**Cost Transfer Justification Samples**

Every research fund cost transfer transaction should be adequately supported and explained so that it can **“stand alone”** if pulled for an audit. Below are some examples of questionable justifications and ways to correct them.

**1. Questionable Justification – “To correct fund charged incorrectly due to clerical**

**error.”**

Reason – Insufficient explanation of why and how the clerical error occurred. In general,

this explanation is only adequate if a transposition error occurred, and this should be

stated.

Remedy – Explain the nature of the clerical error.

Acceptable Justification – “The technician who ordered supplies used the fund number of

a project which was ended. She has been instructed to use the new number. In the future

all supply orders will be reviewed and approved by the department administrator to

prevent this occurring again.”

**2. Questionable Justification – “To charge appropriate fund.”**

Reason – This does not adequately explain why the wrong fund was charged. Why is the

new fund being charged more appropriate? How was the transfer amount determined?

Remedy – Explain why the fund being charged is appropriate and how the amount was

determined.

Acceptable Justification – “To transfer 100% of Chemistry Storeroom charges for

graduate student John Johnson for the month of September, to reflect the fund where the

supplies were used and the student’s effort is now being charged. The Chemistry

Storeroom has been notified of the change in fund # for this student.”

**3. Questionable Justification – “To transfer $500 of supply costs to the appropriate**

**fund.”**

Reason – The amount transferred must be adequately justified as well as the reason for

the transfer. Are projects related? Why wasn’t the order charged to the proper fund

initially?

Remedy – Explain how the amount was determined and how the expenditure benefits the

fund being charged.

Acceptable Justification – “To transfer 50% of the supplies to the PI’s new NIH project.

Supplies are to be shared equally between the two related projects that used the supplies

per lab usage records. The new NIH project was awarded two days after the supplies

were ordered.”

**4. Questionable Justification – “To split maintenance charges between related**

**projects.”**

Reason – The amount transferred must be adequately justified and reasonable. Also,

indicate whether the equipment was used to support the project being charged.

Remedy – Indicate how the amount transferred was determined and why the fund being

charged now wasn’t charged originally.

Acceptable Justification – “To transfer 50% of the maintenance costs to the PI’s NSF

project. The equipment is to be used equally between the two related projects. The

administrator was not informed by the PI that the equipment was also going to be used

for the NSF award.”

**5. Questionable Justification – “To move $125.16 of conference travel costs from Dr**

**Smith’s start up fund to his DOE fund.”**

Reason – With the added F&A costs, the $125.16 is just enough to close out the DOE

fund. The original charge to the start up fund was $1573.50. A transfer of 7.95% of total

costs, which coincidentally closes out a fund, would be difficult to justify under audit.

Remedy – Indicate how the amount transferred was determined and why the fund being

charged now wasn’t charged originally.

Acceptable Justification – “The PI presented the results of the DOE research at one of the

conference sessions. The travel was originally charged to the start up fund because, based

on planned expenditures for the DOE fund, there was no funding available. However,

some of the estimated costs were less than anticipated so funding is now available