

# Cost Transfers

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07/01/2025



# Agenda

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- **Cost Transfer Overview**
- **Regulations and Policies**
- **Criteria for High Risk Cost Transfers**
- **Types of Cost Transfers**
- **Reviewing Cost Transfers**
- **Examples**
- **Reference Materials**
- **Questions**

# Cost Transfer Overview

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- **What is a cost transfer?**
  - The transfer of an expenditure originally charged to one project and transferred to another project.
    - From a non-sponsored fund to sponsored fund
    - From a sponsored fund to a sponsored fund
    - From a sponsored fund to a non-sponsored fund
    - Within the same fund with change between sub or object code
- **What is the purpose of a cost transfer?**
  - Ensure applicable costs are charged to the correct FAU, sub, and/or object code

# Regulations & Policies

- Expenses are expected to be charged appropriately at the time incurred. However, there are circumstances where it may be necessary to transfer expenditures to a sponsored award after the initial recording of a charge.
- To comply with Uniform Guidance, it is necessary to justify transfer of expenses to federal awards
- **Uniform Guidance Subpart E – Cost Principles:**
  - **200.403: Factors affecting allowability of costs**
    - Be necessary and reasonable for the performance of the Federal award
    - Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity
    - Be adequately documented
  - **200.404: Reasonable costs**
    - A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.
  - **200.405: Allocable costs**
    - It benefits both the sponsored agreement and other work of the institution, in proportions that can be approximated through use of reasonable methods

# Regulations & Policies

- **NIH Grants Policy Statement – 7.5 Cost Transfers**

- Correction of clerical or bookkeeping errors should be accomplished within 90 days of when the error was discovered.
- The transfers must be supported by documentation that fully explains how the error occurred and a certification of the correctness of the new charge by a responsible organizational official
  - An explanation merely stating that the transfer was made “to correct error” or “to transfer to correct project” is not sufficient. Transfers of costs from one project to another or from one competitive segment to the next solely to cover cost overruns are not allowable

- **UC Business and Finance Bulletin, A-47, Direct Costing Procedure**

- Refers to a cost transfer as an “Expenditure Adjustment” and states once an expense entry has been recorded in an account in the general ledger, it is appropriate to make expenditure adjustments only in the following situations:
  - To correct an erroneous recording
  - To record a change in the decision made originally as to the use of goods or services
  - To redistribute certain high numerical but small individual and/or minor charges

- **UCLA Policy 910**

- Conduct monthly reconciliation of all transactions in the general ledger and make adjustments as necessary to ensure that the general ledger is cleared of any expenses not applicable to the Sponsored Project

# History

## Compliance

- **A-133 Audits**
  - In 2007, UCLA cited on its cost transfer practices
    - Lack of supporting documentation and justification
    - Led to development of online cost transfer systems
- **In 2009, Audit & Advisory Services recommended:**
  - Departments to be informed by EFM of proper justifications for cost transfers
  - EFM to establish internal procedures to document basis for approval of cost transfers
  - Campus units to ensure:
    - All cost transfers are adequately explained and justified
    - PI's approval is documented and maintained

# Types of Cost Transfers

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# Types of Cost Transfers

## Salary Cost Transfer (SCT)

- Cost transfers involving payroll related expenses
- A Salary Cost Transfer is used to move salary expenses from one or more fund sources to another fund source(s).
- Direct Retro Transactions (DR) were discontinued effective 07/01/2025.

## Benefit Cost Transfers

- Cost transfers involving benefit related expenses associated with UCPath payroll, including GAEL.
- This process is to be used when a benefit expense needs to be moved separately from associated salary expense.

## NPEAR: Non-Payroll Expenditure Adjustment Request

- Cost transfers involving expenditures other than payroll related expenses

# Criteria for High Risk Cost Transfers

Cost Transfers Subject to EFM Review

## Salary Cost Transfers (SCT):

- Payroll debiting a federal or federal flow thru fund AND
- Greater than 120 days after the original transaction pay period end date OR 90 days past fund end date

## Benefit Cost Transfers (BCT):

- Departments are to submit BCT journals affecting Contract and Grant awards to EFM regardless if the transaction is a debit or credit
  - Note: Debits to Contract & Grant funds should be rare

## NPEARS:

- Cost transfers debiting a sponsored fund (regardless of sponsor type):
  - Greater than 120 days after original transaction date
  - 90 days past the fund end date
  - Previously transferred transaction

**Approval from EFM is not required if the transaction moves an expense from a sponsored award to an unrestricted fund, the transfer will automatically be processed for salary cost transfers and NPEARS only**

# High Risk Cost Transfer Questionnaires

- The department’s justification is an important factor in supporting allowability and allocability in accordance with principles set in the Uniform Guidance.

