

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.