

Cost Transfers

Definition

A cost transfer moves expenditures from one university fund (FOAP) to another. This process can be done on a Journal Entry or FUPLOAD form for non-payroll expenditures; and with a labor redistribution form for payroll expenditures.

Background

The Principal Investigator (PI) is responsible for the management of sponsored programs that are awarded to him/her. These include federal, state, and private grants and other sponsored agreements. In addition to technical compliance, the responsibility for budgetary compliance rests with the PI. This includes staying within the total program budget and project period and staying within specific budget limitations that may be required by the award terms and conditions. Each PI is responsible for ensuring that charges made to a particular research fund are allowed by the funding source and are directly related to the project or activity supported by that fund. The PI should carefully consider whether an expense is an allowable, allocable and reasonable cost on a given fund before the expense is incurred. In addition, the PI is responsible for reviewing expenditure reports in Insight, and time and effort reports supplied by the Office of Sponsored Programs.

Cost transfers are sometimes necessary and unavoidable; however, they should not be used as a method for routine funds management. They may be used to correct an error or to allocate expenses between closely related projects, if the projects benefit directly from the expense. Cost transfers should not be requested simply to avoid an over expenditure in one research fund by transferring expenses to another research fund, nor should they be used as a method to spend money because a project is nearing its end.

When initiated, cost transfers must be timely, well-documented and properly approved. Unallowable or inappropriate charges that appear on a sponsored project fund must be moved to an appropriate fund within 45 days.

Procedures

To request a cost transfer for non-salary charges involving a 3xxxxx fund, a Journal Entry or FUPLOAD form must be completed, reviewed for accuracy, signed by someone with FOAP approval authority, and forwarded to the Sponsored Program Accountant. See Financial Services website for a copy of the [form](#).

Timeliness

Cost transfers submitted later than 45 days from the date in which the charge first appears on the fund or submitted later than 30 days after the end date of an award are not considered timely. Cost transfers not submitted in a timely manner must also include:

- A memo from the department dean or area vice president with an explanation on why the cost transfer was not made in a timely manner.
- An explanation of the delay in processing the cost transfer that includes information on the steps being taken to prevent this from happening in the future.
- Additional documentation if expenses are to be charged to another 3XXXXX fund (see Well-Documented, below).

Well-documented

In addition to providing information on the original posting in Banner, including a Banner or Insight report print screen, a cost transfer request on sponsored project funds must include:

- A full explanation of how the error occurred. For example:
 - Why the expense was originally charged to the fund from which it is now being transferred.
 - What is known now that wasn't known at the time of the original charge.
- For transfers other than simple corrections of account codes, movements within sub funds of the same project, and that involve moving an expenditure to a 3XXXXX fund, also include:
 - How the expenditure directly benefits the fund receiving the charge.
 - A generic statement such as "to correct error" is insufficient and will not be accepted.

The direct cost portion of over expenditures in sponsored project funds, per approval of the provost, may be moved on a journal entry by accounting staff to the research incentive fund of the dean of the college where the grant resides. The indirect portion of the over expenditure will be reversed automatically once the direct cost expenditure is removed from the sponsored project fund.

Properly Approved

The authorized signatory on the FOAP's approval queue (normally the PI or PI designee) must approve cost transfer requests before they are submitted to general accounting for processing.

- The signature certifies the entry was properly reviewed, appropriate, and correct.
- Cost transfers that are not timely also require the approval of the department dean or area vice president.

Salary Related Cost Transfers

To request a cost transfer for salary-related charges involving a 3XXXXX fund, the appropriate payroll form must be submitted. There are several methods for redistributing salary charges, depending on the type of employee or student. The most common methods are the payroll re-distribution form for faculty and staff paid monthly and the graduate student payroll authorization forms.

Please contact the Payroll Office for assistance with the appropriate method to use for needed changes. Additionally, labor charges are subject to effort reporting requirements. The Office of Sponsored Programs can provide additional information on the time and effort reporting process.

Miscellaneous Information

The General Accounting Office will contact the department if additional information is needed to approve the cost transfer request. If the cost transfer cannot be approved, General Accounting Office will notify the department via email of the reason for the action or return the original document to the department with the reason for the action.