Sponsored Projects Cost Transfer Policy

(Effective July 1, 2018)

Sometimes, expenses, including labor charges, are charged to the wrong fund. When sponsored projects are involved, a determination must be made as to whether those costs are reasonable, allocable, and allowable on the project. When the expenses are being charged to the correct fund, these factors are checked when the transactions are put through the system. However, when charged to the wrong fund, the expenses occur outside of the normal approval chain. Once it has been determined that the charges should have been charged to another fund, a cost transfer must take place. This cost transfer will reallocate the expenses to the correct fund. The cost transfer must be accompanied by a Cost Transfer Justification Form when it is done through a Journal Voucher (JV). If done through a Labor Distribution, there should be comments added, explaining why the labor was not charged to the correct fund.

**Moving expenses from Sponsored Project to Department**

Moving expenses and labor from a Sponsored Project to Department is common and can be completed at any time if an expense is found to be unallowable, unreasonable, or need further allocation between departments and other sponsored projects. Along with this, if there are any overcharges on an award, a cost transfer will be necessary, as the budgets are limited for each sponsored project.

If the erroneous expense is found in the same fiscal year of the original charge, the transfer will be done between the departmental fund and the grant fund. This is also true of designated funds, regardless of the fiscal year. However, if the expense is found after the fiscal year has been closed and the departmental charges are on a general fund (100100), the expenses will be transferred to Institutional Support.

**Moving expenses from Department to Sponsored Project**

Moving expenses and labor from a department to a sponsored project must be done within a specific time frame. Per University policy, all costs must be reimbursed from a University fund within 60 days of their actual occurrence. If the charges were meant to be charged to a sponsored project, the department will have to move those expenses according to one of the deadlines below:

- **If the grant is not open** at the time the expense occurred, the department has 60 days of the receipt of the grant’s fund code. The Grant Manager (GM) should contact the department with the fund information immediately after receipt of the email notification. Once that
notification has been received, work with the GM for the cost transfers as soon as possible, so the expenses and labor can be moved onto the grant within the deadline.

- **If the grant is open** at the time the expenses occurred, the department has 60 days of the expense's entry into Banner.

- **Within 60 days** of the implementation of this policy (July 1, 2018), all cost transfers needed from before the implementation date need to be relayed to your GM or entered into the system.

**Time and Effort Certification**

Once an award has been reviewed by the PI and the expenses have been approved via the Effort Survey, expenses will only be moved from a sponsored project to a department due to one of the reasons listed in “Moving expense from Sponsored Project to Department”. It is very important that the internals sent by your GM are reviewed carefully and thoroughly to make sure that there are no missing charges, whether it is labor, supplies, travel, etc. If you notice something is missing, it is important that you not certify the record until the missing charges have been added.

**Suggestions**

Suggestions to help make these cost transfers easier include:

- Always loop your GM into conversations with your department about purchases, whether these are happening before or after the award is open.

- If spending money before a grant is open, keep a list to make it easier and faster to transfer the costs once the grant fund has been established.

- Do not spend funds unless you have approval from your GM. Without this, there is a possibility that the expenses will not be allowed on the award. The GM can review any received contractual material to make sure that the expenses are allowable on the project.

- Give the GM as much information about the purchases as possible so they can determine if any cost allocation is necessary.

**Exception:**

Should your GM or someone in SPA be responsible for making the transfer and does not get it done in time, an exception will be made if there is document showing that the department contacted the GM within the 60-day limit.