

Brigham Young University

COST TRANSFER GUIDELINES

July 2016

APPLICABILITY

These guidelines apply only to cost transfers to or between sponsored projects.

DEFINITION

A Cost Transfer is a transfer of an expenditure to or between sponsored projects. Cost Transfers include corrections or reassignments of salary, wages, supplies, travel and other direct costs.

GUIDELINES

All costs applicable to a sponsored project should be correctly charged in a timely fashion to the appropriate project operating unit. Delays or errors in expenditure processing and subsequent cost transfers can affect invoicing and payments received from sponsors that could potentially lead to disallowed costs. Cost Transfers are necessary on occasion and require monitoring for compliance with federal regulations, sponsor specific guidelines, and the cost principles that govern fiscal activities on sponsored projects.

In order for a cost transfer journal entry to be posted, journals should be sent to Grants & Contracts Accounting (GCA) **within 90 days of the original charge**. Transfers after the 90 day period should only be requested in extenuating circumstances and must be supported with convincing evidence that the goods and/or services are properly allocable and include an explanation of the reason for the late transfer request. Transfers will not be approved unless they are compliant with all applicable regulations.

In accordance with OMB Uniform Guidance, all transfers must be supported by appropriate documentation. A clear explanation of why the transfer is required and how the charge is directly applicable to the project must be included. ***Descriptions that state “to correct an error” or “to transfer to the correct project” are not adequate.***

WHY THE GUIDELINES ARE IMPORTANT

Proper management of funds is essential to uphold the fiduciary responsibilities of the University. Federal agencies and other sponsors may regard the following activities as indicative of inadequate fiscal or project monitoring:

- Frequent cost transfers.
- Late cost transfers.
- Inadequately documented or explained transfers, especially those which involve sponsored projects with overruns or unexpended balances.

Inappropriate transfers may result in expenditures being disallowed and/or subsequent reduction in funding by the sponsoring agency. Abuse of cost transfers may also result in more severe sanctions, fines, penalties and audit findings applied against the University.

PROCEDURE

Timely examination of the project transaction activity by the PI or financial contact will permit early detection of erroneous charges.

A journal entry should be submitted to GCA (fsresearch@byu.edu) in order to correct an erroneous charge. A clear explanation must be included and copies of all relevant documentation attached to support the entry. GCA shall determine the adequacy of the justification and documentation before processing the journal.

Cost transfer journal entries for transactions older than 90 days will be processed only in extenuating circumstances. The reasons for requesting and submitting a cost transfer after the 90 day deadline must be documented in detail. The PI and requester assume the responsibility for documenting that the late transfer is appropriate, necessary and properly allocable to the award.

Guidance for Salary Distribution

Salary and wage payments that require effort certification may be adjusted at the time of certification to reflect a more accurate distribution of effort. Because effort reports are distributed three times per year (Fall, Winter, and Spring/Summer), cost transfers for these types of effort adjustments may occur beyond the 90-day cost transfer limit. Wage transfer requests to other sponsored projects are **unallowable after effort certification**. If an error is found after certification, those wages will need to be covered by a non-research operating unit

NOTE: Any improper cost charged to a sponsored project must be removed from the sponsored project regardless of when the error is detected. In cases when the error is detected after the limits of this cost transfer policy and there are not extenuating circumstances, the costs can only be moved to a non-sponsored account. If GCA becomes aware of an inappropriate charge on a sponsored project, the department will be notified to initiate a transfer to a non-sponsored account. If this transfer is not taken care of within a reasonable amount of time, GCA will transfer the charge to an appropriate departmental account.

Issues Related to Cost Transfers

The situations detailed below are often encountered in the administration of sponsored projects. The proper treatment of these situations will generally preclude the need for cost transfers. GCA can provide guidance and assistance when these issues arise.

Advance or Pre-award Costs. For the effective and economical conduct of a sponsored project it is sometimes necessary for costs to be incurred prior to receipt of the award document and actual funding. In such cases, departments should work with ORCA to set up a preliminary operating unit. The pre-award operating unit will become the permanent project number when the award is effective and cost transfers will not be required or necessary.

Continuation Costs. If a continuation award is anticipated after the end date of the project, costs may continue to be charged to the current active research project for three months after the end date. That time period should be sufficient to allow the awarding agency to extend the project and will prevent unnecessary cost transfers. Confirmation by ORCA or documentation from the sponsor indicating the expected extension is required. Please note that in the event that the continuation is not granted, the principal investigator is responsible to cover the costs incurred from a non-sponsored account.

Unexpended balances. It is expressly unallowable to transfer costs to a sponsored project for the sole purpose of using unexpended sponsored funds. All transfers must be supported with transaction level detail and documentation showing how the expense directly benefits the project.