



**Harvard Pilgrim Health Care, Inc.
Harvard Pilgrim Health Care Institute**

Office of Sponsored Programs

Policy and Procedure

TITLE: Cost Transfers

PURPOSE:

To inform the research community of the federal regulations and internal policy and procedures so that cost transfers are managed correctly.

PERSONS AFFECTED:

This policy & procedure (P/P) applies to all Harvard Pilgrim Health Care, Inc. (HPHC) and Harvard Pilgrim Care Institute, LLC (HPHCI) (collectively, HPHC/I) personnel engaged in research, teaching or research administration activities in support of the charitable and educational mission of HPHC, Inc.

POLICY:

It is HPHC's policy to comply with the cost allowability and allocability requirements of OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, from the National Institutes of Health (NIH) and Health and Human Services (HHS).

Cost transfers on a federal award, whether as a means to compensate for cost overruns or for other reasons, are unallowable. Cost transfers on a federal award to correct bookkeeping or clerical errors are allowable. All cost transfers on federal awards from other federal accounts, non-federal accounts or HPHC/HPHCI accounts (including transfers from a departmental cost share fund to a sponsored project fund) must be justified, in detail. An explanation merely stating that the transfer was made "to correct error" or "to transfer to correct project" is not sufficient. Timeliness and completeness of explanation of transfer are important factors in supporting allowability and allocability in accordance with the principles of the Uniform Guidance.

There is the potential for an audit disallowance on cost transfers that are poorly documented and/or not completed in a timely manner. An internal or external auditor may disallow a cost transfer for any of the following reasons:

- The transfer is not supported by documentation that appropriately supports why the transfer is being made;
- The Principal Investigator (PI), PI's designee, or other responsible individual of the grantee organization does not sign the request for cost transfer; or
- The cost transfer is not done in a timely manner after the original charge has been recorded.

Cost transfers on NIH awards should be accomplished within 90 days of when the error was discovered unless a longer period is approved in advance by the agency Grants Management Officer (GMO).

Cost transfers on HHS awards should be made no later than 90 days following occurrence unless a longer period is approved in advance by the GMO.

DEFINITIONS (see **GLOSSARY** for meaning of the terms listed below):

A cost transfer (CT) is defined as moving an expense that was incorrectly charged to one AH/PH account to the correct AH/PH account. Errors may be caused by a simple keystroke or transcription error, changes in grant numbers or funding cycles, or a variety of other reasons.

Examples:

- Correct clerical error (cost transfer)
- Reallocate salary to reflect actual effort (labor distribution)
- Reallocate shared services that were previously charged elsewhere (cost transfer)

Miscellaneous Transactions are one-sided transactions to facilitate RSDC charges to a grant, rent charges to grants, allowable administrative charges, moving unallowable or final write-off balances to Departmental/Discretionary Accounts and any transfer from or to an AF/PF account.

Labor Distribution Adjustment is a request to change labor costs incurred by HPHC/I employees and is accomplished through the Labor Distribution module by the DPM Administrator for Labor Systems.

PROCEDURE:

A request for cost transfer, labor distribution, or miscellaneous transaction must be submitted on the HPHC Cost Transfer Form (“CT Form”) along with appropriate documentation to the appropriate grants manager in the Office of Sponsored Programs (OSP) for review and approval. The CT Form must be signed by the PI or approved designee and include the reason for transfer, the account originally charged, and the applicable GMS financial report with the expense highlighted. In addition, to mirror the standard federal requirements, all transfers that are requested after 90 days must be supported by a strong written justification for the lateness of the transfer. Requests to transfer costs after 90 days will require the approval of the HPHC Controller or his/her designee.

All requests require the same documentation (see “Documentation” below), but some requests may also require the re-certification of effort for the period impacted by the cost transfer request.

In the justification section of the CT Form, include the employee and the period dates for which costs are being moved. Provide a specific reason for the error (examples: LD input error, not on budget, incorrect period, overspent, wrong grant number due to typo/number change, etc.). This is required for audit tracking and to ensure that any source of errors can be corrected. General “catch-all” reasons will be returned for more specifics. All requests not supported by adequate documentation will be returned to the requestor unprocessed.

The OSP Business Analyst is responsible for processing cost transfers and miscellaneous transactions in Oracle GMS.

If an incorrect labor charge is identified by the GM, the GM will look up the person’s labor and notify the other GMs of a possible issue. While it is expected that the PM will review the financial reports monthly and identify expenses that must be transferred, if the GM sees an expense that has hit the wrong account, the GM will notify the PM. If the PM does not respond within 10 days a reminder email will be sent to the PM and the PI of the project.

Documentation

All transfers, whether processed as a Cost Transfer, Distribution Adjustment, or a Miscellaneous Transaction, require the same detailed documentation. When making a request include the GMS financial report as well as any other relevant back up documentation.

Requests for changes to labor/salary costs may also require re-certified Time & Effort reports for the period impacted by the cost transfer request. Labor Distribution changes will not be processed without the re-certified Time & Effort report.

Tracking

Once all approvals are obtained, the CT Form will be scanned into the OSP directory on the J drive (J:\rashare\GRANTS\Cost Transfers). When the cost transfer has been accomplished, the hard copy form and back up documentation will be filed with the grant from where the cost was transferred (the debited AH/PH account).

When the cost transfer is accomplished for labor distribution, the form, back up and re-certified effort report will be filed in the OSP Effort Report file and the re-certification will be noted on the Time & Effort Tracking Sheet by the Associate Grants Administrator.

REVISION HISTORY:

Department: OSP	Title: Policy & Procedure Cost Transfers
Effective Date: 3/1/2019	Owner: Director, Office of Sponsored Programs
Replaces P/P Dated: 8/24/2017	
Related Documents:	
References: NIH Grants Policy Statement, Revised October, 2017, 7.5 Cost Transfers, Overruns, And Accelerated And Delayed Expenditures, HHS Grants Policy Statement, January 1, 2007, page II-43. OMB Uniform Guidance <i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards</i> .	