13.4 Cost Transfer

Policy Statement
Cost transfers are considered exceptions and should not occur frequently. Cost transfers submitted to or by Post Award Accounting should represent corrections and must be made promptly after the error is discovered.

A cost transfer between grant or contract-funded sponsored projects may be made under the following conditions:

1. The cost is proper and allowable by Sponsor and University policies.
2. Justification for the transfer is documented on the GL journal.
3. Transfers are made within 90 days of discovery. The Principal Investigator must personally sign all cost transfer documents submitted more than 90 days after the charge's original posting date.
4. No charge may be transferred to or between sponsored projects in excess of one year from the original date of posting except in approved extraordinary circumstances.

Under this policy, justification requirements for current year changes are satisfied and supported by the completion and approval of the Employee Personnel Form. A personnel change affecting a prior fiscal year must be justified in accordance with this policy. The Department and Principal Investigator must submit adequate explanation to withstand audit scrutiny.

The transfer must be supported by a written explanation of how and why the error occurred and a certification of the correctness of the new charge. An explanation that merely states that the transfer was made “to correct error” or “to transfer to correct project” is not sufficient.

Appropriate justification will detail:

I. when the error was discovered,
II. what the charge was for,
III. why the charge was incorrectly made, and
IV. how it specifically relates to the sponsored project to which it will be transferred.

Cost transfers to or between sponsored projects are only allowable when there is direct benefit to the project being charged.

Costs may not be shifted between sponsored projects or from one budget period to the next solely to cover cost overruns. Cost transfers based on funding considerations are prohibited (i.e., cost transfers cannot be done to use up remaining funds).

The intentional “parking” of charges on a sponsored project pending transfer to another sponsored project upon its funding is unallowable. Parking of charges for any reason is considered a misuse of grant funds.

Types of Transfers or Corrections:

1. Correction of Errors
Correction of clerical errors must be made promptly after errors are discovered. The transfer must be supported by written text explaining how the error occurred (i.e., obvious typographical error, etc.).

2. Unallowable Cost

If the cost is not appropriate on the grant/contract and is to be paid from state funds or discretionary restricted funds, simply state this fact. Once a transfer is made, further transfers of the same cost to yet another (i.e., a third) fund are not allowable.

3. Closely Related Work

When closely related work is supported by more than one funding source, a cost transfer may be made between those funds, provided it is a proper charge and the transfer is supported by a written explanation.

Timeliness of Transfers:

To the maximum extent possible, cost transfers should be made within 90 days of the original charge.

When transfers of charges are made greater than 90 days from the original date of charge, Principal Investigator signature is required.

Charges older than one year (greater than twelve months) may not be transferred onto or between sponsored projects except in certain approved extraordinary circumstances.

Reason for policy

Provide guidance to University faculty and staff on the effective management and transfer of costs on sponsored projects.

Procedures

For non-personal cost transfers, a GL journal must be used. For personal cost transfers, the Personnel Activity Report (PAR) or a payroll personnel services JV should be used. An Employee Personnel may also be needed.

Forms/Instructions

Cost Transfer Justification Form

Late Awards:

In the event of late award documents, the department should request an sponsored project to be established in advance (Pending Award) of the award’s receipt by completing an Administrative Action Request in the eResearch portal.

A Pending Award request may be established for a period limited to 90 days and up to 25% of the total proposed budget.

Additional contacts

Gail Chester

**Phone Number:** 706-542-9230

Policy definitions

A cost transfer is the movement of expense(s) between two different funds with at least one of the funds involving a sponsored project.
Responsibilities

Responsible University Senior Administrator: Vice President for Finance & Administration

Responsible University Administrator: Associate Vice President

Policy Owner: Post Award Accounting

Policy Contact: Gail Chester

Phone Number: 706-542-9230

Responsibilities: University faculty, staff, and administrative personnel who submit and account for Grants and Contract type funding.

Record Retention

This series provides a record of the establishment and administration of individually sponsored grant and contract restricted funds, documents compliance with fiscal reporting requirements, and includes billing information for accounts receivable from sponsoring agencies and from departments for gift account fees. Grants may be federal, state, corporate, or private. This series may include but is not limited to: project summaries; grant authorizations; contract documents; project budget change and adjustment forms; invoices; receipts; cashier's receipts; equipment purchase orders; prior approval request forms; account request forms; vendor telephone contact logs; subcontracts; sponsored programs post award accounting monthly budget summary statements; institution billings balance sheets; reports for sponsored programs post award accounting that are operating on direct payments; final financial reports; property reports; patent/invention reports; contractor's release report; assignment of refunds and rebates documents; equipment disposition reports; and related documentation and correspondence.

Record Copy: Institutional Archives; Post Award Accounting

Retention: Contracts, patents, and agreements for use of research outcomes: Permanent. All other accounting records: 7 years after final financial report is submitted and the account is closed, unless otherwise specified as longer by the terms of the contract

Citation or Reference: OMB Uniform Guidance; BOR Research Grant Records 0472-09-006

FAQs

What can I do to start spending on a sponsored project, which has been proposed to a sponsor but the award has not reached UGA?

The department should complete the "Administrative Action Request Form" in the eResearch portal. This form serves as a letter of guarantee from the department head requesting an sponsored project be established in advance of the award with the understanding that, should the award not be received, the department will cover all unreimbursed expenditures. Pending awards should be used as the last resort since the process significantly increases the associated administrative effort (the award has to be handled twice - once to create the pending award and again when the final award is processed). Additionally, costs incurred during the "Pending Award" status must fall within the approved award project period, which may include any applicable pre-award (90 day) period.

Personnel Activity Reports

Related information

Cost Share | Direct Cost

Policy Dates

Effective Date:
Date Last Updated: 09/17/2018

Date of Last Review: 

Date of Approval: 

Previous Version of Policy: 