



CAMPUS PROCEDURE

UNIVERSITY OF COLORADO at COLORADO SPRINGS

COST TRANSFER

I. Procedure

Cost Transfer Policy on Sponsored Projects

II. PURPOSE

The purpose of this document is to provide guidance about cost transfers and to comply with the cost allowability and allocability requirements outlined in the Uniform Guidance ([200.400 - Subpart E - Cost Principles](#)), the institution must be able to explain and justify all charges transferred onto federal awards, whether the costs are transferred from some other federal account, a non-federal account, or a University account. Any necessary cost transfers should be completed in a timely manner and with a complete explanation, as these are critical factors in supporting allowability and allocability.

[2 CFR 200.405\(c\)](#)

Any cost allocable to a particular Federal award under the principles provided for in this part may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by Federal statutes, regulations, or terms and conditions of the Federal awards, or for other reasons. However, this prohibition would not preclude the non-Federal entity from shifting costs that are allowable under two or more Federal awards in accordance with existing Federal statutes, regulations, or the terms and conditions of the Federal awards.

The University recognizes that transfer of costs from one project to another is occasionally necessary to correct bookkeeping or clerical errors in the original charges and that closely related work may be supported by more than one funding source and that in such cases a cost transfer may be completed to split the expense between projects. All projects receiving a portion of the expense must directly benefit from this expense.

III. DEFINITIONS

1. **Allocable costs** are costs that can be charged to a university project, in reasonable and realistic proportion to the benefit provided relatively easily with a high degree of accuracy.
2. **Cost Sharing** a portion of total project costs related to a sponsored agreement that is contributed to a sponsored project by someone other than the primary sponsor (usually the department).
3. **Cost Transfer** is the transfer of a cost incurred initially on one university project and subsequently transferred to a sponsored project. A cost transfer does not include items posted to a suspense account that are cleared to the appropriate project on a timely basis (less than 60 days from the original posting).
4. **Direct Cost** A cost that directly benefits and is specifically identifiable to a sponsored project.

5. **Documentation** Original invoice, copy of cancelled check, original credit card receipt when applicable, financial detail, and/or other documentation that describes and supports a business transaction.
6. **Effort** Time spent by principal investigator or employee on a sponsored project.
7. **ePER** Automated after-the-fact effort reporting.
8. **FOPPS** A place to record financial activity in the general ledger. It uniquely identifies a specific project that is restricted in its use and presentation in the financial statements.
9. **FOPPS review** A process whereby transactions are analyzed for reasonableness, allowability and allocability by a knowledgeable individual.
10. **Reasonable** the nature of the goods or services acquired or applied, and the amount involved, reflect action that a prudent person would have taken under the circumstances prevailing at the time the decision to incur the cost was made.

IV. **PROCEDURES**

Timely communication between principal investigators/project directors and departmental administrators should prevent the necessity for transfers. It is critical that all sponsored projects be reviewed on a regular basis (monthly) to ensure that expenditures are accurate and appropriate. When errors are discovered, they must be corrected as quickly as possible. Cost transfers should be considered “the exception, rather than the rule,” and must be kept to a minimum so it is very important for the departmental administrators to communicate with the principal investigators to allocate expenses properly.

Timeliness

Cost transfers should be processed as soon as possible after the original transactions, but no later than 90 days after the end of the month of the original transaction. Transfers after this period raise questions concerning the propriety of the transfer. In addition, transfers made for new awards that were set up after expenses have already occurred need to be transferred within 30 days of set up.

Note: UCCS is obligated to immediately remove incorrect charges made to sponsored accounts, regardless of time frame. In addition, ePER CERTIFIED salaries should only be transferred from a sponsored project account for clearing an overage and should be first transferred to an appropriate non-sponsored cost sharing account. If inappropriate salaries or overages on projects, due to salaries, are moved after the end of a semester (ePER cycle), a new ePER will be generated systematically for that individual.

Appropriateness

[2 CFR 200.413\(a\)](#)

Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a Federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect (F&A) costs.

All expenses that are transferred must meet the same federal tests for allowability – they must be:

- Reasonable
- Allocable

- Consistently treated as a direct cost

Typically, cost transfers are appropriate when they are allowable direct costs of the sponsored project, and their purpose is to:

- Correct errors in processing the original charges.
- Move costs between speedtypes for closely related work (as defined by the project scope) that is supported by more than one funding source.
- Transfer pre-award costs in accordance with the provisions of [2 CFR 200.407\(u\)](#)

Cost transfers which are not appropriate:

- Transfers processed solely to move a deficit from one sponsored project to another sponsored project.
- Transfers from a ST in another fund to a sponsored project to clear the deficit on the other funds ST.
- Transfers that are processed solely to use up unexpended balance, but do not appear to be of direct benefit to the project, i.e., transfers during the last months of the project.
- Transfer of unidentified expense or lump-sum expenses to a project.
- Transfer of expenses that were not incurred during the project period, unless specifically allowed by the sponsor.

It is **NEVER** permissible to transfer revenue, cash or facilities & administrative costs either from a sponsored project FOPPS or to a sponsored project FOPPS.

