Research Administrators Forum

COST TRANSFERS

Evelyn Balabis, Maurice Taylor, Becky Henricksen – EFM
Eugene Harrison - Payroll
What is a Cost Transfer?

- A cost transfer is the transfer of an expenditure originally posted to one project and then transferred to another project. It is also a transfer within a project from one sub-object code to another sub-object code.
The government expects 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.
Cost Transfer Regulations

- Federal Regulations
  - NIH Grants Policy Statement
    - Transfers should be accomplished within 90 days of discovery
    - Must be supported by documentation that fully explains how the error occurred and a certification of correctness of the new charge by responsible, organization official
    - Maintain documentation of cost transfers
Cost Transfer Regulations

- OMB Circular A-21
  - Details factors affecting the allowability of costs
  - Defines reasonable and allocable costs

- OMB Circular A-133
  - Auditee shall:
    - Identify all Federal awards
    - Maintain internal control
    - Comply with laws, regulations and provisions

- OMB Circular A-110
  - Unless the Federal agency authorizes an extension, a recipient shall liquidate all obligations incurred under the award not later than 90 days after the funding period or the date of completion.
Cost Transfer Regulations

- **UCLA BUS A-47**

  - When a cost transfer should be used:
    - Correct errors caused by a typo, or a charge that appears on a fund that cannot be indentified or does not belong to that fund.
    - The University recharge ID system defaults to an object code that should be moved to the appropriate cost category.
    - Bulk charges to a departmental fund then redistributed to a particular fund usage/source.
Cost Transfer Justifications

- Unacceptable Examples
  - Cost Transfers used as a cost management strategy – to use up remaining balance for a fund that is ending
  - Cost Transfers from one sponsored project to another sponsored project to avoid or eliminate overdrafts
  - Shortage of Staff – Turnover, out on maternity leave
  - Cost Transfer to bring down the balance of the fund
  - Cost Transfer to help the other department survive
  - Cost Transfer done per instruction of main department to use up the balance of the account
Cost Transfer Justifications

- **Red Flags** – requires further explanation or documentation
  - Transfers in excess of 120 days from doc date or 90 days after fund end date
  - Previously transferred expense being transferred again to another sponsored fund.
  - Transfers without full justification or explanation
  - High volume of cost transfers
  - Transfers between “closely related” projects
Cost Transfer Justifications

❖ Acceptable Examples
  • Late Award Set Up – should consider use of eRAS
  • Correct bookkeeping or clerical errors (transposition of numbers)
  • Reallocate a portion of cost to other appropriate fund sources.
  • Cost Transfers to the applicable grant year of the same award
  • PI determines that fund charged was not the fund that benefited from cost; a change in the decision as to the use of goods or services
  • Expenses approved through a revised budget or sponsor approved
  • No Cost time extension approval delay by sponsor
  • To redistribute payroll costs based on the after the fact verification of effort reported through the effort reporting system.
N-PEAR Cost Transfers

- Non-payroll Cost Transfer System

- URL: Training
  - http://www.accounting.ucla.edu/training

- URL: System access
  - http://www.accounting.ucla.edu/non-pear
NON-PAYROLL EXPENDITURE ADJUSTMENT REQUEST

Sample: Selection Screen Saved Non-PEAR
N-PEAR Cost Transfers

- Department’s Responsibility & Submission
- Monthly G/L review Critical
  - Cost transfers prepared within 120 days are automatically processed and will appear in the G/L the next day
  - If your transaction is over 120 days and/or >90 days after award expiration date, the cost transfer is routed to EFM for further review and approval
  - If the transaction is moving an expense from a sponsored award to an unrestricted fund it will automatically be processed
N-PEAR Cost Transfers

- EFM Review Process:
  - For cost transfers routed to EFM, departments will receive a message that the transfer requires additional review and approval.
  - The preparer has the option whether to change the FAU to an unrestricted fund source, cancel, or proceed for further review.
No Errors Found

Warning:
APPROVAL REQUIRED

This document will require an approval because you are debiting a Contracts and Grant Fund,
AND
On Line(s) 2,4, the Effective Date is more than 4 months past the original transaction’s effective date.

OK

1. Why is the transfer being made?
2. Why was the original in error?
3. Who approved the transfer?
4. How does the expense benefit new fund charged?
5. Explain delay in transfer > 120 days after original transaction date?
6. What steps have been taken to prevent reoccurrence?
N-Pear Cost Transfers

- The system allows for three options if you decide to move it forward for review: Approve, Reject or Re-do.

