



**UNIVERSITY OF NORTH FLORIDA**  
**Office for Research and Sponsored Programs (ORSP)**

**COST TRANSFER PROCEDURES**

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**I. Overview**

A cost transfer involves moving an expense from one account to another. A limited number of reasons might necessitate a cost transfer, such as a clerical error, the reallocation of salary distribution to reflect actual effort, or the determination that an expense benefited a project other than the account charged. Transfers must be completed in a timely manner and require detailed documentation as to the reason for the transfer. Cost transfers on sponsored project accounts are often scrutinized by auditors as well as agency officials. Frequent, untimely, or inadequately explained transfers, particularly where they involve projects with significant cost overruns or unexpended fund balances, can raise serious questions as to the propriety of the transfers. Accordingly, all transfers must be fully documented as to the need for the correction. If only a portion of an expenditure is being transferred, the explanation must also include the means of allocation between accounts.

**OMB Circular A-21:** "... any costs allocable to a particular sponsored agreement under the standards provided in this Circular may not be shifted to other sponsored agreements in order to meet deficiencies caused by overruns or other fund considerations, to avoid restrictions imposed by law or by terms of the sponsored agreement, or for other reasons of convenience." In addition to complying with OMB Circular A-21, UNF must also comply with the requirements of the National Institutes of Health (NIH), one of our largest sources of federal research funding. Specific language on cost transfer requirements can be found in the NIH Grants Policy Statement.

**II. Definitions**

Cost Transfer: A cost transfer is the assignment of an expense or expenditure (charge) to a federally or non-federally funded account that was initially recorded in another account.

Late Cost Transfer: A cost transfer completed greater than 90 after its initial posting date to the organizational ledgers.

### **III. Who is Affected by This Procedure**

This procedure applies to all new sponsored projects and programs as of January 1, 2012. It should be understood by Principal Investigators (PIs), Department Managers and Staff, Department Chairs, Deans, and the Office of Research and Sponsored Programs (ORSP).

### **IV. Procedures**

The following steps represent the cost transfer process from award initiation throughout the duration of the sponsored project or program:

- 1) The PI submits the Cost Transfer Request form to ORSP.
  - For cost transfers 90 days or less, the PI signature is required on the Cost Transfer Request form. For cost transfers greater than 90 days, the PI, Dean, Director of ORSP, and Asst. Vice President of Research are required to sign the form. Additionally, supporting documentation such as transaction numbers, dates, and copies of the budget statements must accompany each request. If salary is involved, the effort certification should match the cost transfer. The accompanying Cost Transfer Request form shall provide an explanation/justification for every cost transfer request.
- 2) ORSP reviews the cost transfer request form for completeness and accuracy.
  - All cost transfers, including salary, should be completed within 90 days of their original transaction date. All expense transfers must be accompanied by a completed Cost Transfer Justification Form, and forwarded to ORSP for review and approval. PIs should be mindful of their responsibilities for covering the costs in the event a transfer request is not approved.
  - As a general practice, direct charges to sponsored research awards must be:
    - Specifically identified with a particular project (i.e., charged to where it is used)
    - Allocable (i.e., costs must be charged in proportion to their benefit to a particular project)
    - Reasonable (i.e., charging costs to a particular project must reflect the actions of a "prudent person")
    - Allowable (i.e., certain costs, such as entertainment, may not be charged to a federal grant under any circumstances)
    - Timely (cost transfers should occur as soon as the error is discovered but no later than 90 days after the original charge was incurred)
    - Conforming to any terms and conditions in the sponsored agreement
  - As a general practice, some cost transfer guiding principles include:
    - Cost transfers are for correcting errors.

- Cost transfers may not be used as a means of managing available cash balances. This is prohibited by OMB Circular A21 and by NIH policy.
- Project funds are not interchangeable (the integrity of each grant account must be maintained).
- Fundamental reasonableness, allowability, allocability, and consistency of costs must be retained.
- Costs allocable to several projects cannot be charged solely to a single project.
- Costs not allocable to a project cannot be charged to that project, even temporarily.
- As a general practice, some examples of cost transfer red flags include:
  - Transfers to or between sponsored projects
  - Transfers older than 90 days after the original transaction
  - Transfers in the last month of the award or after the award has expired
  - Large numbers of cost transfers (relating to a particular department or grant)
  - Grants or contracts with a zero balance at the end of the award
  - Round numbers (may be an indicator of a plugged number)
  - Paying summer salary late (e.g., in December)
  - Labor distribution adjustments to previously certified effort
  - Transfers without a full explanation and/or "cookie cutter" explanations
  - Transfers among "closely related" projects

3) ORSP approves/disapproves the Cost Transfer Request form.

## COST TRANSFER REQUEST FORM

This form must be completed when requesting to transfer expenses (costs) to or from a sponsored project.

### **Section 1 – Identification of Cost**

***Check one and attach appropriate documents.***

- This is a transfer of personnel costs (attach Payroll Change/Correction Form)
- This is a transfer of non-personnel costs (attach Cost Transfer Journal Entry Form)

### **Section 2 – Justification for Transfer**

***Complete the following section in the space provided. Attach additional pages if necessary.***

(a) Specifically, fully explain why the expense(s) was not originally charged to the correct project.

(b) Fully explain how the expense(s) benefits the project.

### **Section 3 – EXCEPTION – Late Cost Transfer Request**

***Complete this section in the space provided only if you are requesting the transfer of expenses older than 90 days. Attach additional pages if necessary.***

(a) Explain why the error was not identified and corrected timely.

(b) **Approved by:**

\_\_\_\_\_

**Department Chair**

\_\_\_\_\_

**Dean**

\_\_\_\_\_

**ORSP**

\_\_\_\_\_

**AVP for Research**

**Section 4 – Certification**

I certify that the above-mentioned costs are appropriate charges to the project and project to which the costs are being transferred.

**Principal Investigator on correct project:**

\_\_\_\_\_  
**Printed name**

\_\_\_\_\_  
**Extension**

\_\_\_\_\_  
**Fax number**

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Date**

**For ORSP Use Only:**

**Approved for Processing:** \_\_\_\_\_ **Journal #:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Last updated: September 23, 2006**

## **COST TRANSFER REQUEST FORM – INSTRUCTIONS**

### **Justification for Transfer**

Since the federal regulations assume that cost transfers are exceptions, it is imperative to appropriately justify in writing:

- (1) the reason why the cost was not charged to the correct project and
- (2) how it benefits the project to be charged.

This justification should be fully documented on the form which will serve as the audit source document.

The following are examples of **inappropriate** justifications:

- Charged a sponsored project for a bulk purchase and are moving costs to the appropriate sponsored projects
- Charged another sponsored project in anticipation of future funding
- To move costs to a sponsored project with available budget

If an expense is being moved to a sponsored project, it is necessary to explain how that cost benefits the project. If the cost is typically considered an indirect cost (See Direct and Indirect Charging Policy), additional justification must be provided as to why directly charging the expense to the project is appropriate.

### **EXCEPTION – Late Cost Transfer**

It is required that cost transfers be requested within 90 days of the original charge. Only in cases of exceptional circumstances will cost transfers be permitted more than 90 days after the original charge. Additional explanation is required here to document the reason for the lateness of the request. The department chair, the Dean of the College, ORSP and the Assistant Vice President for Research must approve all Late Cost Transfers.