

Tips for Completing the Cost Transfer Form

Writing the Justification

Answers to the form's questions should be easily understood by anyone reviewing the cost transfer paperwork, so please provide enough detail to inform approvers and auditors about the action. Think, can a third party not involved in the transaction understand who, what, when, where, why, and how.

Who: the person, organization, or department name(s) that caused or played a role in the need to do the transfer

What: what events or circumstances are causing the need for the cost transfer

How: how was the need to do a cost transfer discovered or determined and by whom

When: the key date(s) related to the action (e.g., accounting date)

Where: the location of the event or occurrence impacting the transfer (if it is significant)

Why: why is there the need to do a change/transfer, and how will the project receiving the expense benefit from the transfer.

The documentation needs to be able to stand on its own. It is also important to consider if the information provided will be understandable 3 years from now. Most important, remember, you cannot transfer costs to a sponsored project just because it has money.

Question 1 has two parts to it; how and why: a) how you figured out that a cost needed to be moved; how this error or situation was discovered; and b) why the cost should be moved onto the sponsored project; why it was not charged to the sponsored project initially.

All cost transfers must be supported by documentation that fully explains the situation. An explanation merely stating that the transfer was made "to correct an error" or "to transfer to the correct project" is not sufficient.

Transfers due to the same mistake multiple times indicate lack of or unorganized record keeping, which reflects poorly on the PI as well as the administration of NIU sponsored programs. Avoid Cost transfers whenever possible. They should be the exception, and not the norm.

All cost transfers should be made within 90 days of the original transaction date.

Question 2: The purpose of your response is to justify why the cost is necessary to further the programmatic needs of the project now being charged. The explanation should include how the sponsored project directly benefits from the cost of the goods and services being transferred. Remember, the cost must comply with sponsor's terms and conditions including [allowable, allocable, and reasonable requirements](#).

When transferring a cost onto a sponsored project, the date the original cost was incurred, or date of services performed must fall within the effective dates / period of performance of the sponsored project that the cost is being transferred to.

Note: At no time should a sponsored project be used as a holding account for a cost that will be subsequently and knowingly transferred elsewhere.

Question 3 deals with timeliness. Cost transfer requests should be initiated as soon as possible after a need has been identified. Timely review of costs charged to a sponsored project and prompt execution of a cost transfer request is critical. Regular PI reviews of a sponsored project's expenditures can go a long way in helping to catch a problem early. SPA recommends that departments have periodic reviews (e.g., monthly) of a project's expenses with the PI. Repeated use of cost transfers may call into question a project's fiscal accountability and could jeopardize the fiduciary responsibility entrusted to the PI.

Additional explanation needed includes: • The reason for the delay in the timely processing of the transfer • Indication that any systematic reasons that could cause this problem to be repeated have been addressed • Steps taken to prevent recurrence e.g., controls to be implemented

NOTE: Costs determined to be incorrectly charged or unallowable to a sponsored project must always be removed from that project without regard to when the cost was initially charged (i.e., original transaction date).

Signatures and Approvals

A cost transfer request made more than 90 days after the original transaction date requires both the PI's signature and the Department Chair's signature. The PI cannot sign both lines. If the PI is the Chair, their Dean or equivalent position must sign.

If the transfer request is more than 6 months after the original transaction date, then the Assistant Vice President for Research and Sponsored Programs must also approve the transfer.

Once the Cost Transfer Form and supporting documentation are complete, submit directly to the SPA Grants and Contracts Associate. Remember, answers to the form's questions should have thorough explanations. Responses that are inadequate will be returned/denied.

Upon SPA review and approval, SPA will process the cost transfer journal in PeopleSoft.

If SPA denies a cost transfer request, then it is the responsibility of the PI and Department to ensure that the cost is moved to a non-sponsored account in a timely manner.

As a reminder, it is never acceptable to "park" costs on a sponsored project.