Non-Payroll Expenditure Adjustment (NPEAR)	Salary Cost Transfer (SCT)	Benefit Cost Transfer (BCT)
Why is the transfer being made?	Explain how the error occurred and why the transfer is being requested. If partial transfer, explain the basis for proration and or split.	Why is the transfer being requested? If partial transfer, explain the basis for proration and/or split.
Why was the original in error?		
Who approved the transfer?	Who approved the transfer of funds?	Who approved the transfer of funds?
How does the expense benefit the new fund being charged?	How does the transfer benefit or impact the new funding source being charged?	
What steps have been taken to prevent reoccurrence?		
Explain the delay in transfer greater than 120 days after the original transaction or 90 days after fund expiration?	Explain the untimeliness if transfer is > 120 days after original transaction date, and or > 90 days after the fund end date.	Explain the untimeliness if the transfer is > 120 days after original transaction date, and/or > 90 days after the fund end date.

# Salary Cost Transfer

- **A Salary Cost Transfer (SCT) is the process of moving salary cost from one account or fund to another**
  - When a salary cost transfer is done, all related fringe benefit costs and Technology Infrastructure Fee (TIF) are moved with salary
    - If TIF needs to be moved without salary, this can be done through a Non-Payroll Expenditure Adjustment Request (NPEAR)
    - If benefits need to move without salary, this can be done through a Benefit Cost Transfer (BCT)
  - Department can only enter SCTs in UCPath for payroll processed in UCPath
  - If you are approving cost transfer for a stipend, make sure that the Earn Code “FEN” is used with Object Code 7770-UCPATH-POSTDOC FELLOWS

FAU Redistribution Personalize | Find | First 1-2 of 2 Last

Earnings Code	Combination Code	New Combo Code	Earnings End Date	Pay Period End Date	Paycheck Nbr	Location	Fund	Account/CC	FS Dept	Sub/Object	Project	GL Bus Unit	Sub Override	OTC Indicator	Old Earnings	Adjustment Amount	New Earnings
1 FEN	000898454		08/31/2024	08/31/2024	72877470	4				027770	FUNDNG	LAFIN	02		\$2,262.00	\$-2,262.00	\$0.00
2 FEN	001974935	001974935	08/31/2024	08/31/2024	72877470	4				027770		LAFIN	02		\$0.00	\$2,262.00	\$2,262.00

- An approved and processed salary cost transfer will appear on the Labor Ledger and the General Ledger with a type entry code of 53 - Financial journal Entry

### Some examples of a SCT can include:

- Correct retroactive funding; redistributes all or a portion of a prior period distribution to different funds due to delayed approval or a funding change.
- Move salary costs to the appropriate fund to clear the suspense, error or “default” account.

# Salary Cost Transfer

## Assignments

- **How are Salary Cost Transfers assigned to EFM accountants?**
  - The ORA Department Security Administrator (DSA) will set up EFM assignments in UCPath.
  - Accountants will be assigned as reviewers of transfers for departments they are responsible for.
    - Assignments are based on the HR department of the employee whose payroll is being transferred.
      - Note: This assignment may be different than the EFM Accountants who manages the fund's department code. EFM accountant who receives the salary cost transfer is responsible for review. Questions to the EFM accountant managing the fund can be asked as needed.
- **How are Salary Cost Transfers assigned to departments managed by more than one EFM accountant?**
  - In cases when more than one EFM accountant is assigned to department, the DSA assigns all EFM Accountants managing the department code as Approvers.
- **User that are not assigned a department will not be able to access salary cost transfers**
  - Team Assistant Directors have access to all SCTs under the team's portfolio

# Salary Cost Transfer

Accessing SCT

## Email Notification

### Salary Cost Transfer Approval Request

ucpath-notifications@universityofcalifornia.edu Thu 3/20

To De Marco, Stephanie; Iglesias, Jennifer; Lee, Yoon; Cadle, Katie; Choi, Lora; Hwang, Ruth; Kim, Franchesca; Thompson, Nicole; Fu, Alan; Nannini, Kayla; Lee, Brandon; Li, Lisa; +1 other

A transaction of Salary Cost Transfer for Employee [redacted], in Department [redacted] has been routed to you for its next level of approval. Would you please approve it (if appropriate) at your earliest convenience? Thank you.

