



East Stroudsburg University

Cost Transfer Procedure for Sponsored Activities

Purpose

The purpose of this procedure is to outline the process necessary to appropriately and properly execute a cost transfer of payroll or other direct costs associated with a grant, contract or other sponsored contract and to ensure that East Stroudsburg University adheres to and complies with sponsor agency guidelines and/or regulations that apply to the grants, contracts, and other sponsored projects. This procedure applies to all University faculty members and other employees who perform research, educational services, or other activities by a grant, contract, or other sponsored agreement.

Overview

East Stroudsburg University has a stewardship responsibility for all of its sponsored funds, and proper management of sponsored project expenditures is essential to meet this obligation. The University recognizes that transferring costs to or from sponsored projects is sometimes necessary to correct bookkeeping or clerical errors in the original charge. Cost transfers that are frequent, late, or inadequately explained, especially those involving sponsored projects with unexpended balances, may raise questions about the University's ability to manage its sponsored funds effectively.

In addition to general stewardship responsibilities, the University must conform to a number of specific federal criteria regarding the handling of cost transfers including OMB Circular A-21, OMB A-133 Compliance Supplement, 2 CFR 200 Uniform Administrative Requirements, as well as all applicable sponsoring agency regulations and/or guidelines.

Definitions

Principal Investigator (PI) – In the context of funding from sponsored agencies, the principal investigator is the person who has the appropriate level of authority and responsibility to direct the project or program supported by the grant. Not all agencies may use the term “principal investigator” but may use the term “project director,” which has the same definition as described above.

Original Charge - The original charge is the first posting of an expense to the general ledger and may be initiated by payroll charges, purchase orders, Procurement Card purchases, travel requisitions, direct order, or check requisitions.

Cost Transfer – A cost transfer is the reclassification of an expense to a Fund different from the Original Charge.

Procedure

PIs should regularly review their accounts for accuracy and to facilitate timely discovery of any errors. Any errors should promptly be communicated to the Office of Sponsored Projects and Research (OSPR) and the Grant and Compliance Accountant. PI's are not assigned roles in SAP that would allow them to transfer costs between projects, the assigned role allows the PI only to view the charges that have been made for monitoring. In some instances the Grant and Compliance Accountant may identify a potential error through ongoing monitoring of the grant. In those cases, the PI will be contacted to aid in the determination of the appropriateness of the charge.

When an error is identified the PI should request a cost transfer from the OSPR and Grant and Compliance Accountant in writing (email is acceptable) indicating:

- When the original charge was made and to what account
- The account to which the expense should have been charged
- A justification that states the reason(s) that the expense was originally charged to the account from which it is now being transferred, why the charge needs to be transferred, and why the charge is allowable and allocable to the new account to be charged.
- If the cost transfer being initiated is more than 90 days after the original charge, and is allowed by all regulations and guidelines that apply to the sponsored project an explanation as to why the cost transfer is being initiated more than 90 days after the original charge.

The Grant and Compliance Accountant will review the cost transfer request for appropriateness including:

- Timeliness – In order to be timely, cost transfers should be completed within 90 days of the original transaction. If a cost transfer is requested after 90 days, the OSPR and Grant and Compliance Accountant must determine what action is being taken to eliminate future cost transfers of this type.
- Reason for the Cost Transfer – Cost transfers should be initiated to correct clerical or bookkeeping errors. Cost transfers used to address surpluses or deficits in sponsored accounts are not appropriate or allowable.
- Frequency of Cost Transfers – Frequent requests for transfers may indicate the need for improved financial management practices.
- General Standards of Reasonableness, Allowability, and Allocability – Cost transfers must meet the same cost standards that apply to original charges to sponsored accounts.
- Guidelines/Regulations to the Sponsor or the Sponsored Agreement – In some cases, expenditure guidelines that are unique to the sponsor or a particular sponsored agreement may need to be considered in determining whether a cost transfer is appropriate.

Cost transfers that are determined to be appropriate will be confirmed by the Grant and Compliance Accountant by verifying the original charge in SAP for fund/cost center/general ledger account and amount. The Grant and Compliance Accountant then reclassifies the expense using a journal entry to have the charge in the correct fund/cost center/general ledger account. Once the journal entry is posted, the Grant and Compliance Accountant confirms that the balance in SAP accurately reflects the cost transfer.

All supporting documentation for the cost transfer should be retained in accordance with the University's record retention policy and/or grant requirements.

Additional Information

Cost transfers are occasionally necessary between closely related projects. These requests must also contain proper justifications as outlined above and will be carefully reviewed.

In some instances the Grant and Compliance Accountant may find errors in posting, where the original documentation had the correct fund/cost center/general ledger account but was processed incorrectly. In these rare occurrences the Grant and Compliance Accountant will confirm the charges and perform an entry to reclassify the expense to the proper fund/cost center/general ledger account and note the entry with the backup documentation.