

Cost Transfers Involving Sponsored Projects

Directives and Procedures

Responsible Office: Office of Contracts & Grants Accounting

Effective Date: July 1, 2010

Revisions dated: October 4, 2013

1.	Definitions	2
1.1	Appropriate charge	2
1.2	Correction of charges	2
1.3	Cost Transfer	2
1.4	Recertification of Effort.....	2
2.	Project Management	2
3.	Process	2
4.	Documentation of Cost Transfers	2
5.	Cost Transfer Review Criteria.....	3
5.1	Frequent Errors	3
5.2	Recertification of Effort.....	3
6.	Roles and Responsibilities.....	4
6.1	Principal Investigators.....	4
6.2	Departmental Staff	4
6.3	Office of Contracts and Grants Accounting Services	4

1. Definitions

1.1 Appropriate charge

A reasonable, allocable, allowable and consistently applied expense.

1.2 Correction of charges

A correction of charges includes moving appropriate charges to a project when an award arrived after the budget period which would have allowed the transactions and the posting is moving them from a discretionary source to the project which the charge benefits or redistribution of payroll after the estimate proved not to be actualized over a short term (one to two months).

1.3 Cost Transfer

A reassignment (transfer) of charges between cost centers.

1.4 Recertification of Effort

A change to the effort distribution on an effort statement that occurs after (a) an effort coordinator has processed the certification and (b) an individual has certified the statement.

2. Project Management

The Principal Investigator (PI) or other knowledgeable staff should review projects on a monthly basis to confirm that all charges to sponsored programs are reasonable, allocable and allowable in accordance with Federal cost principles and the terms and conditions of the award. Performing reviews can also help to identify any transactions that are errors or corrections which need to be transferred. Reviewing monthly can ensure that the department is able to transfer these charges in a timely manner.

3. Process

Non-salary cost transfers are processed with a journal entry and are accompanied by a non-salary cost transfer justification certified by the PI. The journal entries are reviewed and approved by the Office of Contract & Grants Accounting Services (C&G).

Salary cost transfers are performed through a retroactive change to a payroll distribution (known in PeopleSoft as the Payroll Department Budget Table). A salary cost transfer justification is prepared as part of the retroactive distribution process. Retroactive payroll distributions are reviewed and approved by C&G.

4. Documentation of Cost Transfers

When cost transfers move expenses onto sponsored projects it is critical that the transfer meets the rules for allowability, allocability, reasonableness and consistency.

Each request for a cost transfer onto a sponsored project should be accompanied by appropriate justification providing the following:

- Why the expense was originally charged to the cost center(s) from which it is now being transferred?
- How does the receiving project benefit from the expense?
- Is the transfer submitted within 90 days of the original charge or, for labor charges, effort certification? If no, the extenuating circumstances for this late transfer must be explained.
- If the transfer is correction of an error, what corrective action has taken place to avoid this type of error in the future?
- If the transfer is for salaries and related effort has been certified how was previous effort erroneously certified, and why is the requested change more appropriate within the context of law, federal requirements, or University policies and procedures?

5. Cost Transfer Review Criteria

Reviews for the appropriateness of cost transfers take into consideration timeliness, affected cost centers, project end dates, materiality and other factors. In addition, the following criteria will be taken into consideration when C&G reviews a cost transfer request:

- Is the cost transfer request being made more than ninety days after the original charge or , for labor charges, effort certification?
- Is the cost transfer request being made near the end date of the project(s)?
- Is an adequate justification provided? When providing justification, statements such as, “to correct an error” or “to transfer to correct project” are insufficient on their own.
- Frequency of transfers within a unit

5.1 Frequent Errors

Frequent errors in the recording of costs indicate a need for improvements in the department’s internal controls. A plan to correct the cause of the recurring error must be implemented. In cases of non-compliance with the University’s Cost Transfer policy:

- Department may bear costs that should be charged to a sponsored project.
- If necessary, reviews from University’s Office of Internal Audit (OIA) may be requested.

5.2 Recertification of Effort

For each reporting period, certification occurs during a *certification window*. Up through the last date of the certification window, a certifier can change the effort distribution on a certified statement by

contacting the effort coordinator, who is authorized to reopen the effort statement without further review of the request.

Once the certification window has closed, any cost transfer to or from a sponsored project will require review of the effort that was certified. Therefore, any recertification request requires justification that clearly sets forth how previous effort was erroneously certified, and why the requested change is more appropriate within the context of law, federal requirements, or University policies and procedures. If in review of the salary cost transfer the Office of Contracts & Grants determines an effort certification requires review and recertification, the transfer will undergo additional scrutiny.

6. Roles and Responsibilities

6.1 Principal Investigators

- Understanding the principles, policies and procedures related to cost transfers.
- Coordinating with their departmental staff to ensure charges are properly assigned to the sponsored project.
- Coordinating a monthly review of sponsored projects with the Departmental Staff to detect errors and required adjustments.
- Notifying C&G and initiating a Cost Transfer when an error or inappropriate charge is detected.

6.2 Departmental Staff

- Understanding the principles, policies and procedures related to cost transfers.
- Coordinating with the Principal Investigator to ensure charges are properly assigned to the sponsored project.
- Coordinating a monthly review of sponsored projects with the Principal Investigator to detect errors and required adjustments.
- Notifying C&G and initiating a Cost Transfer when an error or inappropriate charge is detected.

6.3 Office of Contracts and Grants Accounting Services

- Coordinating and developing principles, policies and procedures in support of accurate and timely cost transfers.
- Providing final review of cost transfers involving sponsored projects.
- Evaluating cost transfers at the unit level on an intermittent basis. Reviewing data for opportunities to enhance training and identify business processes for improvement.