1. **SAMPLE DOCUMENTATION**

Below are several examples of cost transfer documentation which do not meet the requirements described in MTSU Policy IV:04:21 Cost Transfers Guide for Sponsored Projects, a description of the improvements needed in the documentation, and a suggestion as to how the description could be improved to meet the requirements. Any cost transfer should be so detailed that a person completely removed from the situation (such as an auditor) will be able to look at the request five years from now and know why the entry was made.

1. Questionable explanation: *Transfer of supplies that were charged to the department in error.*

Issue**:** This explanation does not adequately explain why the wrong index was charged and why/how the charge is appropriate to the project being debited, nor does it describe how the error occurred. The explanation should be expanded to better describe the reason why the project being charged is appropriate and how the amount being transferred was determined.

Acceptable explanation**:** *The supplies being transferred were purchased via P-Card. The administrative assistant did not review the P-Card transactions by the deadline, which caused the transactions to post to the default P-Card index, which is our departmental account. Going forward, the administrative assistant will review all P-Card purchases and assign the correct index number, if applicable, to be charged before the deadline.*

1. Questionable explanation**:** *Transfer overage to related project.*

Issue: The transfer of overages from one project to another is not permitted. If expenses are being moved between two interrelated projects, the cost transfer description should clearly identify which costs are to be shared, the proportions in which the projects will share the costs, and a clear indication of how the amount to be shared was determined.

Acceptable explanation: *The supplies to be transferred are used on related projects. Supplies should be shared equally on both projects, thus 50% of the cost of the highlighted items is being transferred.*

1. Questionable explanation: *To correct index incorrectly charged due to clerical error.*

Issue: Insufficient explanation of why and how the clerical error occurred, and why the error was not caught earlier. In general, this explanation is only adequate if a transposition error occurred, and such circumstances should be included in the description.

Acceptable explanation:*The research assistant in the lab who ordered the supplies used an index number of a project which was terminated. He has been instructed to use the new index number. In the future, all supply orders will be reviewed and approved by myself or other administrator prior to submission of the order so that such errors can be prevented.*

1. Questionable explanation: *To charge a portion of a lab technician’s salary to the project.*

Issue: The reason for the transfer is missing, and there is no indication of why the PEF or timesheet was incorrectly submitted at the time the charge was generated. The description should be expanded to include a description of the individuals’ role on the project, the portion of his/her salary being moved, and how the portion of salary being moved was determined.

Acceptable explanation: *Transfer 50% of the lab technician’s salary to Dr. Smith’s project. This individual performed experiments with mice and split his time equally between Dr. Smith’s NIH project and NSF project. When the timesheet was completed, neither the lab technician nor the approver of the timesheet was aware that the experiments being conducted related to the additional project. We have talked with the lab technician and Dr. Smith to ensure that more information about the experiments is shared to better ensure that such errors do not occur in the future.*

1. Questionable explanation: *PEF was not processed in time.*

Issue: The explanation does not adequately address why the PEF was not processed in time. The description should be expanded to better explain the circumstances of the delay in processing the PEF and the specific plan to avoid such occurrences in the future.

Acceptable explanation:*The administrator was informed of a faculty member’s effort distribution change after HR deadline for PEFs for January payroll. The faculty member has been requested to communicate changes in effort in a timelier manner in the future in order to avoid such circumstances.*

1. Questionable explanation**:** *Move charge from department.*

Issue:The reason for the transfer is not stated. The description should be expanded to explain how the charge benefits the grant being charged and why the charge was not originally posted to the grant.

Acceptable explanation:*The start date of the grant is December 1. However, the grant index was not established in the accounting system until January 15. The PI needed to purchase some materials to begin work on the project in December, thus they were charged to the department until the grant index was established.*

1. Questionable explanation:*To**charge 10.58% of Dr. Wilson’s salary to the research grant and close grant project.*

Issue: Actual effort is to be estimated as closely as is reasonably possible. The use of very precise estimations is only allowable to the extent that the individual’s effort can be confirmed with such precision. The effort distribution should reflect the actual amount of effort spent on the grant, even if it causes the grant to be overspent (for which the overspent amount would then be cost shared) or causes the grant to be under spent (in which case the unspent funds would be handled as required by the award).

Acceptable explanation: *Dr. Wilson worked 15% of his time in January on this grant project, which ended January 31. The grant is currently in deficit due to a salary increase in October. Please cost share 50% of January’s salary and fringe benefits and use the department budget to fund the cost share portion.*

*(Reference MTSU Policy IV:04:21 Cost Transfers Guide for Sponsored Projects)*