

## **Expense (Cost) Transfers**

Please avoid:

- transfers between federal projects
- transfers made more than 90 days after the original expense
- transfers occurring at the end of a project
- transfers with inadequate explanation
- transfers made to a federal project from an overspent project
- payroll transfers not made through the payroll system (transfers made via payroll expense transfer forms)

Every effort should be made to charge expenses directly to the correct grant or contract WBS Element. If a transfer (journal entry or payroll transfer) is necessary, it must include detailed documentation.

The explanation on a journal entry or payroll transfer involving a WBS Element must include a reason explaining why the original entry was made to the wrong cost object and also a reason why it should be charged to the new cost object. The reason should include why the expense is a necessary direct cost for the project. “To correct an error” or “to move expenses” are not sufficient explanations.

Explanations for journal entries should be entered into SAP via the following path: Extras, Texts, Correspondence. Explanations for retroactive payroll adjustments should be written in the Additional Comments section of the PAF. Explanations for payroll expense transfers should be written in the Reason for Transfer section of the Payroll Transfer form.

The transfer entries should also include reference information so that the source document for the entries can be easily tracked in SAP. Departments making the transfers are required to produce the source documentation for all of their entries. For instance, if an invoice is charged to a cost center and then transferred to a WBS Element, the posting date, document number, and vendor name for the previously paid invoice should be referenced on the journal entry, because the invoice is the source document for the expense on the WBS Element.

Expense (cost) transfers on grants and contracts should be made within 90 days of the original expense.