You may process this transaction at [https://ucpath.universityofcalifornia.edu/peoplesoft-native/EMPLOYEE/HRMS/c/UC\\_EXTENSIONS.UC\\_REVIEW\\_SCT.GBL?Page=UC\\_REVIEW\\_SCT&Action=U&HP\\_RUN\\_CNTL\\_ID=SCT0000303389&OPRID\\_LAST\\_UPDT=10051932&CREATION\\_DT=2025-03-20&PAY\\_DT=2025-03-20](https://ucpath.universityofcalifornia.edu/peoplesoft-native/EMPLOYEE/HRMS/c/UC_EXTENSIONS.UC_REVIEW_SCT.GBL?Page=UC_REVIEW_SCT&Action=U&HP_RUN_CNTL_ID=SCT0000303389&OPRID_LAST_UPDT=10051932&CREATION_DT=2025-03-20&PAY_DT=2025-03-20)

This communication was sent via Oracle Workflow Technology. Please do not reply to this email.

**Navigation**

- PeopleSoft Homepage
- UCLA Workforce
- General Ledger Administration
- General Ledger Tasks
  - Review Salary Cost Transfer

## Review Page

**Review Salary Cost Transfer**

**Find an Existing Value**

▼ **Search Criteria**  
Enter any information you have and click Search. Leave fields blank for a list of all values.

Recent Searches

Transaction ID

Set ID

Empl ID

Last Name

First Name

Requester ID

Creation Date

Pay End Date

Earns End Date

Paycheck#

Department

Transaction Status

Process Date

Approver ID

Batch Error

Show fewer options

Case Sensitive

## Dashboard – UCPath Worklist

Worklist

Date From	Link	Priority
09/22/2022	<a href="#">UC_LACMP_Direct_Retro, 524625, UC_LACMP_Direct_Retro, 2016-01-02, N, 0, HP_RUN_CNTL_ID:DR00000789129 OPRID_LAST_UPDT:10095527 CREATION_DT:2022-09-15 PAY_DT:2022-09-17 HP_TRANSACTION_SRC:R RDC:ES,0,A,</a>	Low
09/22/2022	<a href="#">UC_LACMP_Direct_Retro, 524633, UC_LACMP_Direct_Retro, 2016-01-02, N, 0, HP_RUN_CNTL_ID:DR00000789137 OPRID_LAST_UPDT:10095527 CREATION_DT:2022-09-15 PAY_DT:2022-09-17 HP_TRANSACTION_SRC:R RDC:ES,0,A,</a>	Low
09/22/2022	<a href="#">UC_LACMP_Direct_Retro, 524637, UC_LACMP_Direct_Retro, 2016-01-02, N, 0, HP_RUN_CNTL_ID:DR00000789144 OPRID_LAST_UPDT:10095527 CREATION_DT:2022-09-15 PAY_DT:2022-09-17 HP_TRANSACTION_SRC:R RDC:ES,0,A,</a>	Low

# Review & Approvals

## The Salary Cost Transfer Page

Consists of 3 sections

### 1. Earnings

- Old FAU(s) and New FAU(s)

### 2. Supporting Documents

- Attachments & Questionnaire Response
- Expand questionnaire to review justifications

### 3. Approvals

Retro Distribute Earnings | Retro Distribute Deductions | Retro Distribute Taxes | Earnings Messages | Deduction Messages | Tax Messages

**Retro Distribution Transaction**

Run Cntl: DR00000832140 Created By: 10142543 Created: 11/21/2022  
 Trans Type: Direct Date of Pay: 11/26/2022  
 Processing Status: Initiated Request Status: In Progress

**Check Earnings** Find | View All First 1 of 3 Last

Empl ID: [Redacted] Empl Record: 2  
 Company: UCS Pay Group: 4M8 Pay Begin Date: 04/01/2022 Pay End Date: 04/30/2022  
 Pay Run ID: 220430MOX  Off Cycle **Earnings Distribution**

**Old Data** Personalize | Find | 1 of 1 Last

Empl Rod#	Earnings Code	Sub/Object	Combination Code	Location	Account/CC	F & Dept	Fund	Project	Sub Override	OL Bus Unit	OTC Indicator	Earnings
1	2 RGS	001000	001154395	4	[Redacted]				02	LAFIN		\$4,788.00

**New Data** Personalize | Find | 1-2 of 2 Last

Empl Rod#	Earnings Code	New Sub/Object	New Combo Code	Location	Account/CC	F & Dept	Fund	Project	Sub Override	OL Bus Unit	OTC Indicator	New Earnings Amount	Apply/Remove Work Study
1	2 RGS	001000	001154395	4	[Redacted]				02	LAFIN		\$1,520.83	
2	2 RGS	001000	001368998	4	[Redacted]				02	LAFIN		\$3,267.17	

Total: \$4,788.00  
 Balance: \$0.00  
 Direct Retro Salary Cap/MCOP Funding Worksheet

ction 1

Initiator Comment:

To initiate salary transfer for [Redacted]

211 characters remaining  
 To limit the number of salary cost transfers in the future, please refer to local Cost Transfer Policy and Procedures.

