



Policy 7.19 Cost Transfers and Payroll Reallocations

Responsible Official: VP for Research Administration
Administering Division/Department: Sponsored Programs
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Overview

This policy establishes requirements for processing transfers of direct costs to sponsored program agreements. Cost transfers may be necessary to correct errors in original charges. These transfers must be properly documented and processed within a reasonable period of time. 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 account charged, and that accounting records be maintained in a timely and accurate manner. If an individual agreement or sponsor has more restrictive requirements than this policy, the most restrictive practice will be followed.

Applicability

This policy applies to cost transfers to all federal and nonfederal sponsored program agreements except cost transfers to nonfederal fixed price agreements.

Policy Details

A. Allowability - The transfer must be a proper and allowable charge to the receiving account. The cost must benefit the project/program/award and be otherwise allowable under University policies, sponsor policies and the terms of the sponsored agreement. Expenditures may not be placed on a sponsored program account for reasons of convenience or funding availability. Costs can not be transferred to a sponsored program account solely to relieve an over expenditure or non-compliance situation on another sponsored program account.

B. Documentation - The transfer must be supported by documentation that clearly explains why the transfer is being made. The explanation must clearly describe the original error and why the receiving account is appropriate to charge. The explanation must be sufficient for an independent reviewer (e.g., an auditor) to understand the transfer and conclude that it is appropriate. A statement that merely states "to correct error" or "to transfer to correct project" is not adequate.

C. Timing - The transfer document must be submitted as soon as possible

after the error is discovered. Although the majority of transfers should occur earlier, three calendar months **from the end of the month in which the original charge occurred is considered to be the maximum reasonable time period to process a cost transfer**. (Note: For Non-NIH awards under DHHS, any cost transfers beyond 90 days from the original charge require sponsor approval.) All times are measured from the date the original charge is posted on the general ledger to the date submitted to the Office of Grants and Contracts Accounting (OGCA) for processing. All required Departmental/School approvals must be in place prior submission to the OGCA. The start date for service or recharge centers charges is the posting date on the general ledger of the user invoice (charge). Cost transfers made beyond this three calendar month period require approval by the Associate Vice President for Research Administration or designee and will only be allowed under extenuating circumstances.

D. Approvals - A cost transfer may be accomplished by the use of several forms, depending upon the type of cost being transferred. The transfer document must be approved by a responsible person having knowledge of the circumstances surrounding the transfer and certifying that the cost being transferred is an appropriate and allowable charge to the receiving account. Cost transfers can be initiated at the department, school or central level. Cost transfers at the central level do not require school or departmental approval, but will be communicated to school and/or department. For a cost transfer involving accounts in different departments/schools, the transfer must be authorized by representatives from both departments/schools. Each department/school/administrative entity will establish authorized signers for their unit. In addition to the authorized signatures, transfers originating outside of the OGCA that are over \$10,000 or beyond the three calendar month period must also be signed and certified by the Principal Investigator and the school/administrative designee. Final approval by the Associate Vice President for Research Administration or designee is required for all transfers exceeding the three month period irrespective of origin.

E. Financial Reports - Cost transfers related to a final financial reporting period should be processed at least 30 days prior to the end of the reporting period. With most sponsored agreements having a 90 day report receipt cycle, cost transfers should normally be submitted to the OGCA within 60 days of the budget period end date in order to be included in the FSR. **(For agreements with shorter report cycles, transfers will need to be submitted earlier. Contact the OGCA for timing of shorter report cycle awards.)** Except under extenuating circumstances, the OGCA will not revise a final FSR based on submission of late debit cost transfers.

F. Final Processing – The Administrator and Principal Investigator who are requesting the cost transfer must ensure that any cost transfers exceeding the time limit noted above are routed to obtain the required approvals.

Definitions

Cost Transfer – *Cost Transfers* (also referred to as *Transfers*) occur whenever an expenditure is moved to a sponsored program after the expense is originally charged to another University account or a different sponsored program. This definition pertains to payroll reallocations and cost sharing.

Related Links

- Current Version of This Policy: <http://policies.emory.edu/7.19>

Contact Information

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Clarification of this policy	Ron Thompson	404-727-4289	rsthom2@emory.edu

Revision History

- Version Published on: Nov 01, 2006
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- Version Published on: Sep 01, 1999 *(Original Publication)*