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Policy on Cost Transfers for Sponsored Projects

Guidelines for cost transfers to or from a sponsored project

A. Definitions

Cost Transfer: A cost transfer is an accounting entry which will move an expense from one operating fund to which it was originally charged to another operating fund.

Cost transfers are usually in the form of:

- Journal Vouchers and
- PR-45 Payroll charge changes

Cost transfers are NOT:

- Charges from a service center to an operating fund (this is a billing for service)
- Charges processed through a clearing fund such as telephone services, copy services, etc.

B. Cost Transfer – General Information/Guidelines

All direct costs provided to sponsored projects must be allowable under the terms of the agreement: reasonable in relation to the cost and benefit derived; and necessary for grant or contract completion.

Cost Transfers may be appropriate:

If the correction is initiated within 90 days of the original posting of the transaction and within the time frame of the project and:

- The transfer represents the correction of a simple error or system limitation
- The charges directly benefit more than one program and, therefore a distribution of the costs is justified based on the benefits received, and
- The charges have had a material benefit to the sponsored project and are not otherwise prohibited by the terms of the agreement

PR45 changes may be appropriate for the above reasons and:

- If the correction is initiated within 30 days of certification of effort on an individual's Personnel Activity Report to ensure that the correct sponsored project has been charged or cost share documented for time spent directly benefiting the project as certified in the effort report.

Cost Transfers are NOT appropriate:

- To reduce overruns on other sponsored projects or institutional funds
- For the purpose of utilizing unexpended balances
- If the expenses are of no or insignificant direct benefit to the sponsored project
- More than 30 days after effort certification or in amounts not reflected in an effort certification
- More than 90 days after a transaction has occurred or after the end date of the project account or
- For other reasons of convenience

Note: Cost Transfers are highly suspect if they occur within the last 45 days of a project account.

C. Cost Transfers after 90 days. Transfer requests made more than 90 days after the original transaction AND prior to the end date of the project are immediately suspect by auditors, and therefore, require additional supporting documentation. Requests of this nature, in addition to the normal explanation for the transfer, must also include an explanation as to why the error was not detected and the transfer made within the three month period. Cost transfers after the project's end date will not be allowed except in very rare and extenuating circumstances. Cost transfers after final financial reports are issued will not be allowed unless such transfers are to move unallowable costs off of a sponsored projects account to a non-sponsored account.

Transfers to a sponsored project ninety days after an original transaction must also include documentation signed by the PI, stating how the specific expense was used to benefit the project and what steps have been taken to prevent such changes in the future. This documentation requires the signature of not only the PI or Co-PI, but the chair and dean, since any subsequent audit disallowances of these charges becomes their responsibility.

PR-45 changes after effort certification may only be made for the purpose of ensuring payroll charges are in line with an individual's certification of effort and must be made no more than 30 days after such effort certification.

The Cost Transfer Explanation Form (OSPA-06) shall be used to document the additional justification required by this policy.

D. Authority.

- Sponsored Projects is authorized to not allow Cost Transfers or Payroll Changes on Sponsored Projects accounts that do not meet the criteria contained in this policy or that would be questionable under federal or other regulations and statutes or by the terms and conditions of a sponsor award.
- In the event Sponsored Projects has requested that a PI, department, or college or its representative remove specific costs from a sponsored project due to regulatory requirements, audit reports, close out requirements, over-expenditures, or questionable direct charged items, and the individual or department contacted fails to respond to the request within 30 days, Sponsored Projects has the authority to complete cost transfers on projects to move charges off of a sponsored project account to any college, departmental or PI f&a account without further permission. Alternatively, sponsored projects may move the charges to another non- f&a account as specified by a project PI in order to provide for the timely close-out of an award and/or to remove questionable or over-expended items charged to the sponsored project account and to be in compliance with award terms and conditions.