

COST TRANSFER EXPLANATION FORM

(Attach to Journal Entry Printout)

OMB Circular No. A-21 states that, "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." Other federal regulations require cost transfers to be made in a timely manner. Timely is defined as taking place within in 90 days of the occurrence of the cost (NIH).

Journal Entry #: _____

Transfers requested within 90 days of occurrence require that questions 1 and 2 are answered; Transfers requested more than 90 days after occurrence require that all 4 questions are answered. *Please note that expenditure transfers should never take place more than 60 days past the project end date.*

1. Why was this expense originally charged to the chartfield from which it is now being transferred?

2. Why should this charge be transferred to the proposed receiving sponsored project?

3. Why is this cost transfer being requested more than 90 days after the occurrence of the original transaction?

4. What action is needed to eliminate future need for cost transfers of this type? Is this action being taken?

Principal Investigator's Name and Phone #: _____

Principal Investigator's Signature: _____ Date: _____

If the transfer request is more than 90 days after the occurrence of the original transaction, the following additional approvals are required:

Chair's/Dean's Name and Phone #: _____

Chair's/Dean's Signature: _____ Date: _____

NOTE: By signing above you are certifying that the cost to be transferred is an appropriate expenditure for the sponsored grant or contract charged and that the expenditure complies with the terms and restrictions governing that sponsored grant or contract.

Sponsored Projects Cost Transfers Policy

The purpose of this policy is to ensure that cost transfers that involve sponsored project accounts comply with requirements contained in federal regulations.

Regulations

OMB Circular No. A-21 states that, “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.” Other federal regulations require cost transfers to be made in a timely manner. Timely is defined as taking place within 90 days of the incurrence of the cost. Cost transfers made after 90 days of their incurrence are considered unallowable.

NIH guidelines state that, “Cost transfers to NIH grants by grantees, or by consortium participants or contractors under grants, that represent corrections of clerical or bookkeeping errors should be accomplished within 90 days of when the error is discovered. The transfers must be supported by documentation that fully explains how the error occurred and a certification of the correctness of the new charge by a responsible organizational official of the grantee, consortium participant, or contractor. An explanation merely stating that the transfer was made "to correct error" or "to transfer to correct project" is not sufficient. Transfers of costs from one budget period to the next solely to cover cost overruns are not allowable.

Grantees must maintain documentation of cost transfers, pursuant to 45 CFR 74.53 or 92.42, and must make it available for audit or other review. Frequent errors in recording costs may indicate the need for accounting system improvements and/or enhanced internal controls. If such errors occur, grantees are encouraged to evaluate the need for improvements and to make whatever improvements are deemed necessary to prevent reoccurrence. NIH also may require a grantee to take corrective action by imposing additional terms and conditions on an award(s).”

Principal Investigator's Responsibility

To ensure that the University is in compliance with these regulations, the principal investigator is responsible for ensuring that cost transfers are:

- made within 90 days after the month in which the cost was originally recorded on the Financial Accounting System but no later than 60 days after the project terminates, and
- supported by a written explanation that describes in detail why the transfer is necessary.

Cost transfers not made within the time frames stated above will be reviewed on a case-by-case basis and require signature approved by the appropriate Chair or Dean.