# Cost Transfers

Many Federal agencies that perform audits of sponsored programs at colleges and universities have focused attention on untimely or unsubstantiated cost transfers (i.e., moving transactions from one sponsored project to another). Funding agencies have questioned and/or disallowed transfers when they occurred frequently on an award, when they were not processed timely, (occurring several months or more after the initial charge was recorded), and/or when there was an inadequate explanation or lack of accompanying documentation. Transfers of this type, particularly when they occur on projects with cost overruns or unexpended balances, cause agencies to question their appropriateness, as well as the overall reliability of the recipient's accounting system and their ability to properly administer sponsored programs.

It is the PI’s responsibility to monitor all transactions charged to his/her sponsored project. Per OMB Uniform Guidance, all cost transfers must be reasonable, allocable, treated consistently throughout the University, and conform to any limitations or exclusions in the sponsored agreement. If it is determined that a cost transfer is required, the following should be noted:

* Cost transfers representing corrections of clerical or bookkeeping errors (i.e., transactions inadvertently charged to the wrong project) ***must be made promptly*** after the errors are discovered. Cost transfers must be made within 90 days of the original transaction. When a transfer is made after 90 days, it raises serious questions regarding the appropriateness / allowability of the transfer.
* All transfers ***must be supported by documentation*** which contains a full explanation of how the error occurred and a certification of the correctness of the new charge. An explanation which merely states that the transfer was made "to correct an error" or "to transfer the charge to the correct project" is not sufficient. *Note: frequent errors in recording costs may indicate the need for improvements in the academic unit's fiscal administration of sponsored projects and/or its internal control system. Departments may be asked / required to evaluate the need for improvements in these areas and to implement necessary changes.*
* Transfers which involve a change in previously certified effort will require a further statement indicating why the effort reporting was not corrected prior to the original certification. In addition, a statement that the revised distribution of pay accurately represents effort during the period indicated will be required.
* All cost transfers of expenditures to a federally sponsored project will require approval by the OCG.
* The PI must use the Cost Transfer Form and follow the Cost Transfer Policy instructions developed by the OCG in September 2011. The form must be signed by the PI and include supporting documentation. The OCG can assist the PI with the necessary information required on the form, such as the original document reference number, the date in which the transaction posted to the accounting ledger, and a copy of the original ledger documentation.

When a PI processes or requests a cost transfer for a transaction that is 90 or more days after the date the original transaction was posted to the sponsored project, a detailed explanation of why the transfer is late must accompany the request. Note: all cost transfers beyond the 90 day period, are subject to the review and approval of the OCG.