**Questionnaire**

Expand/Collapse All

Justification Document Upload

Add Attachment | View Attachment | Delete Attachment

Approver document upload

\*Reason Code: Align Salary to Effort

ction 2

Approve | Pushback | Deny

**Direct Retro**

Run Cntl: DR00000832140, Updated By: 10142543, Created: 2022-11-21, Date of Pay: 2022-11-26, Trans Source: R:Pending View/Hide Comments

```

    graph LR
      A1[Approved UC AWE Approver 01 11/21/22 - 11:21 AM] --> P[Pending Multiple Approvers UC AWE Approver03]
      A2[Approved UC AWE Approver 02 11/21/22 - 11:22 AM] --> P
      S1[Skipped UC AWE Approver 01 11/21/22 - 11:12 AM] --> P
      S2[Skipped 11/21/22 - 11:21 AM] --> P
  
```

ction 3

# Review & Approvals

**Questionnaire**

Explain how the error occurred and why the transfer is being requested. If partial transfer, explain the basis for proration and/or split.

PI misinformed dept. of which fund the personnel should be on.

192 characters remaining  
Who approved the transfer of funds? (e.g. Name of PI, Department CAO)

PI

236 characters remaining  
How does the transfer benefit or impact the new funding source being charged?

Fixes PIs mistake and allows for effort to reflect accurately.

192 characters remaining  
Explain the untimeliness if transfer is: > 120 days after original transaction date, and/or > 90 days after the fund end date.

There was a delay in the PI informing the dept. of the correct account the personnel should be on.

156 characters remaining

Expand/Collapse All

Justification Document Upload

Add Attachment View Attachment Delete Attachment

Approvers document upload

\*Reason Code Align Salary to Effort

## Questionnaire

Initiators must provide a response to the 4 questions

**Approver Document Upload** Find First 1 of 1 Last

Attached File

Add Attachment View Attachment Delete Attachment

\* Reason Code Align Salary to Effort

## Approver Document Uploaded

EFM accountant will upload supporting documentation (see slide "Saving Supporting Documentation")

# Review & Approvals

## Responding to Request for Approval

- **Approve** – UCPATH will send a final approval notification or a notification and worklist item to the next approver.
- **Pushback** – Sends the request to the prior approver. The prior approve is only able to add a Comment or upload documents. They cannot edit justifications. UCPATH will send a notification and a worklist item to the prior approver. **Comments are required.**
- **Deny** – Indicates the transaction is not approved. UCPATH will send a notification to the Initiator. **Comments are required.**
  - Department will have to start over and create another DR
  - This is used when revised cost transfer justification is required

The Approval Section identifies where the transaction is in the process, who has approved and who may still need to. A transaction can be in the following status:

- Pending, Denied, Pushed Back, Complete

**Comment** - Provide comments to support your action

- EFM accountants should indicate actions needed by the department in the Direct Retro. Explanation will be documented eliminating the need for EFM accountants to send follow up emails explaining action taken.


# Benefit Cost Transfers (BCT)

- **A Benefit Cost Transfer (BCT) is used to remove unallowable benefits, GAEL (General, Auto & Employee Liability), and RPNI (UCRP Supplemental Assessment Interest) from Contract & Grant funds to departmental unrestricted funding without moving associated salary.**
  - BCT requests post to the general ledger as financial journals and will not appear on labor ledger.
- **Examples:**
  - Unallowable Composite Benefit Rate (CBR) on NRSA Training Grants
  - Sponsor cap benefits at a rate lower than is assessed in the payroll ledger
  - Unallowable GAEL on non-federal awards
- **If salary is being transferred, then a SCT in UCPath is required and associated benefits are transferred accordingly in UCPath. A BCT financial journal is not necessary.**

