1. **Why are cost transfers necessary?**

   There are many reasons why the need for a cost transfer may be identified. Examples include: 1) A data entry error could have occurred. 2) A service center may have been given an incorrect index number. 3) A cage card in an animal care center may not have been changed to reflect a new index.

2. **Does it matter when the incorrect charge was made?**

   Yes. Cost transfers are technically allowed if the charge was made within 60 days of the month end Banner report on which it first appeared. The basis of this time frame is that most cost transfers are noticed during the month end reconciliation process. This way, the same rule applies regardless of where the date falls within the month. As a result, the charge could really have occurred as long ago as approximately ninety days before it was noticed.

3. **What about incorrect charges made outside of the 60 day time frame?**

   A special review is needed for charges made outside of the 60 day time frame. A comprehensive summary of the circumstances of the incorrect charge should be sent to Mark Roberts, Director of Grants & Contracts Accounting. Other factors brought into consideration include whether or not the final report or final invoice has already been submitted to the sponsor.

4. **Can a charge be transferred to a new expense account?**

   No. In order to keep general accounting in balance, the same expense account must be maintained during a cost transfer. For example, a travel charge must be moved to a travel expense account, a labor charge must be moved to a labor expense account, and so on.

5. **How should cost transfers be documented?**

   Specific identification (PO number, batch number, etc.) of the original charge must be referenced in the cost transfer documentation. A detailed explanation must be provided which indicates why the transfer is needed and what caused the error to occur. The explanation "to correct an error" or "to transfer to correct index" is not acceptable.

6. **What forms or transactions are needed in order to complete a cost transfer?**

   If the department put in the charge, and it is within the 60 day time window, then they can move the charge. (Note: for budgets, only G&C can move the charge.) After you have the go ahead to make a cost transfer, it can be processed through an On-line University Inter-Departmental Transfer Voucher or Financial Inquiry/Request Form for non-salary charges.

7. **How are cost transfers that involve salary charges handled?**

   A PAF is used for going forward for salary charges. A PHAREDS form is used for prior correction of salary charges.

8. **How are cost transfer records handled during an audit?**

   If documentation for a cost transfer is requested during an audit, it must be supplied to the auditor. If the documentation of the cost transfer is not substantial, then it may be disallowed in which case the department would have to fund the disallowed charges. Increased attention may be directed towards cost transfers that occur during the final month of a budget period, after the budget period has expired, or more than three months after the actual costs were incurred.