Prior Approval of HHS Cost Transfers

The U.S. Department of Health and Human Services (DHHS) Grants Policy Statement (GPS) includes the following restriction on cost transfers: “Permissible cost transfers should be made promptly after the error occurs but no later than 90 days following occurrence unless a longer period is approved in advance by the GMO.” Excluded from the list is the National Institutes of Health (NIH) which sets forth its own provision in the NIH GPS (also captured in Yale’s policy 1305). Administrators may read the full text of the section regarding cost transfers at the link provided.

This policy provision has been adopted by Yale as identified in Policy 1305. It applies to awards that are made to the University from agencies that fall under the DHHS: Agency for Healthcare Research and Quality (AHRQ), Centers for Disease Control and Prevention (CDC), Food and Drug Administration (FDA), Health Resources and Services Administration (HRSA), Substance Abuse and Mental Health Services Administration (SAMHSA), Administration on Aging (AoA) as well as other DHHS agencies. This DHHS requirement pertains to both awards received directly by the University and to federal pass-through awards (awards for which Yale is not the prime recipient). Excluded from the list is the National Institutes of Health (NIH) which sets forth its own provision in the NIH GPS (also captured in Yale’s policy 1305).

In accordance with Yale’s Planning and Financial Management (PFM) general principles, timely, accurate, and complete financial information and report review assists in reducing charging errors. If an error does occur however, the root cause of the error should be identified and corrected and a transfer to correct the error should be processed within the next fiscal month.

- When the correction credits a sponsored award, the identified costs must be removed immediately. An expense that does not benefit or belong to a sponsored award must be transferred to a non-sponsored source of funds.

When a cost transfer charging (i.e., debiting) an award from any of the DHHS agencies noted above is necessary and is beyond 90 days, advance approval from the appropriate Grants Management Officer (GMO) is required. Advance approval must be obtained prior to the creation of the cost transfer to charge the DHHS award. It is recommended that Lead Administrators collaborate with the Office of Grant and Contract Administration (GCA) and the Office of Grant and Contract Financial Administration (GCFA) to prepare a letter to the GMO which needs to explain the general circumstances that caused the error and what prevented processing the correction promptly. The letter must be forwarded to your GCA representative, whom is responsible for both approving the letter and submitting it to the appropriate DHHS official. Please note that cost transfers pertaining to federal pass-through awards are routed to the prime recipient of the award for submission to DHHS; therefore, there could be a delay in receipt of a response.

If approval from DHHS is received, the cost transfer request can be initiated and processed. The DHHS’ approval must be included with the cost transfer documentation.

Questions related to the proper handling and processing of DHHS cost transfers may be directed to your GCA or GCFA representative.