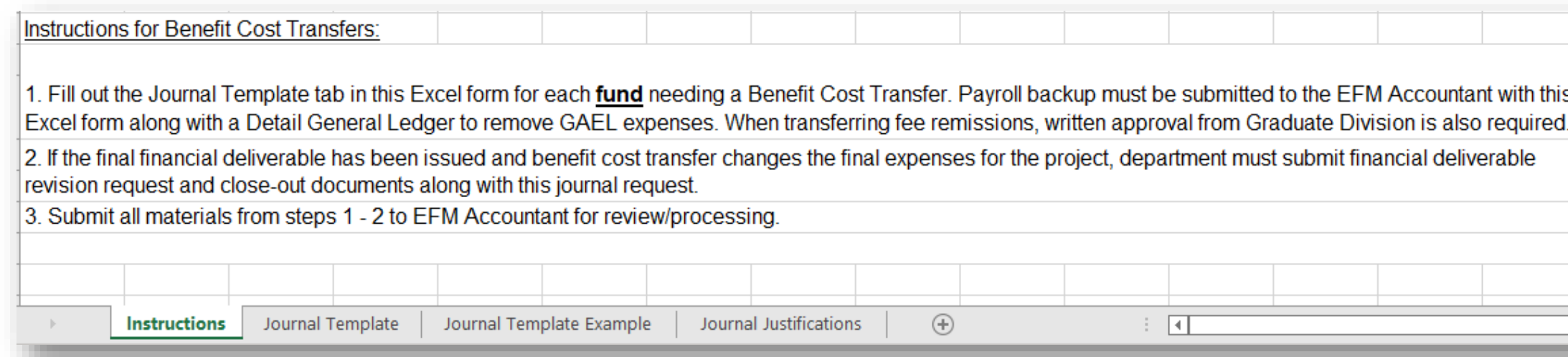
# Benefit Cost Transfer

## Submission and Approval Process

- **BCT excel journal template can be found on the EFM website under [Standard Forms and Other Resources](#)**

Benefit Cost Transfer (BCT) Financial Journal	Financial journal template, justification questions, and supporting documentation to be completed by the department and submitted to EFM when transferring unallowable benefit or GAEL expenses off C&G funds.	
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- **Excel file will include instructions, blank journal template, example template and tab for justifications**

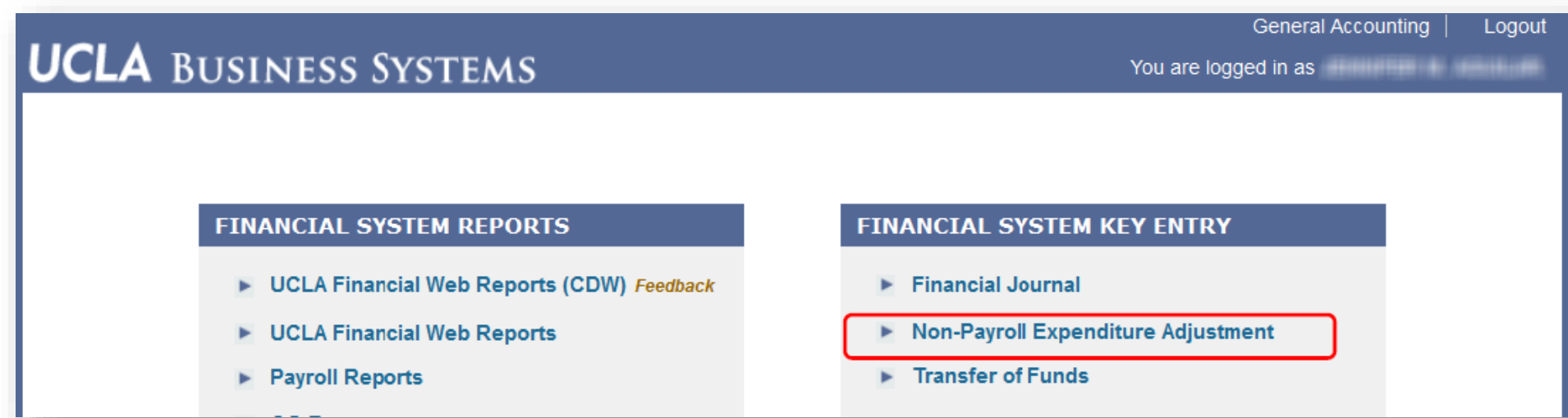


- **To request a BCT journal, department is to submit the following documents to their [EFM Accountant](#)**
  - BCT Financial journal template with complete journal justifications
  - Payroll report identifying the transactions to be transferred
  - Detail general ledger when transferring GAEL expenses
  - Approval from Graduate Division when transferring Fee Remissions

