-award period, c) more than 90 days from the start date of the award, or d) near the end date of any affected award(s)?
3. Is the justification for the cost transfer complete, identifying how the charging error originally occurred, how the error was discovered, why the new PTAE0 is correct, and how the cost benefits the award to which the cost is being transferred?
4. Does the cost transfer involve a previously certified Effort Report?

5. Is the award account in overdraft?
6. Has the requested cost transfer been prepared and submitted more than 90 days from the end of the calendar month in which the original transaction appeared on the Award?
7. GCFA will ensure that the Department Approver has included all proper documentation supporting the cost transfer as identified in **Task 2—C. AVP Review above**. If the transfer is an LDA that involves a previously certified effort report, the GCFA Director and AVP approval may be required. If the LDA a) does not involve a change in SPAGR effort, b) credits a SPAGR award to a non-sponsored award resulting in a net benefit to the sponsor, or c) does not change or affect the previously certified effort percentages, the GCFA director may review these transactions and approve. After approval, GCFA reviewers may proceed to section **D. Posting the Cost Transfer** below. LDA's involving changes in certified SPAGR effort will be reviewed by GCFA Reviewers and Director then forwarded to the AVP for approval. (See **Task 2—C. AVP Review** above.)

If the cost transfer does not clearly satisfy GCFA's requirements, proceed to **C. Discussion and Escalation** below.

If the cost transfer does satisfy GCFA's requirements, proceed directly to **D. Posting the Cost Transfer** below.

### C. Discussion and Escalation

For any cost transfer that does not meet all GCFA requirements, the following steps must be performed:

1. The GCFA accountant will ask the following applicable questions to determine whether there are any outstanding issues that may require discussion:
  - a. Has the award been set-up as an At Risk Account for more than 90 days?
  - b. For an award not set-up as an At-Risk Account, is there an existing deficit balance?
  - c. If approved, would this cost transfer result in a net impact of more than \$10,000 to any award?
  - d. Would this cost transfer result in an account balance of \$0 for any award?
  - e. Has the requested cost transfer been prepared and submitted more than 90 days from the end of the calendar month in which the original transaction appeared on the award?
 

**Note:** Cost transfers must be prepared and submitted within 90 days from the end of the calendar month in which the original transaction appears on the award. Cost transfers made greater than the 90 day period requires GCFA approval prior to the expense being posted and will only be permitted under extenuating circumstances. (See [Policy 1305](#): Cost Transfers Involving Sponsored Projects.)
  - f. Are there any YARC animal-research issues? If the cost transfer is to transfer the purchase of animals from a sponsored project to another sponsored project, are the associated animal per diem costs and any other special animal charges also identified in the cost transfer?
  - g. Does this cost transfer affect a previously certified Effort Report?
2. If the review of the requested cost transfer does not result in any unresolved issues, proceed directly to **D. Posting the Cost Transfer** below.
3. If as a result of the review, there are unresolved issues, the GCFA accountant must discuss those issues with his or her senior accountant or accounting supervisor in GCFA.
  - GCFA should request additional information and/or supporting documentation from the Preparer if needed. At this point, the cost transfer status will be changed to, "Returned to Department by GCFA personnel", and email communication sent to the department explaining the reason for its return
4. If after escalating the review and/or receipt of additional documentation resolves all pending issues, GCFA personnel may continue to **D. Posting the Cost Transfer** below.
5. When requested transfers are moving expenses from one sponsored award to another and GCFA requires additional information in approving the batch, the department's business office must resolve all outstanding issues in the resubmission of the cost transfer and respond to GCFA's

request within 10 business days following its date of return to the department. If all issues are not resolved in the department's second attempt or within 10 business days after being returned, the charge(s) will be posted to the department's suspense account in accordance with **E. Returning the Cost Transfer, and 3. Suspense Accounts process below.**

6. In situations, as described in section **E. Returning the Cost Transfer, Number 4. GCFA rejection of a Cost Transfer** below, when a cost transfer has been ultimately rejected by GCFA personnel, the PI and/or department may escalate and appeal the decision to the Expenditure Review Panel (ERP). In situations where the cost transfer is being rejected due to insufficient documentation, the ERP will not review the appeal until sufficient documentation is provided and first reviewed by GCFA. The ERP's decision on whether or not to approve the cost transfer is final and will determine whether the GCFA accountant should proceed with section **D. Posting the Cost Transfer** or **Section E. Returning the Cost Transfer, Number 4. GCFA rejection of a Cost Transfer.**

#### **D. Posting the Cost Transfer**

For all cost transfers approved during any phase of the GCFA monitoring process, the GCFA Accountant should change the status of these LDAs or JSAs in Oracle to "Approved by GCFA."

All documentation received by GCFA for approved cost transfers should be retained by GCFA according to [Policy 1105](#): Retention of University Financial Records.

