Cost Transfers

RP-7

About This Policy

Effective Dates:
10/01/2021
Last Updated:
10/25/2021
Responsible University Administrator(s):
Finance Department and Assistant Provost for Research
Approving Body:
Office of the Provost
Policy Contact:
Office of the Provost, The Citadel

Policy Statement

A cost transfer is defined as the transfer of an expense to a federally sponsored project after it was initially charged to another sponsored project or non-sponsored project or COA. Expenses that are transferred within the same federally sponsored award or to a non-federally sponsored award are not considered cost transfers.

In some instances, a cost transfer is unavoidable. The purpose of these procedures is to provide guidance on the process to be followed by principal investigators (PIs), grants managers, department administrators, and the Dean's offices to ensure compliance with the federal government's regulations on cost transfers. This policy incorporates the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200).

Cost transfers should not be submitted or approved by departmental/school personnel if the requirements in the policy are not met. These procedures are complementary to the Cost Transfers for Federally Sponsored Awards Policy and define the processes and procedures surrounding the proper steps to take when preparing and submitting a cost transfer related to federally sponsored awards.

Process and Procedures

All cost transfers for compensation or non-compensation charges must be accompanied with a justification statement addressing the below criteria and the retro costing request form with the appropriate approvals indicated.

Explanation for the cost transfer request and specifically answer the following questions:

a. why the expense was not charged originally to the award/project for which the transfer is now being requested?
b. why should the charge(s) be transferred to the proposed receiving award/project? (How does the award/project benefit?)
c. how are the charges being transferred allowable and allocable to the receiving award/ project?
d. what corrective action has been put in place to prevent future need for cost transfers of this nature?

All cost transfers should be made within 90 days of the original charge or initially recorded charge. The 90-day time period begins after the month-end close of the period that the original or initially recorded charge is posted in the general ledger or PPM sub-ledger. This transfer period runs until the transfer request is received in the Office of Contract and Grant Accounting. The deadline of 90 days is the standard used by the federal agencies and its auditors to determine whether costs are reasonably charged to their awards appropriately. It is a standard established in federal regulations and grant policies. It is critical that all transactions for federally sponsored awards/projects are reviewed in a timely manner on a regular basis to facilitate the timely submission of cost transfers. Cost transfers for compensation or non-compensation charges submitted after the 90-day period, as defined above, are considered late and must have an extremely strong case as to why they should be approved and the reason for the delay in requesting the transfer. These transfers are generally not allowed to be transferred onto another federally sponsored award unless there are extenuating circumstances. Such transfers will be reviewed with extreme scrutiny and may need further justification and additional approvals. If the justification does not meet the extenuating circumstance criteria, the charges will need to be transferred to a COA or non-sponsored project. The justification for these late cost transfers should address the same points as listed above.   The 90-day cost transfer timeframe applies when transferring expenditures to a federally sponsored grant or contract. No time limit exists for REMOVING expenditures from a federally sponsored grant or contract. If inappropriate expenditures are discovered on federal awards, they must be removed without regard to time limits.

The approval process for cost transfers on federally sponsored awards is for the request to be submitted on the Grants & Sponsored Programs Cost Transfer Request Form with supporting documentation. This is signed by the Principal Investigator and the Grant Accountant. The Grant Accountant creates the journal voucher to be reviewed and approved by the Director of Accounting Operations.

Related Policies/Documents

Federal Uniform Guidance – https://www.ecfr.gov
NIH Grants Policy Statement – https://grants.nih.gov/policy/index.htm
NSF Requirements - https://www.nsf.gov/bfa/dias/policy/