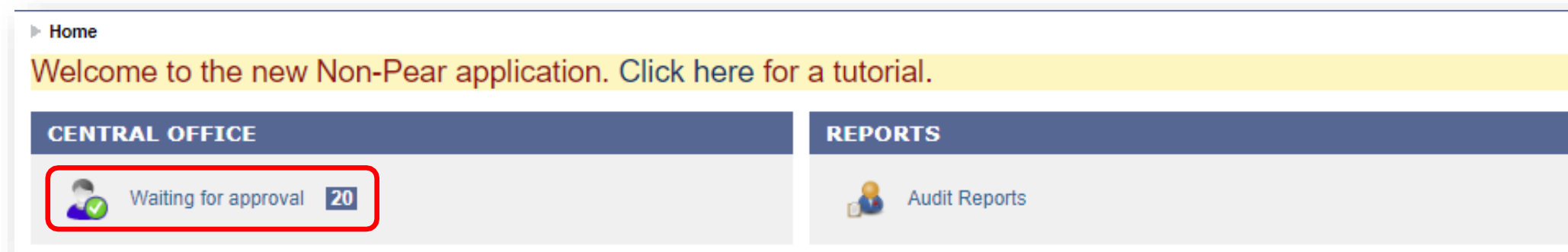
# Non-Payroll Adjustment Request

NPEAR: Non-Payroll Expenditure Adjustment Request

- The purpose of the NPEAR system is to provide a tool for departments to adjust non-payroll charges on the general ledger that can be fully explained, justified and approved.
  - [Non-Payroll Expenditure Adjustment Demo \(ucla.edu\)](#)
  - Financial System Main Menu



- Transaction subject to Central Office Review



# Non-Payroll Adjustment Request



Icon will note which line is causing transaction to be flagged as high-risk

- Greater than 120 days after original transaction date
- 90 days past the fund end date
- Previously transferred transaction

Approval by Central Office required for compliance with UCLA Policy.

#	Loc	Account	CC	Fund	Reference	Debit	Credit
1	4						382.31
2	4					382.31	
3	4						17.21
4	4					17.21	
Total						399.52	399.52

**EFM Messages**

- The current date is more than 4 months past the original transaction's effective date.
- The document effective date is more than 3 months past the end date for this fund.
- The original transaction is from a non-pear transfer.

Close

1. WHY IS THE TRANSFER BEING MADE?  
TRANSFER EXPENSES TO PROJ...

## Actions allowed by the NPEAR System

- Approve**
  - Preparer receives email notification indicating approval
- Re-do**
  - Allows the preparer to view the original transaction as it was submitted, update the cost transfer justification and resubmit
    - Indicate reason for action – comment will be visible under the audit trail
- Reject**
  - Preparer will need to create a new transaction if re-submitting
  - Preparer will receive an email along with the EFM reviewer's explanation for the rejection
    - Indicate reason for rejecting

Approval by Central Office required for compliance with UCLA Policy.

#	Loc	Account	CC	Fund	Project	Sub	Object	Source	Doc Date	Description of Transaction	Reference	Debit	Credit	Action
1	4					03	3224		08/27/2020	54			407.66	Adjust   Remove
2	4					03	3224	TRAIN	08/27/2020	54		407.66		
Total												407.66	407.66	





- WHY IS THE TRANSFER BEING MADE?  
TRAINING
- WHY WAS THE ORIGINAL IN ERROR?  
TRAINING
- WHO APPROVED THE TRANSFER?  
TRAINING
- HOW DOES THE EXPENSE BENEFIT THE NEW FUND BEING CHARGED?  
TRAINING
- WHAT STEPS HAVE BEEN TAKEN TO PREVENT REOCCURRENCE?  
TRAINING
- EXPLAIN THE DELAY IN TRANSFER GREATER THAN 120 DAYS AFTER THE ORIGINAL TRANSACTION DATE OR 90 DAYS AFTER FUND EXPIRATION?  
TRAINING

Approve Redo Reject Return

# Non-Payroll Adjustment Request

## Audit Trail

**NON-PEAR DOCUMENT - REVIEW**

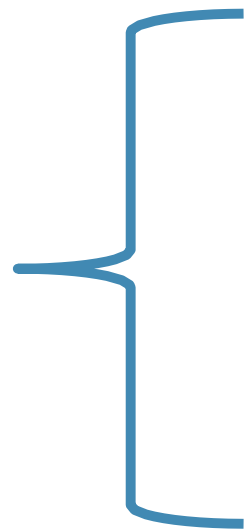





Prepared By: \_\_\_\_\_ Phone: \_\_\_\_\_ Effective Date: 04/14/2022  
 Trans No: \_\_\_\_\_ Dept: \_\_\_\_\_ Status: REDO  
 Type Entry: 54 Document Type: Debit Wip No: \_\_\_\_\_  
 Origin: Web

Approval by Central Office required for compliance with UCLA Policy.

