

Augusta University

Policy Library

Cost Transfer Policy

Policy Manager: Sponsored Programs Administration

POLICY STATEMENT

This policy establishes requirements for processing transfers of direct costs to or from or between sponsored programs. Federal regulations, generally accepted accounting principles, and good management practices require that all costs incurred be appropriate to and for the direct benefit of the project(s) charged, and that accounting records be maintained in a timely and accurate basis. Auditors routinely question or disallow cost transfers, in particular those that are frequent, tardy, unexplained, inadequately explained, or insufficiently documented. The accuracy of charges made to sponsored program accounts is a key aspect of sound financial management and a significant measure of adequate financial control.

In accordance with the Uniform Guidance (2 CFR Part 200), it is necessary to explain and justify transfers of charges onto sponsored awards, where the original charge was previously recorded elsewhere on the University's General Ledger. Timeliness and completeness of the explanation of the transfer are critically important factors in supporting the reasonableness, allowability, and allocability of charges made to sponsored accounts in accordance with the Uniform Guidance.

Roles and Responsibilities

Principal Investigators (PIs): Ultimately responsible for ensuring compliance with federal and other sponsor regulations as well as monitoring of expenditures, timely correction of errors, and proper allocation of expenses.

Departmental Responsibilities: Ensure the transfer of costs are allocable, allowable, and reasonable. Prepare and submit timely cost transfer journals and the cost transfer form, and retain copies of all related supporting documentation in accordance with the University's record retention regulations.

The Division of Sponsored Programs Administration (DSPA): Ensuring compliance with this policy, answering any questions relating to it, and reviewing and approving/disapproving cost transfers.

AFFECTED STAKEHOLDERS

Indicate all entities and persons within the Enterprise that are affected by this policy:

- Alumni Faculty Graduate Students Health Professional Students
 Staff Undergraduate Students Vendors/Contractors Visitors
 Other:

DEFINITIONS

Cost Transfer: Occurs when an expenditure charged to one account (PeopleSoft ChartField Combo or CFC) is moved to another account (CFC), after the fact. Cost Transfers are processed via the Cost Transfer Form and subsequent journal entry entered into the financial system.

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Executive Sponsor: VP, Sponsored Programs Administration

Next Review: 8/2027

Effort Adjustment: Is an after-the-fact adjustment/realignment to one's payroll expenses allocation for a prior pay cycle. Since payroll distributions are set up in advance, effort adjustments are necessary to realign one's payroll expenses based on how their time was spent. The effort adjustment may be accomplished via journal entry, similar to a cost transfer, however effort adjustments made prior to effort being certified are not considered cost transfers that would require a Cost Transfer Form to be completed to provide justification.

PROCESS & PROCEDURES

Principal Investigators and/or department level administrators must conduct timely review of sponsored project expenditures. Regular review of transactions will reduce the need for cost transfers. Although it is preferable to charge costs to the correct account when they are incurred, cost transfers may occasionally be necessary, due to clerical, bookkeeping, or other error or administrative matters outside the control of the PI. These transfers must be properly documented and processed within a reasonable time (normally within 90 days of the original entry). When purchasing an item or when transferring a cost, the cost must directly benefit the project(s) onto which the expenditure will be charged.

The costs being transferred must be allowable and allocable to the receiving account. In order for DSPA to process your cost transfer, the following must occur:

- The transfer must be supported by documentation that clearly explains why the transfer is being made, using the AU Cost Transfer Form. The explanation must be sufficient for a reviewer to understand the rationale for the transfer and conclude that it is appropriate. A statement that merely says "to correct error" or "to transfer to correct account" is not sufficient. Proper justification and details include:
 - When the error was discovered;
 - What the charge was for;
 - Why the charge was incorrectly made;
 - How the charge specifically relates to the grant to which it will be transferred;
 - If a partial charge is being moved, the basis for determining the portion to be moved on or off the project must be provided.
- The transfer request must also include documentation for the original charge that is being moved (e.g. copy of invoice, receipt, or other backup that allows DSPA to identify the nature of the cost).
- Transfer should be submitted as soon as possible after the error is discovered, and must normally be processed within 90 days of the original entry. Cost transfers made later than this time frame require additional documentation and approvals. Sponsors have different award closeout requirements that stipulate when final invoices and financial reports must be submitted. These requirements may necessitate that cost transfers be submitted sooner than 90 days to allow for the closeout process to be completed within the required time frame. Investigators and Administrators are advised to contact their Post Award Grant Accountant should the need for a cost transfer arise at the end of the award or during the closeout period.

- Under no circumstances may expenditures be placed on a sponsored account for reasons of convenience or funding availability with the intention that they will be moved at a later date.
- Costs may not be shifted between accounts or from one budget period to the next solely to cover cost overruns or use up remaining balances on budgets.
- Cost transfers based solely on funding considerations are unallowable; in other words, we cannot move costs from one fund to another for convenience. Rather, there must be an explanation for why any cost is moved between funds. We need to ensure that the cost is truly following the work.
- If a cost transfer affects two (or more) departments, all departments involved must approve the cost transfer. Regardless of where an initial charge was made, if it is incorrect, and more than one department is responsible for ensuring that the cost is appropriately paid, then approval to make the correction via a cost transfer is required by any involved department. An example might be if a post-doc working for two faculty who are in different departments. If the individual's effort/salary is incorrectly distributed and this fact is subsequently discovered during the department's monthly review of their grants, then the two departments must work together to properly reallocate the effort accordingly to the salary distribution. Both departments would need to signal their concurrence with the correction by signing off on the cost transfer form. In the event that the departments cannot satisfactorily resolve the proper allocation of charges, DSPA will work with the PIs to resolve the matter.
- Costs will not normally be transferred more than once. Since the transfer has already been justified, documented, and accepted as appropriate, any additional transfer would be highly suspect.
- If the cost being transferred is for salary or fringe, then documentation showing the salary and fringe benefits for the individual must be attached. Transfer for salary expenses for individuals working on sponsored accounts must be made prior to, or at the time the Effort Report for the applicable time period is certified for the affected individual (this is considered an effort adjustment). No transfers of salary may be made for that period after the Effort Report has been certified, except under extraordinary circumstances, and with a Cost Transfer Form being completed. Any such exceptions must be reviewed and approved by DSPA. When effort is certified, the individual is certifying that the effort distribution is correct, therefore changes should not be necessary after the effort has been certified.
- Cost transfers for salary cap adjustments do not require a cost transfer form to be completed by the department. DSPA reconciles CAP accounts and will make adjustments as needed.
- The Cost Transfer Form must be completely filled out and be accompanied with the appropriate backup. Effort adjustments and salary/fringe cost transfers are made via Accounting Adjustment in PeopleSoft HCM, and departments must complete the Accounting Adjustment upload spreadsheet and send to Post Award for review, approval, and processing.

REFERENCES & SUPPORTING DOCUMENTS

Direct Changing Policy -

<https://augustauniversity.app.box.com/s/czs0s5vlzmp476xbwyeo8tpxnv0mmh2a>

Effort Reporting - <https://augustauniversity.app.box.com/s/3j57v6qc6ly4wkuwgt2ww8zegg20tso>

Cost Transfer Form - <https://augustauniversity.app.box.com/s/vpfce54wp6on42lj9qw6r5u3ij0yq6w>

Cost Transfer Instructions - <https://augustauniversity.app.box.com/s/bxebfdsxztt18oh5cryck53bnbyqcy>

RELATED POLICIES

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APPROVED BY:

Executive Vice President for Academic Affairs and Provost, Augusta University

Date: 8/17/2022

President, Augusta University

Date: 8/17/2022