Wisconsin Partnership Program
Cost Transfer Policy

BACKGROUND
The Wisconsin Partnership Program (WPP) is governed by a number of rules and requirements through the Insurance Commissioner’s Order, the Grant Agreement with the UW System Board of Regents, and the University of Wisconsin’s rules and policies as well as local, state and federal laws. Grant recipients are responsible for ensuring efficient and effective management of the Wisconsin Partnership Program grant funds.

Recipients must adhere to UW-Madison policy regarding cost transfers. The Wisconsin Partnership Program further restricts the use of cost transfers as defined in the Policy section below.

The following definitions and procedures apply to Wisconsin Partnership Program grant recipients within UW-Madison.

DEFINITIONS
Cost Transfer: an after-the-fact reallocation of an expense (salary or non-salary) incurred on one funding source, but after review requires a transfer to another funding source.

POLICY
Costs should be charged to the appropriate sponsored project when first incurred. There may be circumstances in which it is necessary to transfer expenditures after the initial recording of the expense. Any such transfers must be initiated within 90 calendar days of the original post date and are not allowed to cross fiscal years. The Wisconsin Partnership Program reserves the right to reject a cost transfer for any reason. There is no time limitation for removing inappropriate expenses from WPP awards.

Examples of allowable criteria are listed below:

- Correction of a bookkeeping or clerical error within 90 calendar days of the original posted date
- Reallocation of expenses where multiple projects benefited
- Transfer of expenses originally incurred on WPP funding that did not benefit the WPP award or did not support completion of the scope of work

Cost transfers are for correcting errors and cannot be used as a cost management strategy. Examples of transfers that are disallowed include, but are not limited to:

- Cost transfers that attempt to spend down WPP funding in a way significantly different than the original budget allocation and/or in a way that does not align with project activities during that same period, or that violate the Wisconsin Partnership Program’s non-supplanting policy
- Cost transfers that originate in one reporting period that cross the WPP’s fiscal year end, June 30. Transfers should be recorded in the period incurred as to not over or under state expenditures in reporting periods
- Late cost transfers – an attempt to transfer an expense onto WPP funding with an original posted date older than 90 days of the creation date of the transfer
- Frequent or insufficiently justified transfers

Effective 5/15/23
PROCEDURES
It is critical to the financial management of the WPP award that financial transactions are monitored on a regular basis to ensure appropriateness. Recipients are responsible for designing and implementing the necessary internal controls to effectively manage the financial aspects of the WPP award. Cost transfers must be supported by documentation that fully explains how the error occurred and a well justified reason for the transfer. A well justified reason includes details of how the expense meets the four identified WPP cost principles – reasonable, allowable, allocable, and consistently treated (see WPP Cost Principles). Cost transfers with explanations simply stating that “the transfer is being made to correct an error” or “transfer to the correct funding source” will not be approved.

Timeliness and completeness of transfers and the accompanying justification for the transfers are important factors in supporting allowability, allocability, and cost compliance.

Cost Transfers are routed via the UW Cost Transfer Tool to WPP staff for review and approval. If cost transfers are determined by staff to be unacceptable, they will be sent back to the preparer for revisions or deleted.

Decisions by WPP regarding cost transfers are final and cannot be appealed.