#### **E. Returning the Cost Transfer**

For all cost transfers that are returned as a result of the GCFA monitoring process, the GCFA accountant is to perform the following steps:

1. Change the status of the cost transfer in Oracle to "Returned to Department by GCFA"
2. Send an e-mail to the Preparer and the Department Approver notifying them of the returned cost transfer.

#### **3. Suspense Accounts:**

In an effort to ensure that sponsors are not inappropriately charged, invoiced, or reported for expenses that do not benefit or belong on a Yale sponsored award, it is expected that the improper charges are removed from the award within a reasonable time period after the error has been detected. As such, once the batch is returned to the department by GCFA personnel the:

- a. department must provide, within 10 business days, all requested information with the resubmission of the transfer. Failure to provide the requested material within the specified time-frame will result in GCFA personnel moving the charges of the requested transfer from the sponsored award to the department's suspense account; or
- b. department must resubmit the cost transfer to GCFA within the 10 business day timeframe. However, failure of the transfer to meet GCFA's approval on the resubmission will result in GCFA personnel moving the charges from the sponsored award to the department's suspense account

Prior to moving a cost transfer to a department's suspense account, GCFA reviewers and supervisors should consult the Managers of Financial Reporting, QA and Financial Compliance or GCFA Director to ensure proper review of the cost transfer in question. The GCFA reviewer will inform the department approver by email that the batch is being moved to a suspense account before taking action on the batch.

This action does not preclude a department from resubmitting the cost transfer at a later date with the appropriate documentation or justification supporting the transfer to the sponsored award.

#### **4. GCFA rejection of a Cost Transfer**

In some cases, it may be necessary for GCFA to reject the cost transfer request. The rejection of the cost transfer will typically stem from either the charge not be allowed on the award, or the charge not being properly documented and fully justified. In the latter situation, GCFA will work with and communicate to the department in resolving the deficiencies with the submission. However, departments must provide high quality explanations, as well as, complete documentation

supporting the transfer given the amount of time necessary to prepare, review, and approve the requested transfers. Generally, a typical cost transfer should not be returned more than three times to a department for corrections. Transfers from a department that cannot meet this expectation may indicate weaknesses within the department's preparation and approval process, which may require steps to be taken as indicated in section **F Remediation** below. Ultimately, rejected cost transfers will be returned to the department in order for the department to delete the batch in Oracle.

**F. Remediation**

If GCFA determines that regularly rejected cost transfers are indicative of a weakness at the Preparer or Department Approver level, GCFA will work to remediate the problem, which may include the following:

1. retrain certain department staff;
2. reduce the GCFA review threshold for cost transfers submitted by a particular department, Preparer, or Department Approver;
3. deny access to Oracle for the preparation and/or approval of future cost transfers by certain individuals.

### III. Frequently Asked Questions

#### 1. As a PI, what if I need to start my research and incur costs on an award prior to receiving an award notice or fully executed contract?

In situations in which an award is delayed, contact GCA to determine if an At-Risk Account can be created. At-Risk Accounts are subject to compliance requirements contained in [Guide 1304 GD.01](#): At Risk Accounts.

#### 2. When following the steps to approve a cost transfer, when am I required to obtain advanced approval from GCFA?

Under any of the following circumstances, GCFA will need to review the cost transfer before it can be approved in Oracle:

1. The requested cost transfer has been prepared and submitted more than 90 days from the end of the calendar month in which the original transaction appeared on the award.
2. The amount of the cost transfer is over the GCFA review threshold of \$2,500.00 and any one of the affected awards is federal.
3. The cost transfer affects a previously certified Effort Report.

#### 3. Why can't I post my cost transfer in Oracle?

The following are the most commonly experienced "roadblocks" when attempting to post a cost transfer:

1. Incorrect responsibility in Oracle: In order to post a cost transfer that affects a sponsored award, the user needs to be in the "Approve" function. Only if a cost transfer does not involve any sponsored awards will the correct function be "Post."
  - a. In LDA, the correct responsibilities are the following:
    - "YULD\_Phase 2 Dept LD Accountant With Grants" for the Preparer
    - "YULD\_Department\_Grant\_Approver" for the Department Approver
  - b. In JSA, the correct responsibilities are as follows:
    - "YUGL\_Phase 2 Staging User" for the Preparer
    - "YUGL\_Phase 2 Staging Manager" for the Department Approver not using the Grant & Contract Cost Transfer Process
    - "YUGL\_JSA\_Department\_Grant\_Approver" for the Department Approver who is using the Grant & Contract Cost Transfer Process
2. Approval required: If the cost transfer falls under one of the categories listed in the FAQ directly above, posting will be blocked until GCFA approval is received. **In these cases, the Department Approver must change the status to "Ready for GCFA Approval." This notifies the corresponding GCFA accountant that there is a cost transfer awaiting his or her review.**
3. Wrong status: In order for a batch of cost transfers to be available for posting by a department, the status in Oracle must read "Approved by Department."
  - a. In LDA, the Department Approver must click either "Save" or "Approve."
  - b. In JSA, the Department Approver should click the "Post" button that appears in the lower left-hand corner of the screen.

