



Angelo State University Operating Policy and Procedure

OP: 56.11 Cost Transfers Involving Sponsored Projects and Cost Share Funds

DATE: June 27, 2014

PURPOSE: The purpose of this Operating Policy/Procedure (OP) is to establish policy for the transfer of costs to, from, or between sponsored projects and cost share funds.

REVIEW: This OP will be reviewed in June every five years, or as needed, by the executive director and controller with recommended revisions forwarded through the vice president for administration and finance to the president by July 15 of the same year.

POLICY/PROCEDURE

1. Policy Statement

It is the policy of Angelo State University that costs be charged to the appropriate sponsored project when first incurred. However, there are circumstances in which it may be necessary and appropriate to transfer expenditures to, from, or between sponsored projects subsequent to the initial recording of the charge.

Angelo State University is committed to ensuring that all cost transfers are processed in accordance with federal regulations, state law, and sponsor terms and conditions. Specifically, cost transfers must meet the Office of Management and Budget (OMB) cost principles of allowable, allocable, reasonable, and consistent. To be allowable, transfers must be timely, fully documented, and authorized in accordance with this policy.

2. Definitions

- a. **Cost Transfer—After-the-fact transfer of costs to or from a sponsored project or cost share fund after the expense was initially charged either to another sponsored project or to non-sponsored sources. Unless differentiated in this policy, payroll-related cost transfers (i.e., labor redistributions) must meet the same criteria.**
- b. **Sponsored Project—A project funded by a grant, contract, or cooperative agreement under which the university agrees to perform a certain scope of work, according to specified terms and conditions, and for specific budgeted monetary compensation. For purposes of this policy, sponsored projects include funds from federal, state, and private sources (i.e., Banner funds beginning with 27, 28, and 29).**

- c. Cost Share—A portion of the total cost of a sponsored project that is contributed by the university or a third party. Throughout the policy, any reference to sponsored project is intended to apply equally to cost share funds.

3. Allowable Cost Transfers

Cost transfers to, from, or between sponsored projects and cost share funds are allowable only when there is a direct benefit to the project being charged.

- a. Cost transfers are normally appropriate in the following circumstances:
 - (1) To correct clerical and data entry errors or other errors identified during monthly review of grant ledgers;
 - (2) A reallocation of salary costs to reflect actual expended effort;
 - (3) Transfer funds to establish a construction budget in unexpended plant;
 - (4) Removal of unallowable expenses;
 - (5) Transfer of pre-award expenses from non-sponsored accounts;
 - (6) To clear charges on overspent sponsored projects to non-sponsored accounts; and
 - (7) Routine allocation of shared services and service center charges.
- b. Cost transfers may be appropriate for the following reasons in limited circumstances. However, the requirement of initially charging costs to the appropriate funding source should normally be followed. At no time should a sponsored project be used as a holding account for expenses that will subsequently be transferred elsewhere.
 - (1) To reallocate expenses where multiple projects benefit and a reasonable distribution was not possible until after the expense had been processed;
 - (2) When a purchase is charged to a departmental source pending identification of the sponsored project to which it should be charged;
 - (3) When subsequent information indicates an original charge was incorrect;
 - (4) When expenses to a continuing project have been charged to the prior year's fund, pending establishment of the current year's fund (provided there are no agency restrictions for such action).
- c. Inappropriate reasons for cost transfers include, but are not limited to, the following:
 - (1) To use unexpended funds on a sponsored project;
 - (2) Transfers between sponsored projects to avoid or eliminate cost overruns;
 - (3) Other cost management strategies;

- (4) To circumvent award terms and conditions; or
- (5) Matters of convenience.

4. Requirements for Cost Transfers

- a. Cost transfers must be processed no later than 90 days after the date the original transaction was posted to Banner. Transactions made after this date are considered “late cost transfers” and will be allowed only in extenuating circumstances (see 4. below).
 - (1) Because the university is obligated to remove any and all incorrect charges made to sponsored projects, regardless of time frame, cost transfers from a sponsored project to a non-sponsored source will be allowed beyond the 90 days.
- b. Cost transfers must be initiated by the department on the *Cost Transfer Request Form* with the following information documented.
 - (1) A description of the cost(s) being transferred, original transaction date, and the document number of the original charge;
 - (2) A full explanation of how the error occurred and/or why the receiving sponsored project was not originally charged (general statements such as “to correct an error” or to “transfer to the correct project” are not sufficient);
 - (3) Justification of the appropriateness of the charge to the receiving sponsored project;
 - (4) Signature of the principal investigator (PI).
- c. All cost transfers resulting in charges to or between sponsored projects and/or cost share funds should be submitted to the controller’s office on the *Cost Transfer Request Form*. All cost transfers resulting in labor redistribution should be submitted to the payroll office using the same form.

5. Requirements for Late Cost Transfers

Late cost transfers will be permitted only under extenuating circumstances, which include, but are not limited to:

- a. The official award document, including amendments and/or modifications, was received after the start date of the project, causing a delay in the establishment of the sponsored project fund in Banner.
- b. The official approval from the sponsor for specific actions, such as no-cost extension, was received after the expense was processed.
- c. Retroactive official approval from the sponsor for specific expenditures was received after the expense was processed.

The absence of the principal investigator and/or a lack of knowledge or experience do not constitute extenuating circumstances. Requests for late cost transfers should be submitted on the *Cost Transfer Request Form* with an additional statement of the extenuating circumstance

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that prevented a more timely transfer and the steps that will be taken to ensure errors are detected and corrected in a timely manner.

Attachment: [*Cost Transfer Request Form*](#)