- Decision to approve by EFM is based on whether:
  - all six policy questions have been addressed
  - Reasons for delay is well documented
  - PI approval was obtained

- EFM is committed to review all cost transfers within 3 business days of receipt.

- Note: if further explanation is necessary send email along with documentation to EFM.
- Approval notification is received via email.
N-PEAR Cost Transfers

- Reject/Re-do transaction:
  - Preparer receives an email message when a transaction is rejected.
  - Re-do is a form of rejection, but allows the preparer to view the original transaction as it was submitted, update the cost transfer, and resubmit.
Non-Payroll Expenditure Adjustment with VIF #0000775453 was not approved for the following reason.

F#79433 appropriation of funds processed 5/09. You will need PI's certification along with back-up documentation:

- Why is the transfer being made?
- Why was the original in error? Who approved the transfer? How does the expense benefit new fund charged? Explain delay in transfer > 120 days after original transaction date? What steps have been taken to prevent reoccurrence?

You can open and resubmit this non-pear from the "Saved Non-Pear" link on the Main Menu.

https://fsv.ais.ucla.edu/dataentry/nonpear/default.asp

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N-PEAR Cost Transfers

- Audit Finding

- During the 2007, A-133 audit, UCLA was sited on its cost transfer practices for lack of support, which lead UCLA to modify the process and pre-review transfers > 120 days

- UCLA’s cost transfer practices were reviewed by UCLA Audit & Advisory Services in 2009, in response to UCOP concerns
Enhancements to N-PEAR Cost Transfer System

- Improve warning message to alert Preparer that transaction violates policies
- Better description of the policy questions
- Modify system to allow all rejected transactions to be recalled so there’s no re-creation of transfer
- Develop tools to review cost transfer data
- Ability to upload Justifications and Approvals
After implementation of the Non-payroll cost transfer system in July 2008, we promised that Payroll would soon follow

- Better control mechanism
- All transfers are processed

Implementation for the new Payroll Expense Cost Transfer system is scheduled for release March 2010

- Schedule training
Payroll Cost Transfer System

Eugene Harrison
Manager, Training & Development
Corporate Financial Services, Payroll
Overview

- The Web Expense Transfer allows departments to process single line transfers.
- It replaces the need to process the “Brown UPAY” because the transaction is not limited to the 13 months permitted on the EDTS screen.
- Transfers of expenses older than 13 months must be entered manually but more recent expenses will be populated from PPS.
- Scheduling the compute into which the transfer will be processed follows the same PPS schedule column called “Last day to submit UPAY 646 Form to Payroll.”
Login Screen

UCLA LOGON

Sign In

UCLA LOGON ID: 

PASSWORD: 

Sign In  Can't access your account?

Privacy, Security & Legal | Loaded: Wed, 03 Feb 2010 18:02:50 -0000
Main Menu

- Create Expense Transfer
- Search Expense Transfer
Create Expense Transfer

Select an expense to transfer

Pay Cycle: [Select a pay cycle]
ET Month: 0
ET Page Line: 0
Load Expense
Select A Pay Cycle

UCLA Personnel Payroll System

Payroll Expense Transfer

Select an expense to transfer

Pay Cycle: [Select a pay cycle]
ET Month: [Select a pay cycle]

MO - 11/30/09
B2 - 11/20/09
B1 - 12/12/09

Load Expense
Enter ETMO and ET Page Line

From PPP5302
Loading Expense

UCLA Personnel Payroll System

Payroll Expense Transfer

Create Expense Transfer

Employee Details:
- Empl ID: 000000004
- Last Name: COLEMAN
- Title: HR
- Rate: 20.33
- Pay Rate: 133.33

Benefit Details:
- Plan Code: U
- UFC Fee Rem: 0
- OASDI: 0.42
- DNTL/MED/OPT: 0.00

Transfer Details:
- From Pay: 61131
- To Pay: 20500
- Fund: U76330
- Prop: 7
- Sub: 0.00%
- Gross Earnings: -133.33

Comments:

Please enter comments addressing all questions below:
1. Why is the transfer being made?
2. Why was the original in error?
3. Who approved the transfer?
4. How does the expense benefit new fund charged?
5. Explain delay in transfer + 120 days after original transaction date?
6. What steps have been taken to prevent recurrences?
The following PAN will be created

Preparer: Harrison, Eugene
Web Payroll Expense Transfer - EDTG
App: Pay Trans WebEDTS Preparer FPEHSD Date: 2010-02-03 00:08:58PM
Employee Name: YOLE, BRIAN Employment ID: 09355564
TS - Single Expense Transfer
Check Date: 2009-12-09 Pay Cycle: B2

The following pay transaction has been created:
PPF5033 Reference: Month: 0912 Page: 45182 Line: 1
Transfer from: 68113314/203001U7259017
Transfer to: 48113314/203000U75333202
Pay Period Start: 2009-04-30 Title: 35703902: AEU
Original Gross Earnings: 5333.33 Original Benefits: -72.70
Transfer Gross Earnings: 525.33
Reason: C
Comments:
Employee was paid from wrong sub. Prepared was not informed to need to pay from sub 07. Transfer approved by HRMO. Funds reallocated in sub 07. Waited for PPF5101 to be run. Prepared informed of allocation in sub 07 and has corrected EDB.

