

Cost Transfers Guidance Summary to Departments

- 1) Minimize transfers by:
 - a. Actively managing awards – regularly reconcile expenditures and communicate with the PI.
 - b. Advance Accounts
 - c. Allowing Overdrafts on Awards
 - i. But please be mindful of sponsor requirements for budgeting. Some sponsors do not allow over budget on individual lines or require prior approval.

- 2) Resources Available:
 - a. ORA Website Links:
 - i. [Cost Transfers](#)
 - ii. [Managing Salaries](#)
 - iii. ["90 Day Justification Form"](#) (encouraged for all transfers).
 - b. Cost Transfer RAU.
 - c. ChatGPT/Copilot

- 3) Justifications:
 - a. Should mention **nothing but ACTUALS** (i.e., budget, commitments, funding, etc.).
 - b. UM Policy is that all costs must be charged to the appropriate sponsored project when first incurred. Therefore, answer **WHY** this policy was not followed, **WHAT** happened, **HOW** did you identify the need for the transfer, **HOW** do you know this expense reflects actual time spent on the grant, and **HOW** will you ensure future compliance with policy?
 - i. Therefore, justifications saying “to clear default” or “to correct error” are insufficient.
 - c. **Avoid copying and pasting** template language. Explain what happened for each case.
 - d. You are writing to an auditor, often without research admin. background. **Write clearly** in complete sentences.
 - e. Understand some reasons for non-compliance with policy are unacceptable to auditors and related costs must be charged to nonsponsored accounts (e.g., short staff, staff transition, using grant as placeholder, etc.).
 - f. Non-payroll Cost Transfers: Attach receipts of original expenses (ORA must review to assess allowability and if within 90 days).

- 4) Administrative Tips:
 - a. **Use originally downloaded PAA worksheet** as opposed to clearing previously used PAA worksheet (to avoid accidentally clearing template formulas).
 - b. Ensure costs are **Allowable** (e.g., Incurred within project period and after COI clearance, IRB approval, and IACUC approval dates).
 - c. Common mistakes to avoid:
 - i. PAA Worksheets and justifications with errors or incomplete (e.g., wrong employee name, driver worktags, and amounts; missing pay periods, etc.).
 - ii. Justifications for only one transaction but PAA is for several transactions.
 - iii. Missing justification for why over 90 days.

- 5) Transfers Over 90 days (for non-payroll) or for Certified or Closed Effort Certification Periods:
 - a. **These are rarely acceptable.** Exceptions may include documented delayed award setup or system issues that prevented transfer timely, or stipends to fellows or trainees for committed amounts on Training or Fellowship awards that must be paid from the grant.