



SUBJECT: Cost Transfer Policy	Effective Date: 08-12-2020	Policy Number: 10.5.5
	Supersedes: 01-25-2013 02-23-2011 06-18-2010	Page 1 of 6
	Responsible Authorities: Division of Research Director of Research Accounting	

I. Purpose

The purpose of this policy is to establish uniform procedures for Cost Transfers of both Federal and Non-Federal sponsored research projects as part of the conditions of receiving sponsored program funding. Florida Atlantic University must comply with the requirements of OMB 2 CFR 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, state regulations and sponsor terms and conditions.

II. Policy

It is the policy of Florida Atlantic University that costs are charged to the appropriate sponsored project when first incurred for all federal or non-federal sponsored programs for all cost categories, including payroll costs. However, the University recognizes that there are circumstances in which it may be necessary to transfer expenditures to a sponsored project subsequent to the initial recording of the charge. When a cost transfer (non-salary and salary costs) is identified as a necessary reallocation of costs, the following is required in order to process a transfer:

1. Cost Transfers must be processed within 90 calendar days of the accounting date.
2. Cost Transfers processed more than 90 days after the initial recording are allowed only in the case of exceptional circumstances (excludes: NIH or DHHS). The reasons for a cost transfer over 90 days after the original charge must be documented in detail on a Cost Transfer Request Form.

(A) The National Institutes of Health (NIH) and Department of Health & Human Services (DHHS) only allow cost transfers that occur within 90 days after the initial recording of the charge. Exceptional circumstances are not allowable under the terms and conditions of these sponsors.

3. Cost Transfers must be properly justified, accompanied with sufficient support documentation and submitted with appropriate University form if required.

4. Cost Transfers must meet the allowability, allocability, reasonableness and consistency guidelines described in 2 CFR 200, along with any sponsored agreement specific requirements.

Allowability: The cost must be allowable under the terms and conditions of the award, including the authorized budget and applicable regulations.

Allocability: The cost of goods or services must benefit the award charged. Goods or services shared by more than one project are allocable in proportions that can be approximated through actual use. Example: If you are charging Project A for 50% of an item purchased, Project A must receive half the benefit or use of that item.

Reasonableness: A cost may be considered reasonable if the nature of the goods or service acquired and the amount paid, reflect the action that a prudent person would have taken at the time the decision to incur the cost was made.

Consistency: The application of costs must be given consistent treatment within established University policies and procedures including Generally Accepted Accounting Principles and Cost Accounting Standards as issued by the Federal Cost Accounting Standard Board.

Timeliness: All transfers should be made in 90 days. Exceptions require full documentation of reason for delay. Exceptions are not applicable for NIH or DHHS sponsored projects.

If transfers are not adequately justified or are made for inappropriate reasons, which makes them unallowable, the department may transfer those costs to a departmental overhead account if the cost transfer supports the research endeavors of the college or department. Otherwise, the department must transfer the cost to a non-sponsored departmental account.

III . Definitions

2 CFR 200

Code of Federal Regulations issued by the Office of Management and Budget as Administrative Requirements, Cost Principles and Audit Requirements for Federal Award Administrative guidelines (Uniform Guidance).

Allocable	A cost is allocable to a project if goods or services involved are chargeable or assignable in accordance with the relative benefits received by the projects. In order to be allocable a cost must be treated consistently in like circumstances. For further information see 2 CFR 200.405.
Allowable	A cost is allowable to a project if: (1) the costs are reasonable; (2) the costs are allocable to the specific project; (3) the costs are treated consistently in like circumstances; and (4) the costs conform to any limitations of the cost principles or the sponsored agreement. For further information see 2 CFR 200.403.
Cost Transfer	An after-the-fact reallocation of either salary or non-salary cost from one funding source to a different funding source.
Cost Transfer Request Form	Required for allowable cost transfers over 90 days between different funding sources. Not required if the transfer is between different grant tags within the same award or for transfers from a sponsored award to a non-sponsored project.
Documentation	Providing a detailed explanation and support documents as evidence to substantiate allocability, allowability and reasonableness for a specific transaction.
Non-salary Costs	For purposes of this policy, non-salary costs are supplies, professional fees, travel, equipment and other non-payroll expenditures.
Reasonable	A cost may be considered reasonable if the nature of the goods or services acquired or applied, and the amount involved therefore, reflect the action that a prudent person would have taken under the circumstances prevailing at the time the decision to incur the cost was made. For further information see 2 CFR 200.404.
Review	A process whereby transactions are analyzed to see if they meet the standards of allowability, allocability, reasonableness and are in accordance with Federal, State, Agency and University guidelines.
Salary Costs	For purposes of this policy, salary costs are payroll expenses for all classes of employees including students and OPS (salary and benefits).