Submit Expense Transfer  Add Reviewer  go back

List of Reviewers

<table>
<thead>
<tr>
<th>Name</th>
<th>Email Address</th>
<th>Reviewer Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>KANG, KIM L</td>
<td>KANG@UCLA-EDU</td>
<td>Mandatory Reviewer</td>
</tr>
<tr>
<td>TANG, YEN</td>
<td>WTANG@UCLA-EDU</td>
<td>Mandatory Reviewer</td>
</tr>
<tr>
<td>KIM, XIANG</td>
<td>KIM@UCLA-EDU</td>
<td>Non-Mandatory Reviewer</td>
</tr>
</tbody>
</table>
Expense transfers that meet the criteria listed will be placed in a Transaction Holding File (THF).

- The criteria are:
  a. Does the transfer fall into the 120 day Rule?
  b. Is this a Contract and Grant fund?
  c. Is it a Contract and Grant fund and is its end date over 90 days before the scheduled pay cycle end date?

The transfers that go into the THF will be reviewed and approved by EFM.

If the transfers are not approved in time to be processed in the compute selected, the transaction will have to be reentered by the department.
Sample Edit Messages

- * Invalid transfer-to Fund: Fund ended over 90 days from pay cycle date
- * Invalid transfer-to Fund: Loc/Fund not found.
- * Invalid transfer-to FAU account
- * This transfer involves a contract/grant fund that is over 120 days old.
- * Transfer-to gross plus previously transferred gross exceeds original.
- * Pending approval.
Record Created. It is pending approval.

**Pay Cycle:** Monthly 2009-11-30

**Employee Details:**
- **EmpID:** 603738653
- **Name:** WILSON, VERONICA MARIE
- **AdJSeg:** 0
- **Title:** 6453
- **ERC:** E
- **ApptType:** 1
- **DUC:** DOS: REG
- **Rate Cycle:** E
- **Rate:** 2200.00
- **Pay End Date:** 2009-05-02

**Benefit Details:**
- **PlanCode:** U
- **Ret Matching Contr:** 0.00
- **UCLA Fee Rem:** 0
- **OASDI:** 64.84
- **DNTLMED/OPT:** 184.99
- **UNSH:** 0.44
- **WCESP:** 7.13
- **IAP/LEAVE:** 60.10
- **LIFE/UCD/OPFR:** 3.67

**Transfer Details:**
- **Loc:** From FAU: 4
- **Acct:** 623937
- **CC:** KW
- **Fund:** 50369
- **Proj:** 2
- **Sub:** 40.00
- **Time:** 880.00

**From:** Noble, Xiomara [XNOBLE@finance.ucla.edu]
**To:** Taylor, Maurice
**Cc:**
**Subject:** RE: Screen shot of pending approval
Payroll Cost Transfers

- **Department’s Responsibility & Submission**

- **Monthly G/L review Critical:**
  
  - Cost transfers within 120 days will be processed without EFM review
  
  - Cost Transfers > 120 days and/or 90 days past the fund expiration date will be routed to EFM for further review and approval
  
  - If the transaction is moving an expense from a sponsored award to an unrestricted fund it will automatically be processed
Payroll Cost Transfers

- EFM Review Process

- For payroll cost transfers routed to EFM, departments will receive a message that additional review and approval is required.

- The preparer will have the option whether to, change the FAU to an unrestricted fund source, cancel, or move it forward.
Payroll Cost Transfers

Payroll Expense Transfer - Microsoft Internet Explorer

Pay Rate: Rate Cycle: Bi-Weekly RAt: Pay End Date (mm/dd/yyyy):

Plan Code:
Ret Matching Contribution: UCLA Fee Rem: OASDI: DNTLMED/OPT:
UGSH: WCESP: IAP/LEAVE: LIFE/UC/OPFR:

Transfer Details:
From: Transfer To:

Explain Reason for TOE by answering the 6 questions below.
1. Why is the transfer being made?
2. Why was the original item in error?
3. Who approved the transfer?
4. How does the expense beneficiary fund change?
5. Explain delay in transfer > 120 days after original transaction date?
6. What steps have been taken to prevent recurrence?

