



Harvard University Cost Transfer Procedures

Overview

Grant managers and/or local level managing units must conduct a timely review of grant expenditures. When purchasing an item or transferring a cost, grant managers and department staff in collaboration with Principal Investigators (PIs) must ensure that the expenditure will directly benefit the project onto which it will be charged. A regular review of expense transactions will reduce the need for cost transfers, and in most cases, submitting a journal adjustment within the same month of the original expense will immediately correct erroneous transactions. Staff should note that items purchased at the end of a project (*e.g.*, within the last 90 days of the award expiration date) are subject to greater scrutiny during an audit.

Roles and Responsibilities

Department/Local Level Managing Unit/PI

- Determine whether a transaction requires a Cost Transfer Form based on the criteria outlined in both the University Cost Transfer Policy and the Cost Transfer Summary Flowchart and upon consultation with the school/tub level official if necessary
- Coordinate with Office for Sponsored Programs (OSP)/Sponsored Projects Administration (SPA)/Office of Research Administration (ORA) if prior approval is required from the sponsor prior to transferring the charge on the award
- Prepare and submit timely cost transfer entries/journals, Cost Transfer Form with justification, and supporting documentation and corrective action plan (CAP) if required using **Appendix A: Cost Transfer Naming Conventions and Documentation**, **Appendix B: Cost Transfer Authorized Approvers Checklist**, and **Appendix C: Cost Transfer Request Documentation and Justification Examples**
- Retain copies of all related supporting documentation in accordance with **Appendix A: Cost Transfer Naming Conventions and Documentation** and University record retention regulations
- Responds to inquiries and provides documentation as needed to support OSP's University-wide Monitoring Program

School/Tub Level Official

- Grant authorized approver designation to department/local-level managing units when appropriate
- Approve all over 90 day¹ cost transfers before submission to the Office for Sponsored Programs

¹ 90 days means 90 calendar days from the 15th of the month following the one in which the charge was originally transacted. For example, if the original charge posted on 1/1/16, 90 calendar days are counted from 2/15/16. Use the Cost Transfer calculator [here](#) to calculate 90 days. Note that the "original transaction date" in the General Ledger is determined according to the "Effective Date" in the Oracle Business Intelligence (OBI) Transaction Listing.

- May coordinate with the department/local level managing unit to support OSP's University-wide Monitoring Program or develop a Corrective Action Plan if needed

OSP/SPA/ORA

- Request sponsor prior approval if required

OSP

- Approve over 90 day¹ cost transfers and under 90 day¹ cost transfers if there is no designated school or local authorized approver
- Oversee University-wide Monitoring Program, which includes cost transfers

Procedures

Once the need for a Cost Transfer request is determined, the following steps for submission to obtain Cost Transfer approval should be completed:

1. Department/local level managing unit finalizes Cost Transfer request by obtaining department/local level review and approval as applicable. Department/local level managing unit coordinate with OSP/SPA/ORA if advanced sponsor approval is required prior to applying the expenditure to the award.
2. Department/local level managing unit submits Cost Transfer Form and supporting documentation via email to the under 90-day or over 90-day cost transfer approver (school/tub level approver).
3. For over 90-day cost transfers, submit to the school/tub level for approval; it is sent by the school/tub via email to OSP at OSP_Cost_Transfer@harvard.edu for review and final approval.
4. Once the Cost Transfer Form has been signed by the appropriate approver(s), the department/local level managing unit is sent a copy of the signed Cost Transfer package by OSP to retain for their department/local level records.
5. It is recommended that all signed Cost Transfer packages be uploaded to the GMAS segment repository for record retention by the department/local level managing unit.

Definitions

See [Cost Transfer Policy Definitions](#).

Appendix A: Cost Transfer Naming Conventions and Documentation

	Naming Convention (File)*	Naming Convention (Journal)	Documents to Retain*
Cost transfers over 90 days	CT_HUFUND#_Over 90	CT^FCOR^CCB^JHM^See related CTform^FEB-OCT 2017	<ol style="list-style-type: none"> 1. Copy of transaction - amounts should agree to the amount per the GL selection detail 2. Completed Cost Transfer Form 3. Detail of the original charge, including G/L detail listing and expense backup 4. Support for relation to the grant ultimately being charged, including evidence of the charge in the grant budget, where applicable 5. Documentation if applicable: Vendor Justification Form, Debarment, comparison flights, signed Fly America Travel Reimbursement Exception Form, AP Adjustment Form (equipment object codes)
Cost transfers under 90 days	CT_HUFUND#_Under 90	CT^FCOR^CCB^JHM^See related CTform^FEB-OCT 2017	

* It is recommended that documents be uploaded into the GMAS Segment Cost Transfer folder using the file naming convention referenced above.

