

CLARK ATLANTA UNIVERSITY

Policy 7.7.4: Cost Transfer of Grant Expenditures



CLARK ATLANTA UNIVERSITY		
POLICY and PROCEDURE	Subject: Cost Transfer	
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1.0 Policy Statement

Requests for Cost Transfers must be submitted to the OGCA no later than sixty (60) days after the original occurrence of the expense or transaction.

2.0 Procedure Narrative

A cost transfer is an after-the-fact adjustment of expenditures, either salary or non-salary, to or from a sponsored project to align costs with the funded activity they benefit. Cost transfers are warranted when a discrepancy has been identified in expenditures posted to an account that needs to be corrected. To provide the monitoring required by federal regulations (OMB Circulars A-21 and A-110) and to ensure good stewardship of sponsored projects, CAU reviews all cost-transfers for allowability, allocability, reasonableness and proper compliance. Cost transfers include a transfer that occurs during the life of the award and after the award has ended. Large numbers of cost transfers to or from a sponsored project should be avoided as it indicates poor awards management.

The Principle Investigator (PI) or Project Director (PD) is responsible for ensuring that cost-transfers are done in a timely manner. Cost-transfers may not be requested to cover a deficit on another sponsored project or to transfer costs to spend a remaining balance of a sponsored project. Transfers must be supported by documentation that contains a full explanation of how the error occurred. An explanation that merely states "to correct error" or "to transfer to correct project" is not sufficient.

The administration of cost transfers is extremely important and sensitive when federal funding is involved. Federal agencies which sponsor agreements at CAU are especially concerned that costs can be specifically identified with the funded activity they benefit.

CAU is responsible for ensuring that all transactions are accurately and appropriately charged to the correct project and that they are consistent with federal regulations.

OMB Circular A-21, Principles for Determining Costs Applicable to Grants, Contracts, and Other Agreements with Educational Institutions, Section (C)(4)(b) states:

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.

Adherence to this procedure is necessary, as inappropriate or poorly documented cost-transfers can result in federal regulators denying reimbursement of these expenses or imposing other sanctions on CAU, such as fines or loss of certain authorities.

2.1 Personnel Cost-transfers Related to Time and Effort Reporting

The only acceptable reason for transferring personnel costs to and from sponsored projects is to align the costs with the actual effort devoted to the project. During the time and effort certification process, salary charged to sponsored projects will be reviewed for accuracy. If the actual effort committed for the period differs from the report, the report is updated and signed and a cost-transfer request is completed.

Once effort has been certified and the appropriate transfers completed (if necessary), no additional cost transfers are processed relating to the certified effort period.

2.2 Cost-transfers that are not approved

If a cost-transfer is not approved, the cost may be transferred to a department discretionary account, or other designated account.

2.3 Cost Transfer Process

When a discrepancy is identified the PI/PD must contact the department responsible for posting the charges (e.g. vendor payment – A/P, payroll charges – HR, purchase orders – Purchasing, etc.) to obtain additional documentation relative to resolving the discrepancy. Cost transfers relating to payroll discrepancies are done via the submission of Change in Payroll Distribution Form.

All cost transfers are initiated and signed by the PI/PD. Requests for Cost Transfer Forms must be submitted to the OGCA no later than sixty (60) days after the original occurrence of the expense or transaction. The affects of cost transfers are captured in financial reports and invoices submitted to the awarding agency. Cost transfer requests are prepared and entered via a Journal Voucher Form by the OGCA and posted to the general ledger by General Accounting.

3.0 Entities Affected By This Policy

Office of Grants and Contract Administration, Principal Investigators, Project Directors, Accounts Payable, Human Resources, Purchasing and any other department that may be responsible for correcting inaccurate charges

4.0 Definitions

OMB Circular A-21: This Circular establishes principles for determining costs applicable to grants, contracts, and other agreements with educational institutions. The principles deal with the subject of cost determination, and make no attempt to identify the circumstances or dictate the extent of agency and institutional participation in the financing of a particular project. The principles are designed to provide that the Federal Government bear its fair share of total costs, determined in accordance with generally accepted accounting principles, except where restricted or prohibited by law. Agencies are not expected to place additional restrictions on individual items of cost. Provision for profit or other increment above cost is outside the scope of this Circular.

OMB Circular A-110: This Circular sets forth standards for obtaining consistency and uniformity among Federal agencies in the administration of grants to and agreements with institutions of higher education, hospitals, and other non-profit organizations.