

6 Cost Transfers Policy & Procedure

Institutional Policy

Title:	Cost Transfers Policy & Procedure
Responsible Officer:	Manager Research Finance; Grant Accountant; Vice President Research Administration
Effective Date:	10/1/19
Revised Date:	10/1/2020
Renewed Date:	10/1/2021
Approved By:	<i>Kathryn Tasker</i>

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1 Purpose

The Marcus Institute receives substantial funding from the federal government and other sources to support research projects. As a recipient of federal funding this policy assures compliance with the policies and procedures set forth by our Federal Sponsors

2 Scope

This policy applies to federal awards, grants, subcontracts, contracts, cooperative agreements, fellowships, traineeships and any account that requires adherence to federal cost principles.

3 Definitions

Cost Transfer - is an after-the-fact reallocation of the cost associated with a transaction from one account to another. Cost transfers are initiated to correct processing errors, to reallocate expenses to appropriate accounts and to adjust charges to accounts in the case of a delayed award notification.

90 days – the time period beginning at the end of the accounting month that the charge has been recorded in the general ledger. For example, if an expense is posted to the general ledger during May and an error is discovered during the month end closing process for May, a cost transfer must be done by the August month end close.

4 Policy Statement

At times it may be necessary to transfer a cost to a sponsored project subsequent to the initial recording of that cost into the general ledger. Cost transfers require thorough documentation to support the transaction and must be allowable, allocable, reasonable and must conform to award terms. In addition, the transfer must be timely and complete. Cost transfers presented after 90 days will require additional documentation.

5 Procedures

5.1 Cost Transfer for Non-Salary Expenses

After the need for a cost transfer has been identified, the grant manager initiates the cost transfer request.

- 1) Prepare a Journal entry to correct.
- 2) Complete the forms accurately and in their entirety.
- 3) Must have supporting documentation
- 4) Confirm that the date of the original charge falls within the effective dates / period of performance of the grant award.
- 5) Provide an explanation that answers the following questions;
 - a) Why was this expense charged to the account from which it is now being transferred?
 - b) Why should this charge be transferred to the proposed receiving account?
 - c) If this request is being made after the required 90 days: Why was this correction delayed? What corrective action has been put in place to prevent future need for cost transfers of this type?
 - d) If this request is being made for expenses after the 90 day period, signature is required by both the VP for Research Administration and the Manager, Research Finance.

5.2 Cost Transfers for Salary Expenses

After the needed cost transfer has been identified during month end reconciliation and close, the grant manager initiates the cost transfer request.

- 1) Prepare a Journal entry to correct.
- 2) Complete the forms accurately and in their entirety.
- 3) Include all necessary supporting documentation. Include Time and Effort Report (T&E) detailing the pay periods and amounts effected by the cost transfer. Be sure the correction to each pay period has a net result of zero.
- 4) Confirm that the date of the original charge falls within the effective dates / period of performance of the grant award.
- 5) Provide an explanation that answers the following questions;
 - a) Why was this expense charged to the account from which it is now being transferred?
 - b) Why should this charge be transferred to the proposed receiving account? If someone requested the change, include that in the explanation.
 - c) If this request is being made after the required 90 days: Why was this correction delayed? What corrective action has been put in place to prevent future need for cost transfers of this type?
 - d) If this request is being made for expenses after the 90 day period, signature is required by both the VP for Research Administration and the Manager, Research Finance.

When removing expenses from a grant account, Marcus Institute manages these credits within a reasonable timeframe in accordance with the NIH Grants Policy Statement and federal cost accounting standards.

5.3 Journal Entries

There are multiple types of journal entries by expense type.

- a) Interdepartmental invoices: An invoice is received for HSL services rendered to a sponsored award (e.g. biostats, physical therapy, etc). This invoice follows the AP procedure but is paid using the journal entry process. The journal entry does not require additional forms or signatures other than standard AP requirements
- b) If the journal entry is part of the regular monthly closing accounting process (postage, central stores, WB Mason), the journal entry does not require additional forms or signatures.
- c) If the Journal entry is to correct the errors following an approved document such as accounts receivable, accounts payable, payroll, the journal entry does not require additional forms or signatures.

Reference Materials



Marcus Institute
for Aging Research
Hebrew SeniorLife



HARVARD MEDICAL SCHOOL
AFFILIATE

Office of Management and Budget (OMB) and NIH Grants Policy Statement.