Policy 2.125
Cost Transfers and Payroll Reallocations

Responsible Official: Vice President for Finance/Chief Finance Officer
Administering Division/Department: Sponsored Programs Accounting
Effective Date: January 01, 2009
Last Revision: November 12, 2014

Policy Sections:

I. Overview
II. Applicability
III. Policy Details
IV. Definitions
V. Related Links
VI. Contact Information
VII. Revision History

Overview

This policy establishes requirements for processing transfers of direct costs to sponsored program agreements. Cost transfers may be necessary to process adjustments to 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. Per OMB Uniform Guidance, “The non-Federal entity’s system of internal controls includes processes to review after-the-fact interim charges made to a Federal awards based on budget estimates. All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.” All interim and after-the-fact adjustments must be processed in a timely manner (as detailed below) utilizing the RST tool. If an individual agreement or sponsor has more restrictive requirements than this policy, the more restrictive practice must be followed.

Applicability

This policy applies to cost transfers to all federal and nonfederal sponsored program 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 adhere to all other University policies, sponsor policies, and the terms of the sponsored agreement. Costs cannot be transferred to a sponsored project account solely based upon funding availability or to relieve an over expenditure or non-compliance situation on another sponsored project.

B. Documentation – The transfer must be supported by appropriate documentation, a clear explanation of why the transfer is required and why the receiving award 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 an error” or “to transfer to the correct project” is not adequate.

C. Timing – The transfer document must be submitted as soon as possible after the adjustment is deemed necessary. **Non-salary** cost transfers must be received by OGCA for approval within 90 days following the end of the month in which the expense was initially charged to the sponsored program. For adjustments of **salary**, these transfers must be processed within 90 days of the end of the effort certification period (see Effort Reporting Policy for further details). Cost transfer requests submitted beyond the 90 day period are considered late and require approval by the **Associate Vice President for Research Administration or designee and will only be allowed under extenuating circumstances. Cost transfers to nonfederal fixed price agreements are not subject to the same rules regarding what is deemed “late,” but these transfers should still be submitted as soon as possible after the adjustment is deemed necessary. **Please refer to section E for requirements on processing transfers at the end of an award. (Note: For Non-NIH awards under DHHS, any cost transfers beyond 90 days from the original charge require sponsor approval).**

D. Approvals – A cost transfer may be accomplished by the use of a journal entry or adjustment processed through the RST system, 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 award. 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 the school and/or department. For a cost transfer involving projects in different departments/schools, the transfer must be authorized by representatives from both departments/schools. Each unit will establish authorized signers for their area. In addition to the authorized signatures, transfers originating outside of OGCA that are over $5,000 or beyond the 90-day period must also be signed and certified by the school/administrative designee. Final approval by the **Associate Vice President for Research Administration or designee is required for all transfers processed beyond the periods noted in (C) above.**

E. Financial Reports – Cost transfers related to a final financial reporting period should be processed at least 60 days prior to the end of the reporting period (both salary adjustments and non-salary transfers). With most sponsored agreements having a 90-day report receipt cycle, cost transfers should normally be processed within 60 days of the budget period end date in order to be included in the final financial report. For agreements with shorter final reporting/invoicing cycles, transfers will need to be submitted earlier.

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.

**Direct Cost** – Direct Cost is an expenditure which is directly charged to the sponsored program. Other types of expenses include indirect expenses which are charged to a sponsored program as part of the facilities and administrative rate and unallowable costs which are not allowable under sponsor’s policies and cannot be charged to a sponsored program account.

**Fixed Price Agreement** - In a “fixed price” award, the principal investigator agrees to accomplish project objectives within a specific timeframe for a set dollar amount. If the deliverables are not completed within the award period, the contract must be extended. The award amount also remains constant, even if actual costs for the project are above or below it. Any costs that exceed the awarded/reimbursed amount must be covered by the responsible department.
Related Links

- Current Version of This Policy: http://policies.emory.edu/2.125

Contact Information

<table>
<thead>
<tr>
<th>Subject</th>
<th>Contact</th>
<th>Phone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clarification of this policy</td>
<td>Evelyn Balabis</td>
<td>404-727-2138</td>
<td><a href="mailto:evelyn.balabis@emory.edu">evelyn.balabis@emory.edu</a></td>
</tr>
</tbody>
</table>

Revision History

No previous versions of this policy were found.

Emory University policies are subject to change at any time. If you are reading this policy in paper or PDF format, you are strongly encouraged to visit policies.emory.edu to ensure that you are relying on the current version.