Comments:
Loading Expense
The following PAN will be created

Preparer: Lee, Hung-Fai

-------------Web Payroll Expense Transfer - EDTS-------------
App: PAY Tran; WebEDTS Preparer: PRHFL Date: 2010-02-09 08:01:23AM
Employee Name: KUBIC JONATHAN EmpID: 200261341

TS - Single Expense Transfer
Check Date: 2009-12-01 Pay Cycle: MO

The following pay transaction has been created.
**This transfer involves a contract/grant fund that is over 120 days old:**
PPFPE302 Reference: Month: 0904 Page: 37904 Line: 3
Transfer from: 414440256-JC213311/6
Transfer to: 414440256-JC199000/6
Pay Period End: 2009-09-30 Title: 7161 DOS: VLA
Original Gross Earnings: 0.00 Original Benefits: -743.04
Transfer Gross Earnings: 0
Reason: C

Comments:
test

**** Approval required after submission ****

Submit Expense Transfer  Add Reviewer...  go back...
Preparer: Hubbe, Xiaomara

------------- Web Payroll Expense Transfer - EDTS -------------

App: PAY Tran: WebEDTS Preparer: FFXAN Date: 2009-12-11 02:33:00PM
Employee Name: [Redacted] EmpID: 003634301

TS: Single Expense Transfer
Check Date: 2009-12-01 Pay Cycle: MO

The following pay transaction has been created:

Transfer from: 4/445010 LR 050055 10
Transfer to: 4/560525 718400 10
Pay Period End: 2009-07-31 Title: 1620 DOS: RES
Original Gross Earnings: 2842.69 Original Benefits: 71.63
Transfer Gross Earnings: 2842.69
Reason: C

testing contract and grant closed fund that is more than 90 days testing transaction that is more than 120 days (CLOSED TO OPEN)
Payroll Cost Transfers

- The system allows two options for the EFM reviewer:
  - Approve and Reject
  - Decision to approve is based on whether:
    - All six policy questions have been addressed
    - Reason for delay is well documented
    - PI approval was obtained
    - If additional documentation needed contact EFM representative
Payroll Cost Transfers

- Rejected transaction notifications shall be received when the transfer has been rejected via email.

- Rejected transfers will include a message explaining why the transaction was rejected.
From: Lee, David H.
Sent: Monday, November 09, 2009 5:31 PM
To: Settyavan, Dipko
Subject: Test Payroll Expense Transfer - REJECTED by BALABIS, EVELYN -- for Employee: WILSON, VERONICA MARIE

-----------------------------Your Expense Transfer was rejected-----------------------------

Rejected by: BALABIS, EVELYN  Date: 2009-11-09 04:32:23PM
Reason:
Rejecting for test purposes

==================================Original Expense Transfer Details==================================

-------------------------------Web Payroll Expense Transfer - EDS-----------------------------
Employee Name: WILSON, VERONICA MARIE  EmpID: 803739859

TS - Single Expense Transfer
Check Date: 2009-10-28  Pay Cycle: B1

The following pay transaction has been created.
**This transaction involves a contract/grant fund that is over 120 days old.
PFP590 Reference: Month 0911  Page 46701  Line 6
Transfer from: 0462937000/15526215
Transfer to: 0444356964/729890
Pay Period End 2009-11-30  Title: 6433  DOS, REG
Original Gross Earnings: 580.00  Original Benefit: 262.55
Transfer Gross Earnings: 400.00
Reason: C
Selecting a pay-compute:

Unlike Non-payroll submission, payroll processing is subject to deadlines.

Submission of transfers >120 days must be submitted by the cut-off, otherwise the transaction expires.
## Payroll Cost Transfers

### January to June 2010

<table>
<thead>
<tr>
<th>Payday</th>
<th>Pay Cycle</th>
<th>Pay Period</th>
<th>Roster Available &amp; Monthly Maintenance (MM)</th>
<th>Last Day to...</th>
<th>Pay Compute</th>
<th>IPAY Screens Available</th>
<th>Month Transactions Should Appear on PPS5302</th>
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<td>05/16/10 - 05/29/10</td>
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<td>06/22/10</td>
<td>06/23/10</td>
<td>06/24/10</td>
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Enhancements to Payroll Cost Transfers

- Better description of the transaction type 120 vs 90 day
- Carry over expired transaction to next pay-compute cycle or recall rejected transactions to avoid resubmission
- Re-design pending review file by Sponsor type
- Mechanism for tracking, monitoring & searching transfer data by organizational hierarchy