Cost Transfer Policy
What:

• Policy relating to transfers of expenditures related to sponsored project accounts
  • Includes both payroll and non-payroll transfers and changes to cost sharing
  • Addresses timeliness and appropriateness of transfers involving sponsored project accounts
Why:

• National Science Foundation (NSF) Desk Review of KSU policies and procedures
  – Deficiencies noted related to cost transfers
    • Lack of written policy
    • Timeliness not adequately addressed
  – NSF required KSU to submit an Action Plan to address deficiencies
  – Subsequent monitoring by NSF likely
Federal Expectations

• That costs are charged appropriately at the time incurred and that significant adjustments should not be required if adequate financial management practices and policies exist
  – A certain level of transfers are expected, but too many indicate poor financial management
  – Transfers that are done should be timely, well-justified, and not repetitive
Audits at Other Universities

• Findings include
  – Insufficient documentation of reason for transfer
  – Large volume of late transfers
  – Large volume in specific departments
  – Transfers adding expenditures near the end of a project
  – Transfers from one over-expended sponsored project to another sponsored project
  – Transfers after Effort Reports have been certified
  – Lack of written policy or training
  – Written policies not consistently applied and enforced
Policy – PPM Chapter 7055

• Policy defines timeliness for payroll transfers, non-payroll transfers, cost sharing reporting
• Requires more complete explanations for transfers involving sponsored projects
• Requires additional explanations for transfers that are not timely (late transfers)
• Transfers to sponsored projects may be disallowed (cost would need to move to a non-sponsored account instead)
Forms

• The Funding Data Sheet for payroll transfers requires special explanations, consideration of related Effort Reports

• The Transfer of Payment Form for non-payroll transfers requires special explanations

• Cost Sharing Transfer Justification form required for changes/additions after the due date.
Recommended Actions

• Charge the correct account the first time!
• Communicate with PI’s regularly, especially concerning payroll costs
• Review accounts regularly and on a timely basis to identify needed corrections
• Special attention may be needed when new projects start and existing projects are about to end
  – Carefully consider needed changes in personnel funding
  – Ensure that final charges to “spend out” the project do not involve transfers only or late transfers
Recommended Actions

• Initiate transfers on a timely basis
• Provide a complete explanation for each transfer on why the transfer is necessary
  – Audit findings have indicated a good explanation includes why/how the error occurred AND how such error will be avoided in the future
  – The same error/explanation over and over can indicate not only poor charging procedures, but also a lack of concern for proper account management
Recommended Actions

• Carefully consider impact of transfers on Effort Reports and Cost Sharing Reports
  – Initiate any needed payroll transfers PRIOR to when those costs are certified on an Effort Report
  – Identify cost sharing payroll commitments early and report cost sharing by the due date specified by SPA
Recommended Actions

• Ensure necessary corrections are accomplished with one transfer and that the same cost isn’t transferred multiple times
  – Multiple transfers of the same cost indicate extremely poor account management skills
  – Multiple transfers of the same cost can suggest that accounts are being manipulated with the intent to deceive
Questions?

• Questions may be directed to the Sponsored Projects Accounting Office.
• Questions specifically related to payroll transfers can also be directed to the Human Resources Payroll Office.