#	Loc	Account	CC	Fund	Project	Sub	Object	Source	Doc Date	Description of Transaction		Reference	Debit	Credit
										TE	Trans No			
1	4					03	6605		12/07/2021	59		SWC-SURVEYMO		300.00
	2	4				03	6605		12/07/2021	59		SWC-SURVEYMO		300.00
<b>Total</b>													<b>300.00</b>	<b>300.00</b>

Transaction history



**AUDIT TRAIL**

Prepared By: \_\_\_\_\_ Phone: \_\_\_\_\_ Effective Date: 04/14/2022  
 Trans No: \_\_\_\_\_ Dept: \_\_\_\_\_ Status: REDO  
 Type Entry: 54 Document Type: DEBIT Wip No: \_\_\_\_\_

Action	Logon Id	Name	Date	Time	Explanation
REDO			04/18/2022	04:34:46 PM	5 & 6. STAFF BEING ON LEAVE IS NOT A JUSTIFICATION ACCEPTABLE FOR LATE COST TRANSFER. PLS REVISE AND RESUBMIT. THANK YOU.
SUBMIT			04/14/2022	01:48:58 PM	

[Return](#)

# Reviewing Cost Transfers

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# Reviewing Cost Transfer

How Often to Review?

- **After receiving a High Risk Cost Transfer, EFM Accountants are expected to:**
  - **Act within 3 business days of departments submission date:**
    - NPEAR – Approve, Re-Do, Reject
    - SCT/DR– Approve, Push Back, Deny
  - Daily review recommended
  - Being mindful of processing deadlines, salary cost transfer schedule, and UCLA General Ledger Month End close
- **Salary Cost Transfer/ Direct Retro Processing Schedule**
- <https://cru.ucla.edu/sct-direct-retro-processing-calendar>
- Identify the deadlines when a salary cost transfer must be approved in order to appear on the labor ledger and the UCLA General Ledger
- **NPEARS – [FS Month-End Deadlines | Business & Finance Solutions \(ucla.edu\)](#)**
  - If transfers not reviewed by EFM before closing of month, department will need to re-create NPEAR

# Reviewing Cost Transfers

## Items to Review & Consider

- **Award Snapshot**
  - Dates – Is the expense within the approved award period?
  - Restrictions
- **Budgets/Budget Justification, (if available)**
  - Review award terms & conditions, and budget to confirm that the expense is allowable based on the terms of the award. EFM accountant may need to find the budget and award terms in PATS if not provided in the award snapshot.
- **Funds Involved (To and From)**
  - Is the cost transfer coming from another C&G Fund?
  - Is the C&G fund in deficit? If yes, are they moving the expense to clear a deficit?
  - Has the C&G fund ended and if yes, was the expense included in the final deliverable to sponsor?
- **Amount:** Is the full amount of the expense being transferred or only partial? If partial is the basis for the calculation, confirm dept. maintains calculation for future purposes, such as an audit.
- **Adequate Justifications**
  - Justification are sufficient and easily understood by anyone who may be reviewing it.
  - Inadequate justification that do not address the questions of whether or not the transfer charges are allowable and allocable to the project to which they are being charged through the cost transfer can result in an audit finding and/or disallowed cost.
- **Was the expense previously moved?** If so, why is there a need to move again?

# Reviewing Responses to Cost Transfers Questionnaires

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## 1. Why is the transfer being made?

- The response should indicate a valid reason why the transfer is being made.
- Things to consider: Was there a clerical error? Did the PI change how the expense was being used? Was there a rebudget approved? Was the expense used for multiple projects and needs to be prorated? Was there a delay in award execution?

## 2. Why is the original in error?

- The response should explain why the cost item was originally charged as it was.

## 3. Who approved the transfer?

- The PI approves cost transfers as they have direct firsthand knowledge of the project. If the PI has left the university or is unavailable, the Department Chair/ORU Director is able to approve the cost transfer.

# Reviewing Responses to Cost Transfers Questionnaires

## 4. How does the cost transfer benefit the new fund charged?

- Consider why the transfer is necessary and why the expense belongs on the new account/fund.

## 5. What steps are being taken to prevent reoccurrence?

- Through monthly reconciliation, required by UCLA Policy 910, the department can detect errors timely and prevent reoccurrence.

