

SPONSORED PROGRAM COST TRANSFERS

In accordance with current University policy and sound management practice, it is the responsibility of each principle investigator to review each of their projects to insure the accuracy and integrity of these accounts. Consistent with this practice, such review should include the monitoring of expenditures. The continuous monitoring of expenditures will lessen the possibility and probability of having to transfer costs between programs.

A cost transfer is an after-the-fact reallocation of the cost associated with a transaction from one project to another. Although it is preferable to charge costs to the correct project when they are incurred, cost transfers are occasionally necessary. To be allowable, cost transfers must (1) be timely (costs incurred beyond 90 days prior to the requested date of transfer will not be considered as timely), (2) have benefited the project to which the charges are to be transferred, (3) be fully documented (copies of ProCard invoices and corrected effort reports, etc. must be attached if appropriate), (4) be allowable to the specific project, (5) have sufficient funds unencumbered or otherwise available prior to the transfer, (6) be incurred during the budget period of the project, and (7) have appropriate authorizing signatures by the account sponsor. Once final financial reporting has been submitted to the awarding agency, cost transfers cannot be processed unless a cost has been charged to the closed project that did not benefit the project or is unallowable.

In keeping with the mandates of the sponsor, it is the intention of the Office of Grants and Contracts Accounting that all costs being charged to a program are allowable, allocable and reasonable. It is the guiding principle of the University, OMB A-21 and external sponsors that costs being charged to a particular program will result in a benefit to that program or otherwise the costs will not be charged to the program. *Transfers that are determined to be for convenience or merely because funds are available will be rejected. Costs that were originally denied cannot later be transferred in order to circumvent the system. e.g. Office of State Finance postage limitation.*

Cost Transfers occur in sponsored program projects for several reasons. For example, personnel may not be appropriately paid from one project and will require a transfer of the cost to the appropriate project where the effort was expended. Errors and omissions are also responsible for problems encountered in the daily administration of sponsored programs.

Transfer of cost to projects that represent corrections of clerical or bookkeeping error must be made promptly after the error is discovered. The transfers must be supported by documentation that contains a full explanation of how the error occurred and a justification of the charge to the receiving project by a responsible financial or administrative official of the project. An explanation which merely states that the transfer was made "to correct error" or "to transfer to correct project" is not sufficient. It should be noted that frequent errors in the recording of costs may indicate the need for improvements in the grantee's accounting system and/or internal controls. Therefore, where such errors occur, grantees are encouraged and may

be required to evaluate the need for improvements in these areas and to make what improvements are deemed necessary.

A two-part [Cost Transfer Request Form](#) is available on Grants and Contracts Accounting website. The “Cost Transfer Justification Sheet” contains the justification for the transfer. This justification must state the benefit to the award to which the costs are being transferred. Also included here should be an explanation of why the correct project was not originally charged for this cost. The second sheet, “Spreadsheet to Accomplish Cost Transfer,” is a spreadsheet which contains all information needed to process the journal voucher to effect the transfer. Each adjustment will require at least four lines of data.

1. One line to relieve the cash in the project to be charged
2. One line to increase the expenditures in the project to be charged
3. One line to increase the cash in the project originally charged
4. One line to decrease the expenditures in the project originally charged

On sponsored program cost transfer requests the following information is needed on the spreadsheet for the type of expense noted.

Type of Expense	Reference Column	Description Column
Payroll	Months of Payroll effected (7/01)	Individual’s first and last name
AP expense	Payment ID number (Claim##)	Vendor name
SU expense	Invoice number (INV#####)	Vendor name
ProCard Expense	Month of charge (PC12/01)	Vendor name

Do not cut and paste data onto the spreadsheet. The spreadsheet is formatted to allow a load process into the accounting system. If the formatting is changed, the load will error out and the request will be returned to the initiator for correction.

If the journal is not postable (allowability issues, edit or budget check failure) it will be returned to the initiator for correction.

There are monthly deadlines established for receipt of transfer/closeout requests for processing the month they are received. Please contact Grants and Contracts Accounting for those deadlines.

Attach requests for cost transfers to email and send to [Grants And Contracts – Accounting mailbox](#).