Explanation and Documentation Requirements

Each cost transfer must be clearly explained with supporting documentation. The department initiating the transaction has primary responsibility for fulfilling these requirements and maintaining the related records. In addition, the department is responsible for providing appropriate documentation for all sponsored project journals. Sponsored Projects Accounting will need copies of journals and documentation for those transactions being transferred over 90 days. In addition, Sponsored Projects Accounting may request copies of additional supporting documentation or information.

Each journal must transfer **specific** transactions, must identify the **original transaction**, and additional information as follows:

30 days Transfers made within 30 days after the end of the month in which the transaction appeared on the Reporting System statement are normally considered to be acceptable corrections of errors with a good explanation in the header of the journal.

30-90 days Transfers processed between 30 and 90 days after the end of the month in which the transaction appeared on the Reporting System statement must include written justification and all relevant back-up documentation.

>90 days Transfers completed more than 90 days beyond the end of the month in which the transaction appeared are considered exceptions and require substantial and reasonable justification. The explanation must include the following elements:

1. Description of the expense(s) being transferred, including why and when the original charge(s) occurred, AND
2. Why was the receiving project not originally charged? If charges are being removed, why was this project originally charged? AND
3. Why it is appropriate to charge/remove the charge now? AND
4. Justification for lateness (over 90 days), AND
5. How the error was discovered and what is being done to prevent this from occurring again. AND
6. PI certification of the Cost Transfer Request form for journals.
7. PI statement attached to all PETs.

Cost transfers made after the 90-day limitation will be considered only under extenuating circumstances, which include but are not limited to the following:

- The official award document, including amendments or modifications, was received after the start date of the project, causing a delay in the establishment of a speedtype.
- The speedtype was delayed because of negotiation issues.
- The official approval from the sponsor for specific actions, such as a no-cost extension, was received after the expense transaction(s) was processed.
- Case by case basis, based on the circumstances.
- Change in staff and learning curve issues.

Cost transfer more than 90 days may only be approved by the Controller, Deputy Controller, or the Director of Sponsored Projects Accounting. **The Cost Transfer Form MUST be attached to your Journal Entry and submitted through the Workflow process. If the form is not attached, the Journal Entry will be sent back to the creator. A certified Cost Transfer Form must be attached to all PETs over 90-days.**

Payroll Expense Transfers (PET) were not included in the Cost Transfer procedure by the University until July 1, 2017.

PETs for salary/hourly employees:

While processing PETs, the Payroll Expense Transfer page in HCM will prompt the user to complete the Grant Questionnaire explaining the reason and result of the payroll expense transfer for all sponsored project related PETs. A department representative will need to supply answers to the questions if the individual entering the PET is not from the department or does not have knowledge of the purpose of the transfer. The prompting of the grant questions began on April 20, 2017, as part of the HCM upgrade. **Supporting documentation must be attached to all PETs affecting sponsored projects.** All PETs impacting a sponsored project will be reviewed by Sponsored Projects Accounting prior to approval.

PETs for hourly student employees:

While processing PETs, the Payroll Expense Transfer page in HCM will prompt the user to complete the Grant Questionnaire explaining the reason and result of the payroll expense transfer for all sponsored project related PETs. A department representative will need to supply answers to the questions if the individual entering the PET is not from the department or does not have knowledge of the purpose of the transfer. The prompting of the grant questions began on April 20, 2017, as part of the HCM upgrade. Supporting documentation must be attached to all PETs affecting

sponsored projects. All PETs impacting a sponsored project will be reviewed by Sponsored Projects Accounting prior to approval.

The written explanation and supporting documentation should clearly address ALL OF the following:

- A description of the expense(s) being transferred, including where and when the original charge(s) occurred (journal ID and journal date).
- Why the receiving project was not originally charged.
- Why it is appropriate to charge the project.

According to federal guidelines, “an explanation which merely states that the transfer was made ‘to correct error’ or ‘to transfer to correct project’ is not sufficient.” Examples of adequate documentation are as follows:

- “A data entry error occurred causing the cost to be charged to the wrong project. An incorrect speedtype was entered.”
- “The monthly review of the Reporting System statement by the principal investigator revealed an accounting error in charging payroll expenses to the grant. The research administrator had not been notified that this graduate student was no longer assigned to this research project.”
- The funding agency was expected to continue funding of this project under the same grant number; the agency instead assigned a new grant number, requiring that a new project number be established. This transfer moves expenses to the new project number.”
- The final sign-off of the award was delayed. The project started on (date) but the project number was not available until (date). These costs were incurred for the project but charged to another FOPPS until this transfer could be made.”
- “To transfer pre-award project costs to the continuation account.”

Consultation with Sponsored Projects Accounting personnel prior to submission is highly recommended.

V. References

1. Office of Management and Budget Uniform Guidance – 2CFR Subpart E, §200.400, Cost Principles
2. National Science Foundation Grant General Conditions, October 1998, Expenditures for Related Projects, and Allowable Costs
3. Title 45, Code of Federal Regulations Part 74, subpart D
4. National Institutes of Health Grants Policy Statement, October 1998, Cost Transfers
5. Department of Health and Human Services Grants Administration Manual, Chapter 6-05, Cost Transfers
6. University of Colorado at Colorado Administrative Policy Statement for Fiscal Management Roles and Responsibilities