

COST TRANSFER POLICY

Policy Statement

To comply with allowability and allocability requirements of the Office of Management and Budget (OMB) Circular A-21 Cost Principles for Educational Institutions or Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), it is necessary to explain and justify the transfer of charges to federal awards from other accounts. OMB federal requirements prohibit the use of cost transfers for the purpose of "convenience", i.e., a transfer largely for the purpose of using unexpended funds on the award that is ending. Timeliness and completeness of transfer explanations are important factors in supporting allowability and allocability in accordance with federal requirements.

Definition

Cost Transfer

A cost transfer is a journal entry of that transfers a previously recorded expense, either labor or non-labor, to a sponsored funded award.

Requirements

To be permissible, cost transfers must meet the criteria established for both timeliness and appropriateness. Cost transfers should be initiated as soon as possible after the original transaction, preferably within 90-days of the accounting date of the transaction. Request for transfers after 90-days must include sufficient documentation and justification and will be considered on a case by case basis. The University is obligated to immediately remove incorrect charges made to sponsored accounts, regardless of time frame.

Cost transfers are appropriate when they are allowable direct costs of the sponsored project and their purpose is to:

- Correct errors in processing the original charges.
- Move costs between funds for closely related work as defined by the project scope that is supported by more than one funding sources.
- Reallocation of shared services.

- Transfer pre-award costs in accordance with the provisions of OMB federal requirements.

Non-allowable circumstances include, but are not limited to, the following:

- Transfer solely for the purpose of utilizing an unexpended balance.
- Transfers for the purpose of avoiding cost overrun by charging another, unrelated sponsored agreement.
- Transfers that circumvent pre- and/or post-award restrictions.
- Transfers to avoid restrictions imposed by law or terms of sponsored agreement.
- Transfers to activities sponsored by industry, foreign governments or other sponsors shifted to federally sponsored agreements.
- Other transfers for reasons of convenience.

The following are considered cost transfers and require the completion of a Journal Voucher and Justification form.

- Transfers to correct data entry or clerical errors.
- Recurring and routine transfers to allocate direct expenses (i.e. telephone charges, service center charges, etc.). The cost must be allowable, charged in a timely manner, and allocated based on the benefit derived.

Cost Transfers Made After the 90 Day Period

The University recognizes that there may be extenuating circumstances for cost transfers to be processed after the 90-day limit. Transfers which are not made promptly, due to extenuating circumstances, must include an adequate explanation for the delay. All cost transfers made after the 90-day period will be considered only after careful review and approval of the Director of the Office of Research Services or designee.

Procedures

Each cost transfer request must be clearly explained with supporting documentation. The Journal Voucher must be completed. The person initiating the transaction has primary responsibility for fulfilling these requirements and maintaining the related records.

The Journal Voucher and supporting documentation must clearly address **ALL** of the following:

- Budget originally charged and grant award budget and account to be charged.

- Description of the expense being transferred.
- Date of the original charge.
- Documentation of the original charge.
- Justification for the transfer including why the award was not originally charged.