A COST TRANSFER IS (PER GIM 15):

- moving an expenditure from one budget to another
- moving an expense from one object code to another
- correct other transaction coding errors (e.g., PCA codes)

A COST TRANSFER SHOULD ONLY BE DONE FOR THE FOLLOWING REASONS:

- To correct an error (an expense was erroneously charged to the incorrect Budget or Object Code)
- Correct an error when the value of the transaction is greater than $10.00
- Re-allocate expenses where the expense can only be initially coded to one or a few budgets

A COST TRANSFER IS NOT A FINANCIAL MANAGEMENT TOOL TO BE USED TO:

- Move costs for budgetary convenience
  - spend down a budget
  - remove costs from an overspent budget
- “Park” costs in a sponsored budget until a budget number becomes available.

BEST PRACTICES – HOW TO AVOID COST TRANSFERS

- Reconcile budgets in a timely manner to ensure any errors are corrected and costs allocated to budgets are correct
- Monitor award budgets to ensure funds are expended in accordance with the award and there is no over- or significant under-expenditure at Award end
- Review Award and applicable regulations to ensure all costs are allowable
- Ensure costs allocated across more than one budget is consistent with other allocated costs, is reasonable, and not based on budgetary convenience
- Use non-sponsor budgets for initial charge if expense needs to be allocated to other budgets

BEST PRACTICES FOR COST TRANSFER DOCUMENTATION

All documentation on Cost Transfers should include the following information:

- Why the error was incurred, identification of which internal control broke down
- Steps the department is taking to ensure the error will not happen again
- Documentation of the tangible benefit to the recipient budget