Welcome to the Office of Research Services (ORS)

Journal Entry

Grant & Contract Cost Transfers

Knowledge Building

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Web Training Tips

Navigation Tabs

• **Outline** and **Thumbnail** show your location in the training
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Presentation Controls

• Use buttons to play/pause or move forward or back through presentation

Web-Links

• On-screen links will open a separate browser window

You do not have to complete the course at one sitting; you may stop the PennWorks courses at any time and resume later. When you return, log in again, click **Enrolled** in the left toolbar, find the PennWorks course you would like to resume, and click **Start**. You will have the option to resume where you left off or start from the beginning.

Click the Slide Notes button to remove the slide outline and expand the presentation viewing area.
Learning Objectives

• Learn about the BEN Financials Journal Entry Responsibility for Grant & Contract Cost Transfers
• Review general Grant & Contract policy and procedures related to Cost Transfers
• Orient users to the policies and procedures for the new Grant & Contract Cost Transfer responsibility
• Ensure users understand the access and training requirements for the Grant & Contract Journal Responsibility
New Responsibility in BEN

- On July 1, 2010, an additional BEN Financials Journal Entry Responsibility titled **Journal Entry – G&C Cost Transfers** was introduced to improve monitoring, tracking and compliance with the University’s Financial Policy #2113 – Cost Transfers, etc.
Access

• Access to **Journal Entry – G&C Cost Transfers** is granted by completing the following:
  
  • **BEN Balances – Manual Journal Entry** instructor led training
  
  • **BEN Balances: Journal Entry – Grant and Contract Cost Transfers** on-line training
  
  • **BEN Financials Application Logon ID Request** eForm
## Training Requirements

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Background Journal Entry - General

• Under the Journal Entry – General responsibility there were two categories used for correcting/adjusting a previous transaction
  – 02 Adjust a Previous Transaction
  – 07 Grant and Contract Adjustments

• As of July 1, 2010, categories 02 and 07 are no longer to be used for sponsored project (5 fund) cost transfers

Departments should continue to use ‘07 Grant and Contract Adjustments’ to perform cost share credits (object code 4822) and/or write-offs in accordance with Financial Policy #2129.
New Responsibility – New Categories

- Authorized users are to prepare cost transfers for sponsored project account (5 funds) using Journal Entry – G&C Cost Transfers under two categories:
  - **Category 15 G&C UN90**
    - Select this category when entering cost transfers within 90 days of the month end of the original transaction date
  - **Category 16 G&C OV90**
    - Select this category when entering cost transfers that exceed 90 days of the month end of the original transaction date

Please note: ORS approval will be required for Category 16 prior to posting. Specific instructions on the ORS approval process will be provided in the Application training.
Review of Cost Transfers

• What is a Cost Transfer?

• Cost Transfer Principles
  – Timeliness
  – Allowability
  – Documentation Requirements

• Cost Transfer ‘Red Flags’

• Cost Transfer < 90 Days

• Cost Transfer > 90 Days
What is a Cost Transfer?

• In general terms, moving an expense onto a sponsored project account (5 fund) when the expense was initially charged to another account, either a
  • Sponsored project or
  • Non-sponsored project
Cost Transfer Principles

• To be acceptable, cost transfers must meet the following criteria
  – Must occur in a **timely manner**
  – Are **allowable** under Sponsor and University Policies
  – Adequately describe the purpose of the entry, including a **detailed explanation** of the reason for the entry
    • Note: Explanations such as ‘to correct an error’ or ‘to transfer to correct project’ are not acceptable
    • See [Financial Policy #2113](#) for more information

Cost Transfers should not be used as a means of managing cash flow.
Timeliness of Cost Transfers

• Penn Financial Policy #1402 requires a review of all transactions on a monthly basis

• A cost transfer is expected to be completed within 90 days of the month end in which the transaction originally occurred
  – The PI is responsible for approving the cost transfer & ensuring the transfer is promptly made

• Cost transfers (debit or credit) processed after 90 days
  – Must be approved by ORS
  – Reason for the delay must be documented
Allowability of Cost Transfers

• The Office of Management and Budget’s (OMB) Circular A-21 determines the allowability of costs using four tests:
  – Costs must be *reasonable and necessary*
  – Costs must be *allocable*
  – Costs must be treated *consistently*
  – Costs must *conform to limits or exclusions* set forth in OMB Circular A-21 or the sponsored agreement

For more information regarding OMB Circular A-21, [click here.](#)
Documentation of Cost Transfers

• All Cost Transfers must be supported by appropriate documentation, which includes
  – Journal Batch Name of the Cost Transfer
  – Full explanation of the circumstances under which the error occurred
  – Explanation of direct benefit to the new funding source
  – Original/source documentation for the transaction (invoice, C-368, etc.)
  – Documentation of PI approval
  – Corrective action plan (as necessary)

For more info, see Financial Policy #2113 and/or Financial Policy #2134.
Cost Transfers < 90 Days

• Journal entries will automatically post nightly according to standard University procedures

• Journal entries must include a detailed explanation

• Supporting documentation, as described previously, must be kept at the department
Cost Transfers >90 Days

• Journal entries **must be approved by ORS** prior to posting
• Journal entries must include a detailed explanation
• Supporting documentation, as described previously, must be forward to ORS for review/approval
  – This documentation must include a thorough explanation of the circumstances **causing the delay in correcting the error**

ORS conducts a case-by-case review and makes their approval determination in accordance with relevant University and Sponsor policies.
Review

• The BEN Financials Journal Entry Responsibility titled Journal Entry – G&C Cost Transfers is being used to improve monitoring, tracking and compliance with the University’s Financial Policy #2113 – Cost Transfers, etc.
New Cost Transfer Categories

• Category 15 G&C UN90
  – Requires users select this category when entering cost transfers that are **within 90 days** of the month end of the original transaction date

• Category 16 G&C OV90
  – Requires users select this category when entering cost transfers that **exceed 90 days** of the month end of the original transaction date

Please note: **ORS approval** will be required for **Category 16** prior to posting.
Resources

• OMB Circulars A-21 and A-110
• Financial Policies Sponsored Projects Policies (21xx)
• Sponsored Projects Handbook
Help

• Office of Research Services
  – http://www.upenn.edu/researchservices/contacts.html

• BEN Contacts
  – http://www.finance.upenn.edu/ben/contacts.shtml

• BEN Helps Support Center
  – http://www.finance.upenn.edu/ben/benhelps/benhelps.shtml

• BEN Knows
  – http://www.finance.upenn.edu/benknows/
Grant & Contract Cost Transfers Readiness Checklist

• Complete all applicable training requirements:
  • **BEN Balances – Manual Journal Entry** instructor led training
  • **BEN Balances: Journal Entry – Grant and Contract Cost Transfers** on-line training
  • **BEN Financials Application Logon ID Request** eForm
Quiz Instructions

• The following slide will link directly to an on-line quiz
• If you would like to review the material before proceeding to the quiz, use the navigation bar on the left to return to a specific topic or page
• All questions must be answered correctly for successful completion
• You may retake the quiz as needed, however you must close the current session and start the course again

Use the navigational controls below when you are ready to proceed to the quiz