Cost Transfer for Sponsored Programs
Policy No. URSA: 0005
University Research Services and Administration

POLICY

Issued: July 2006
Revised:

Contacts for questions about this policy, click here

A cost transfer between grant or contract funded accounts (i.e., sponsored projects) may be made under the following conditions:

1. The cost is proper and allowable under the project's sponsor and university's policies.
2. Justification for the transfer is documented.
3. Transfers are made within 90 days of discovery of error. The Principal Investigator must personally sign all cost transfer documents submitted more than 90 days after the charge's original discovery date.
4. No charge may be transferred to or between sponsored project accounts in excess of one year from the original date of discovery except in approved extraordinary circumstances.
5. No transfer involving State funds beyond current fiscal year.

As part of the department/unit monthly Cost Expenditure Review, all cost transfers related to personnel made through a Personnel Effort Report (PER) and completion of an appropriate payroll action form (PAF) during the certification period is not considered a cost transfer under this policy. A change to a previously certified PER is a cost transfer.

Under this policy, justification requirements for current year changes are satisfied and supported by the completion and approval of the Personnel Effort Report and Payroll Action Forms. A payroll adjustment affecting a prior fiscal year must be completed by Research Financial Services. The Department and Principal Investigator must submit adequate explanation to withstand audit scrutiny.

DEFINITIONS

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<tr>
<th>Term</th>
<th>Definition</th>
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<tr>
<td>Cost transfer</td>
<td>Movement of expense(s) between two different university accounts</td>
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POLICY DETAILS

Cost transfers are exceptional activities and should not occur frequently. Cost transfers to or from sponsored project accounts should represent corrections and must be made promptly after the error is discovered. The transfer must be supported by a written explanation of how and why the error occurred and a certification of the correctness of the new charge. An explanation that merely states that the transfer was made “to correct error” or “to transfer to correct project” is not sufficient. Appropriate justification will detail:

1. when the error was discovered,
2. what the charge was for,
3. why the charge was incorrectly made, and
4. how it specifically relates to the sponsored project account to which it will be transferred.

Cost transfers to or between sponsored projects accounts are only allowable when there is direct benefit to the project account being charged.

Costs may not be shifted between accounts or from one budget period to the next solely to cover cost overruns. Cost transfers based on funding considerations are prohibited (i.e., cost transfers cannot be done to use up remaining funds).

The intentional “parking” of charges on a sponsored project account pending transfer to another sponsored project account upon its funding is unallowable. Parking of charges for any reason is considered a misuse of grant funds.

The documentation for cost transfers must be retained for the period stipulated in the University System of Georgia, Board of Regents record retention schedule and be available for verification during the course of an audit or other review.

**Examples of Transfers or Corrections**

1. **Clerical Errors**
   Correction of clerical errors must be made promptly after errors are discovered. The transfer must be supported by written text explaining how the error occurred (i.e., obvious typographical error, etc).

2. **Unallowable Cost**
   If the cost is not appropriate on the sponsored project account and is to be paid from state funds or discretionary restricted funds, simply state this fact. Once a transfer is made, further transfers of the same cost to yet another (i.e., a third) account are not allowable.

3. **Closely Related Work**
   When closely related work is supported by more than one funding source, a cost transfer may be made between those accounts, provided it is a proper charge and the transfer is supported by a written explanation.

**PROCEDURES**

Issued: July 6, 2006

Revised: 

While cost transfers may seem to be inherent in sponsored award activity, EVERY EFFORT SHOULD BE MADE TO REDUCE THE INSTANCES THAT WOULD MAKE COST TRANSFERS NECESSARY. Occasionally circumstances may be such that transfers are unavoidable such as pre-award costs, effort adjustments, cost overruns, grant termination, shared cost between two or more projects, or a simple error.
Cost transfers fall into two general categories: Personnel and Non-personnel.

**Personnel**

Any change to personnel costs or distributions after completing a certified Personnel Effort Report (PER) is considered a cost transfer. In cases where the transfer is necessary, the requestor/initiator must notify the Time and Effort Coordinator in Office of Sponsored Proposals and Awards (OSPA) of the change and request a corrected Personnel Effort Report for certification. The requestor/initiator must forward a written justification approved by the Principal Investigator to the assigned OSPA representative. Once the OSPA representative approves the transfer, the corrected PAF, a certified corrected PER, written justification and OSPA approval will be routed to the College Administrative Officer for approval and update in the Human Resources System.

**Non-Personnel**

The appropriate College Administrator or Department Business Manager should be contacted by the individual desiring a non-personnel cost transfer. Each individual college or school determines who has the authority to affect cost transfers. All cost transfers must include appropriate justification in the description field of the journal voucher. The journal voucher will be routed through the designed departmental or project workflow as established in the financial accounting system. Please refer to the Cost Transfer Policy for guidance on appropriate justifications.

If the transfer is over 90 days from the original discovery date, a request for approval must be submitted to the OSPA Officer. It should contain original voucher information and accompany a written justification signed by the Principal Investigator. Once the OSPA Officer approves the transfer, the signed justification and the OSPA approval will be routed to the College Administrative Officer or designated Departmental Business Manager for approval and update in the financial accounting system.

**Transfer Timing**

To the maximum extent possible, cost transfers should be made within 90 days of the discovery of the charge.

When transfers of charges are made greater than 90 days from the date of discovery, a justification from the Principal Investigator is required.

Charges older than one year (greater than twelve months) may not be transferred onto or between sponsored project accounts except in certain approved extraordinary circumstances.

**Late Awards**

In the event of late award documents, the department should request an account to be established in advance (Preaward or Advance Account) of the award’s receipt by completing an Institutional Prior Approval System (IPAS) form and submitting it to the Office of Sponsored Proposals and Awards.
RESPONSIBILITIES

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<tr>
<th>Position or Office</th>
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<tr>
<td>Principal Investigator/Project Director (PI/PD)</td>
<td>Initiates cost transfer requests when needed; Attempts to ensure that all initial charges are made to correct or appropriate accounts whenever possible to minimize cost transfer transactions.</td>
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<tr>
<td>Department or Unit Approver</td>
<td>Reviews and approves or denies cost transfer requests that do not involve salary.</td>
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<tr>
<td>Department Chair or Unit Head</td>
<td>Reviews and approves or denies cost transfer requests for salaries; Provides oversight on other costs transfer activity.</td>
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<tr>
<td>Office of Sponsored Proposals and Awards (OSPA)</td>
<td>Monitors and completes all cost transfer requests to sponsor project accounts; Flags accounts where there are too many cost transfers or inappropriate cost transfer and follows up with department or unit.</td>
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CONTACTS

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<tr>
<th>Subject</th>
<th>Office</th>
<th>Telephone</th>
<th>Email</th>
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<tbody>
<tr>
<td>Policy interpretation and related questions</td>
<td>Office of Sponsored Proposals and Awards (OSPA)</td>
<td>404-413-3502</td>
<td><a href="#">Click here for list with your OSPA contact</a></td>
</tr>
<tr>
<td>Cost transfer status</td>
<td>Dept. or Unit manager of Grants and Contracts</td>
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RESOURCES

[Cost Transfer Request Form](#) can be found in the File Finder on the University Research Services & Administration (URSA) website.