Appendix B: Cost Transfer Authorized Approvers Checklist

The following checklist provides a list of key areas for authorized approvers to consider when approving cost transfers.

	Verify whether the request is a journal adjustment or cost transfer requiring a Cost Transfer Form .
	Verify the cost conforms with OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (“Uniform Guidance”) and federal agency policies and procedures.
	Confirm the federal award to be debited is not overspent or provide explanation on plan if overspent.
	Ensure the request does not affect: a previously submitted financial report, a carryover request required by the sponsor, a previously submitted final invoice, and/or a final figure (expenditures) which has been confirmed by the department for a sponsor who does not require a final financial.
	Determine whether it is over or under 90 days according to the Cost Transfer Calculator .
	Confirm the amount and costing string(s) on the Cost Transfer Form matches the draft journal and the marked OBI Transaction Listing.
	Ensure sufficient justification and documentation are included with the Cost Transfer Form .
	IF approved, authorized approver notifies department to process the cost transfer journal immediately (expectation is within 5 business days). IMPORTANT: Change the effective date on the pending journal to the approved date when posting a journal.
	If the cost transfer is not approved, remind the cost transfer requestor and any other relevant parties that they are responsible for ensuring that any costs that are on a federal award must be moved to a non-sponsored account in a timely manner.

REMINDER: Department/local level managing units are responsible for retaining copies of the approved cost transfer and backup information. OSP does not maintain copies.

Appendix C: Supporting Cost Transfer Request Documentation and Justification Examples

Types of Cost Transfer requests	Supporting Documentation and Justification Examples
<p>Over 90-day Cost Transfer requests (Approved under the following extenuating circumstances)</p>	<p>Supporting Documentation should at least include the following: Cost Transfer Form, out-of-balance journal (Oracle) or ADI, transaction listing with the charge(s) being moved</p>
<p>1) Late issuance of a relevant action memo (must be submitted to OSP within 45 days of the date on the action memo and must include school/tub level approval)</p> <p>Please note: All expenses incurred during the time period covered by the late action memo can be moved in one cost transfer.</p>	<p><u>Additional Supporting Documentation:</u> copy of the action memo dated 2/8/18 indicating a new account string has been set up</p> <p><u>Justification Example:</u> Prof. X has a part of account on Prof. Y's U19 award. Prof. Y recently allocated funds to support Prof. X's work on the project. Per the action memo dated 2/8/18, a new account string has been set up to support this work.</p>
<p>2) Failure of another department to take action</p>	<p><u>Additional Supporting Documentation:</u> copy of correspondence between the two departments showing a lack of response, budget justification showing the expenses being moved</p> <p><u>Justification Example:</u> When reconciling my accounts, it came to my attention that a travel charge was debited to the wrong part of account managed by another department (Org). I do not have access to the other org, so I reached out to the grant manager in the other department to notify them of the error. I did not receive a response. I reached out several times and finally contacted the Supervisor in the other department. However, in the meantime, the charge had been removed to their discretionary account. This travel was budgeted for on the project, this charge is allowable, allocable and reasonable. I am requesting that this charge be moved onto this project.</p> <p>For our correct action plan, to prevent a future occurrence, when working with this department we will set up an escalation plan.</p>

Types of Cost Transfer requests	Supporting Documentation and Justification Examples
<p>3) Sponsor requirement dictates the need for a cost transfer.</p>	<p><u>Additional Supporting Documentation:</u> copy of NIH Fellowship award notice</p> <p><u>Justification Example:</u> Per NIH Xtrain requirements, Harvard is required to pay Amy Smith's full stipend allowance from the federal grant as awarded Stipend amounts cannot be reduced in Xtrain. If approved, this cost transfer will pay Amy her full stipend and allow us to close out the fellowship.</p> <p>For our correct action plan, to prevent a future occurrence, the department has adjusted their on-boarding plans to include training on NIH fellowships and Xtrain requirements.</p>
<p>4) A debit to correct a credit to a federal award – Only allowable to correct a duplicate credit or to match a submitted FFR or final invoice</p>	<p><u>Additional Supporting Documentation:</u> copy of correspondence between the departments determining the charge does not belong on the current award</p> <p><u>Justification Example:</u> When reconciling my accounts, it came to my attention that payroll posted a salary credit to the wrong account string. This credit has been applied to fund 123456 incorrectly and needs to be moved to the correct account in order to align salary with effort per Harvard's Effort Reporting Policy.</p> <p>In the future, I will reconcile my accounts monthly. Should something arise in which I am unable to reconcile monthly, I will make arrangements to have a colleague or my manager review my accounts.</p>
<p>5) Other extenuating circumstances</p>	<p>This should only be used when the request does not adhere to the other 4 exceptions. Please reach out to the Cost Transfer contact at your school to find out if you have an Other Extenuating Circumstance.</p>