

**Harvard Pilgrim Health Care, Inc.
Harvard Pilgrim Health Care Institute, LLC
*Office of Sponsored Programs***

Policy and Procedure

TITLE: Cost Transfers for Federal and Non-Federal Sponsored Projects

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/I'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 to a federal award, whether as a means to compensate for cost overruns or for other reasons, are unallowable. Cost transfers to a federal award to correct bookkeeping or clerical errors are allowable. All cost transfers from federal accounts, non-federal accounts or HPHC/I 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 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 should be made no later than 90 days following occurrence unless a longer period is approved in advance by the Grants Management Office (GMO).

DEFINITIONS

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.

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 (LD) 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 appropriate HPHC form along with appropriate documentation to the appropriate grants manager (GM) in the Office of Sponsored Programs (OSP) for review and approval.

All requests for transfers forms must be signed by:

- a) Project Manager (PM) Manager
- b) PM supervisor
- c) GM and Director, Office of Sponsored Programs (DOSPP) if a grant (PH) account;
- e) Manager of Finance if a departmental (PF) account

The Labor Distribution (LD) transfer form, must include the name of the employee whose LD is being transferred and the dates and the pay periods for which costs are being moved. The requestor must 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. The GM will return all requests not supported by adequate documentation to the requestor unprocessed.

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, the GM will send a reminder email to the PM and the PI of the project.

Documentation

All requests for expense transfers, whether processed as a Cost Transfer, Labor Distribution Adjustment, or a Miscellaneous Transaction, require the same detailed documentation. Requestors must include the GMS financial report and a copy of the email verifying when the report was reviewed (See P&P Review of Financial Reports) as well as any other relevant back up documentation.

Requests for changes to labor or salary costs 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.

All requests for expense transfers that are requested after 90 days must be supported by a strong written justification for the lateness of the transfer. Proof of when the report was reviewed will also be required. Requests to transfer costs after 90 days, if approved by OSP, will also require the approval of the Chief Compliance Officer or his/her designee.

Failure to submit transfer requests within 90 days will result in the following:

- 1) The first expense transfer submitted over 90 days, will be processed, after a conversation with the OSP GM and the PM submitting the late transfer requested.
- 2) The 2nd time a transfer request over 90 days is submitted, the PM will be required to attend one on one training.
- 3) The 3rd request for a cost transfer over 90 days will not be approved and the costs must be covered by a non-grant account.

Tracking

Once all approvals are obtained, the GM will save the signed CT Form into the OSP directory on the J drive (J:\rashare\GRANTS\Cost Transfers). When the cost transfer has been accomplished, the GM will file the hard copy form and back up documentation with the grant from where the cost was transferred (the credited 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.

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

REVISION HISTORY:

Department: OSP	Title: Policy & Procedure Cost Transfers
Effective Date: 6/1/2021	Owner: Director, Office of Sponsored Programs
Replaces P/P Dated: 8/24/2017; 3/1/2019; 3/5/2020	
Related Documents:	
References: NIH Grants Policy Statement, Revised April, 2021, 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> . Receipt and Review of Financial Reports for Federal and non-Federal sponsored projects	