## 6. Explain the delay in transfer- more than 120 days after original transaction date or 90 days after fund end date?

- A strong justification is required to process a high risk cost transfer ([https://grants.nih.gov/grants/policy/nihgps/html5/section\\_7/7.5\\_cost\\_transfers\\_overruns\\_and\\_accelerated\\_and\\_delayed\\_expenditures.htm](https://grants.nih.gov/grants/policy/nihgps/html5/section_7/7.5_cost_transfers_overruns_and_accelerated_and_delayed_expenditures.htm)).
- If this is a retransfer (where an expense was previously transferred and it is being moved again) provide a clear explanation of the subsequent reallocation.

# Unacceptable Responses to Cost Transfers Questionnaires

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- **Why is transfer being made?**
  - To use up the remaining balance that is ending as a cost management strategy
  - To avoid or eliminate overdrafts/cost overruns on another sponsored project
  - Transferring costs of other PI's project to financially support important research of the PI's colleague
- **Who is approving the cost transfer?**
  - Fund Manager – does not have 1<sup>st</sup> hand knowledge of the project
- **Explaining a delay in transfer**
  - Shortage of staff such as staff turnover or out on maternity leave, etc.

# Reminders

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- **Frequent, late, or inadequately explained transfers, especially those involving projects with cost overruns or unexpended balances, are unacceptable and can raise serious questions about the appropriateness of the transfers and call internal controls into question.**
  - Any time a transfer is initiated, the assumption can be that the transaction was not originally handled properly.
  - Untimely discovery of errors could be an indication of poor internal controls
- **Monthly reconciliations performed by departments can decrease the number of cost transfers routed for EFM approval.**
- **Verifying the cost transfer information first and remembering the “Unacceptable Justifications” may help decrease the time spent on reviewing the cost transfer.**
- **Maintaining documentation to support EFM approval strengthens our internal control process and minimizes chances of disallowances.**
- **PI approval is required. If not possible, written approval of individual having first-hand knowledge including a Co-Investigator**

# Resources

- **[Uniform Guidance Subpart E – Cost Principles](#)**
  - <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200?toc=1>
- **[NIH Grants Policy Statement – 7.5 Cost Transfers](#)**
  - [https://grants.nih.gov/grants/policy/nihgps/HTML5/section\\_7/7.5\\_cost\\_transfers\\_overruns\\_and\\_accelerated\\_and\\_delayed\\_expenditures.htm](https://grants.nih.gov/grants/policy/nihgps/HTML5/section_7/7.5_cost_transfers_overruns_and_accelerated_and_delayed_expenditures.htm)
- **[UC Business and Finance Bulletin, A-47, Direct Costing Procedure](#)**
  - <https://policy.ucop.edu/doc/3420326/BFB-A-47>
- **[UCLA Policy 910](#)**
  - <https://www.adminpolicies.ucla.edu/pdf/910.pdf>
- **[FS Month-End Deadlines | Business & Finance Solutions \(ucla.edu\)](#)**
  - <https://www.finance.ucla.edu/corporate-accounting/fs-month-end-deadlines>
- **[Direct Retro High Risk Approval Course-R.pptx | Powered by Box](#)**
  - <https://ucla.app.box.com/file/733541725096?s=ki71rtquwqpf4rg62f97cyrp1agsv6hr>
- **[Review Retro Distribution \(universityofcalifornia.edu\)](#)**
  - [https://ucpath-ifp.universityofcalifornia.edu/psc/ucphrprd/EMPLOYEE/HRMS/c/NUI\\_FRAMEWORK.PT\\_AGSTARTPAGE\\_NUI.GBL?CONTEXTIDPARAMS=TEMPLATE\\_ID%3aPTPPNAVCOL&scname=ADMN\\_UC\\_GL\\_TASKS\\_LOC\\_NAVCOLL&PanelCollapsible=Y&PTPPB\\_GROUPLET\\_ID=UC\\_GL\\_TASKS\\_LOC\\_TILE\\_FL&CRefName=UC\\_GL\\_TASKS\\_LOC\\_TILE\\_FL&AJAXTRANSFER=Y&](https://ucpath-ifp.universityofcalifornia.edu/psc/ucphrprd/EMPLOYEE/HRMS/c/NUI_FRAMEWORK.PT_AGSTARTPAGE_NUI.GBL?CONTEXTIDPARAMS=TEMPLATE_ID%3aPTPPNAVCOL&scname=ADMN_UC_GL_TASKS_LOC_NAVCOLL&PanelCollapsible=Y&PTPPB_GROUPLET_ID=UC_GL_TASKS_LOC_TILE_FL&CRefName=UC_GL_TASKS_LOC_TILE_FL&AJAXTRANSFER=Y&)

# Any Questions?