IV . Accountability

The Principal Investigator is responsible for the management and administration of the sponsored project in accordance with sponsor and University guidelines. Principal Investigators and their designees are responsible for reviewing charges on their awards in order to timely identify errors. The Principal Investigator, Dean, Director or Chair of the department who delegates responsibilities and decision-making authority for cost transfers must ensure that the employees responsible for sponsored research projects are qualified and are properly fulfilling their responsibilities. Both Principal Investigators and their designees are responsible and accountable for compliance with the Cost Transfer Policy.

Research Accounting is responsible for reviewing and approving all cost transfers (non-salary and salary) for sponsored research projects based upon the Cost Transfer Policy criteria as additional oversight.

V . Procedures

The Principal Investigator and their designees should review expenditure activity on their sponsored projects on a regular and routine basis to ensure allowability, allocability, reasonableness, consistency, and timeliness under the terms of a sponsored agreement.

In reviewing expenditure activity of a sponsored project, if a transaction has been determined to be charged to a sponsored project in error, then the Principal Investigator or designee should initiate one of the following Workday Business Processes: Payroll Accounting Adjustment, Accounting Adjustment or Journal Entry to transfer the cost. The transaction should be submitted with the following:

1. Justification

The justification must be a detailed explanation of why the change is requested in order for a reviewer to understand the reason for the cost transfer and conclude that it is appropriate. As listed in the NIH Grants Policy Statement, "An explanation merely stating that the transfer was made *to correct error* or *to transfer to correct project* is not sufficient."

2. Cost Transfer Form

If the transfer is over 90 days then the transfer must include a completed Cost Transfer Request Form which requires approvals from the principal investigator, college administrator and the director of research accounting.

Exceptions:

- a. Transfer within same award number - If the transfer is over 90 days but the expense is being transferred between grants within the

same award number then a Cost Transfer Request Form is not required.

- b. Transfer to a non-sponsored worktag – If the transfer is over 90 days but the expense is being transferred to a non-sponsored worktag then a Cost Transfer Request Form is not required.

3. Documentation

Non-payroll costs:

- Accounting Adjustment – An automated process of transferring a settled (original) transaction which links the support documentation within the adjustment in order to view the receipt, invoice or vendor statement and determine allowability (excludes: bank statements or lost p-card form).
- Journal Entry - This transfer must include either a receipt, invoice or vendor statement in order to determine allowability (excludes: bank statement or lost p-card form) along with a copy of the Trial Balance Details View or Grant Inception to Date (GITD) Details View that identifies the original charge that is being transferred all original worktags.

Payroll costs:

- Payroll Accounting Adjustment – An automated process of transferring a payroll transaction.

Research Accounting will review all cost transfers (non-salary and salary) based upon the criteria of the University's Cost Transfer Policy. If the cost transfer is adequately justifiable, has sufficient support documentation and was submitted with the appropriate form, then Research Accounting will verify if the cost transfer is allowable, allocable, reasonable, consistent, and timely under the terms of a sponsored agreement. If Research Accounting is unable to approve a cost transfer due to lack of justification, support documentation, allowability, etc. it will be sent back to the requestor. Cost Transfers approved by Research Accounting will automatically route through the workday business process for completion.

The following are examples of both allowable and non-allowable cost transfers for salary and non-salary (this list is not inclusive).

Examples of allowable Salary and Non-Salary cost transfers:

- Cost Transfers with written approval from sponsor
- Cost Transfers between different funding sources for one project
- Correction of a clerical error such as a keypunch or transposition error
- Reallocation of expenses where multiple projects are benefited
- Reallocation of shared resource costs

- Transfer of pre-award costs from divisional or discretionary project funds to a sponsored project
- Reallocation of a salary expense to properly reflect effort
- Cost Transfers to move unallowable charges, or to eliminate a deficit, to *non-sponsored project*

Examples of unallowable Salary and Non-Salary cost transfers:

- Transfer of costs that were not incurred during the project period (incurred before the start date or after the project end date)
- Transfers to move costs from one sponsored project to another sponsored project for the sole purpose of removing a deficit
- Transfers solely to use up unexpended funds, but do not appear to be of direct benefit to the project, i.e. transfers of costs during the last months of a project.
- Transfer of unidentified expense
- Random or regular rotation of costs, absent any information on actual use i.e., arbitrary charging of pooled costs such as photocopies or lab supplies.
- Costs should not be transferred more than once. Since the transfer has already been justified, documented and accepted as appropriate, any additional transfer would be highly suspect.

VI . Review of Procedures

The Cost Transfer Policy will be updated as necessary.

POLICY APPROVAL			
<i>Initiating Authority</i>			
Signature		Date	
Dr. Daniel Flynn, Vice President for Research			