**4. Will a LDA and/or JSA batch(es) be deleted if they remain unposted at the end of the month?**

1. For LDAs, departments need not take any action, as batches will automatically be carried over in Oracle from one month to the next.
2. For JSAs, individual departments have the ability to change the period of a batch manually in Oracle and thus avoid automatic deletion. To do so, click the Review Batch button, choose Tools from the menu at the top of the page, and then select Change Period.

**5. What if I do not agree with the GCFA reviewer's decision to disallow my cost transfer?**

A business manager or PI has the option of escalating any review or approval decision to the Expenditure Review Panel. (See **Contacts** below.) This panel is the final authority at Yale for all issues related to the allowability of charges affecting sponsored awards. For more information, refer to the section above; **TASK 3: Monitoring of Cost Transfers, Section C. Discussion and Escalation, item number 6.** Also, you may refer to the following announcement from the Yale Office of Research Administration: [Expenditure Review Panel](#).

**6. How can I check the status of a batch of cost transfers that I submitted?**

A Preparer or Department Approver can pull up a JSA or LDA batch and check its status in Oracle.

1. If the status is listed in Oracle as "Ready for GCFA Approval," the batch is still under review.
2. If, however, the status of a batch is "Returned to Department by GCFA," the Preparer or Department Approver should check the short-text description by clicking the "Paperclip" icon for details from the GCFA reviewer regarding any compliance concerns or additional information or documentation that may be required.

## IV. Related Information

[Policy 1305](#): Cost Transfers Involving Sponsored Projects

[Procedure 1305 PR.04](#): Unallowable Costs

[Procedure 1305 GD.07](#): Determining Allowability, Reasonableness, and Allocability of Costs for Sponsored Projects

[Procedure 1305 PR.01](#): Journal Entries

[Form 1305 FR.15](#): Journal Staging Area—Cost Transfer Justification

[Procedure 1315 PR.01](#): Labor Distribution

[Form 1305 FR.16](#): Labor Distribution—Cost Transfer Justification

[Guide 1304 GD.01](#): At Risk Accounts

[Policy 1105](#): Retention of University Financial Records (Policy Statement and Section 1105.7: Records Related to Grants and Contracts)

[Policy 1315](#): Effort Reporting: Certifying Effort on Sponsored Projects

[Policy 1316](#): Effort Commitment: Managing Effort Associated with Sponsored Projects

[OMB Circular A-21](#)

[OMB Circular A-110](#)

[Yale and Federal Sponsor Policies, Procedures and Guides](#)

## Contacts

Subject	Contact	Address	Phones	E-mail
Cost Transfers (JSA, LD, and PCE) Concerns and Issues	GCFA	155 Whitney, Room 230	432-3060 Fax: 432-5837	<a href="#">GCFA Contact</a>
Unresolved Cost Transfer Issues	Expenditure Review Panel	2 Whitney, 6 <sup>th</sup> Floor	E-mail only, please	<a href="#">ExpenditureReviewPanel@yale.edu</a>

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## Roles and Responsibilities

### Principal Investigator

- Reviews monthly Account Holder Reports to identify errors in a timely manner and promptly communicates required changes to the departmental business office to enable charges to be made correctly to the appropriate awards.
- Provides written authorization for cost transfers, which represent the allocation of expenses or the correction of errors.
- Establishes sponsored-project budgets and plans and documents cost-allocation methods.

### Delegated Approver

- May be laboratory staff or, in the case of a business office error, the business manager or other business office staff.
- Provides written authorization for certain non-labor cost transfers and/or cost transfers to clear labor suspense.

### Departmental Business Office (Preparer and/or Department Approver)

- Provides PIs with Account Holder Reports and assists PIs in reviewing those reports, preferably on a monthly basis.
- Ensures that cost transfers requested by PIs are performed promptly and have complete justifications.
- Advises PIs about University policies and procedures, sponsor policies and procedures, and regulations regarding cost transfers.
- Verifies that the Preparer and Department Approver is not the same individual.
- Guarantees departmental retention of complete documentation for cost transfers.

### Grant and Contract Financial Administration

- Reviews, approves, and escalates submitted cost transfers either on an advanced-approval or post-audit review basis.
- Provides training on procedures and certifies individuals to prepare and approve cost transfers.
- May require cost transfers to be reversed or moved to a suspense account if they are inadequately justified or documented.
- May initiate remediation to correct perceived weaknesses at the Preparer or Department Approver level. Such remedies may include 1) retraining certain department staff, 2) lowering the GCFA review threshold for cost transfers submitted by a particular department, Preparer, or Department Approver, or 3) denying access to Oracle for the preparation and/or approval of future cost transfers by certain individuals.
- Provides guidance on the interpretation of sponsor terms and conditions.

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The official version of this information will only be maintained in an on-line web format. Any and all printed copies of this material are dated as of the print date. Please make certain to review the material on-line prior to placing reliance on a dated printed version.

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