

Cost Transfer Policy

ROWAN UNIVERSITY POLICY

Title: *Cost Transfer Policy*
Subject: *Cost Transfers*
Policy No: *OSP: 2015: 01*
Applies: *University-wide*
Issuing Officer: *Senior Vice President for Finance and CFO*
Responsible Officer: *Vice President for Research*
Adopted: *03/13/2015*
Last Revision: *02/03/2020*
Last Reviewed: *01/14/2020*

I. PURPOSE

To establish guidelines for requesting and performing salary and non-salary cost transfers related to sponsored program funds when costs are transferred to a sponsored project that were initially charged to another fund or account

II. ACCOUNTABILITY

Under direction of the Senior Vice President and CFO for Finance, the Vice President for Research shall provide oversight to the Director of Contract and Grant Accounting to ensure compliance with this policy.

III. APPLICABILITY

This policy applies to all sponsored project(s) whose sponsor is a federal or state agency, department, or entity. This includes any sponsored projects that are passed through a non-federal or non-state entity, whose primary sponsor is a federal or state agency, department, or entity.

This policy applies to all Principal Investigators, their designees or delegates, department business administrators, and post award grant analysts or staff that are responsible for ensuring costs are related to the sponsored project and/or who prepare and maintain support documentation associated with the cost.

This policy applies to all journal entries or journal vouchers that are charged to the sponsored project fund or account that was originally charged to another sponsored project or fund.

IV. REFERENCES

1. Code of Federal Regulations, Title 2, Subtitle A, Chapter II, Part 200 (2 CFR 200) - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
2. State of New Jersey Circular 07-05-OMB: Grant Agreements – Agency Contracts
3. Rowan University Policies and Procedures (located in Confluence) <https://confluence.rowan.edu>
 - a. Contracting and Procurement
 - b. Travel Related
 - c. Fixed Asset
 - d. Effort Certification

V. POLICY

1. Principal Investigators are in the best position to determine what research costs are necessary for performance of a sponsored agreement. Consequently, they assume primary responsibility for justifying cost transfers to or between their sponsored agreements when such transfers are necessary. The principal investigators should review the fiscal status of their sponsored agreements periodically and upon discovery correct expense transactions that are incorrectly recorded.
2. A cost reallocation is not a cost transfer. Cost reallocations do not represent errors but are established procedures for distributing expenses on a regular basis. However, since sponsored projects are restricted funds, business justification on how the cost meets the purpose of the restricted fund still apply. Some examples include but not be limited to:
 - a. Service Center billings performed within 90 days of the charge
 - b. Purchasing Card reallocations performed within 90 days of the charge
 - c. Printing or other central administrative service charges that are distributed to cost centers
 - d. Parent and sub/child accounts and funds that are under the same award number
 - e. Changes to effort reports when effort reports are under certification and review by the Principal Investigators
3. A cost transfer is an allowable expense (both salary and non-salary) that is initially charged to other funds or accounts not associated with the federal or state sponsored project. When any cost transfer is incurred during the pre-award period, during the 90 days prior to the end of the sponsored project, after the end of the project, and/or during the reporting period (annual or final) of the project, proper care and due diligence must be performed to ensure costs are allocable, appropriate, and meet regulatory requirements.
4. The Federal government has established policies, concerning the assignment of costs to federally sponsored agreements, in 2 CFR 200 and specific agency policies on cost transfers. These policies may require cost transfers to meet additional timing and documentation requirements.
5. Cost transfers should be made within 90 days following the month in which the cost was charged to or transferred from the sponsored project account/fund. The cost transfers must be supported by statements justifying the reason for the transfer and how it relates to the project, a comprehensive and complete explanation of how the error(s) occurred, expense support documentation (invoices, travel expense report, etc.).
 - a. Examples of acceptable explanations include the following:
 - i. Incorrect project fund identified at time of purchase.
 - ii. Correct allocation and usage of goods and services.
 - iii. Receipt, purchase order, or other source documentation contained an error at time of purchase.
 - iv. Allowable pre-award expenses.
 - v. Sponsored project fund not created at time of award.
 - vi. Sponsored project fund not created at time of purchase of good or service.
 - vii. Correction identified during periodic review.
 - viii. Payroll forms were not processed timely because the financial plan for the award was being revised.
 - ix. Individual transferred from one project to another, but the appropriate paperwork could not be processed before the payroll deadlines.
 - x. Individual was transferred from one project to another for only one pay period.
 - xi. Data entry, misinterpretation or transposition error (technical error).
 - b. Examples of unacceptable explanations include the following:
 - i. An explanation merely stating that the transfer was made to "correct and error" or "transfer to/from correct project" is not sufficient.
 - ii. A cost transfer from one budget period to the next solely to cover cost overruns.
 - iii. A cost transfer solely to move deficit spending from one sponsored project fund or account to another, unrelated sponsored project fund or account.
 - iv. A cost transfer associated with a pay period where an effort report has been certified and reviewed during effort certification.
 - v. A cost transfer to use up an expended balance or cash surplus expense.
6. Cost transfer requests made over 90 days following the month in which the cost was charged are subject to additional justification, review and approval by the Office of Grant and Contract Accounting

and may require more supporting documentation and detailed explanation. Additional approvals from department chairs or deans may be required.

7. Principal Investigators, their designees or delegates, department business administrators, and/or post award grant analysts who are assigned the tasks of ensuring costs to sponsored projects are allocable and allowable, must prepare the journal entry or voucher and the support documentation.
8. Effort certification is the process in which Rowan University establishes and confirms effort expended on a sponsored project; the effort reports are created using past payroll expenditures/charges on sponsored projects. Since salary distributions are initially set-up in the Banner payroll system based upon an estimate and that extend over a period of time, which flow into the effort certification process, changes and adjustments to salary/labor redistributions made during an open effort reporting period may not require additional supporting documentation related to this policy.
9. Cost transfers will not be charged back to a previous fiscal year in Banner once the University has provided its initial Financial Statement drafts to the auditors during the beginning of the annual year-end audit test work period. Only entries approved by the Accounting Services department and reviewed by the auditors can be processed once the draft financial statements have been
10. Grantees and administrative offices of the incorrectly charged account must maintain copies of the approved cost transfers as well as the supporting documentation that must be made available for audit or other review. Frequent errors in recording costs may indicate the need for additional training and/or enhanced communication among the principal investigator, Contract and Grant Accounting department, Budget department, and Payroll Services department to ensure compliance with all appropriate university payroll, reimbursement, accounting, and personnel policies and practices.