



SPONSORED PROGRAM ADMINISTRATION COST TRANSFER GUIDELINES

A good rule of thumb is to “do it right the first time.” This can be achieved by paying close attention to your sponsor’s expenditure guidelines as they can (and do) vary from sponsor to sponsor. Be sure to keep track of your expenditures through Peoplesoft and review your accounts monthly. Occasionally cost transfers are necessary, but they should be the exception, not the rule. When mistakes are found early, they are easier to correct. Keep in mind that the Division of Sponsored Program Administration (DSPA) has a sixty day cost transfer policy. The complete Cost Transfer policy and Cost Transfer forms may be found on the DSPA website at: <http://www.mcg.edu/Policies/7001.html>.

What Constitutes a Cost Transfer?

- Transfer pre-award costs from a departmental account
- Correct erroneously charged expenditures
- Allocate costs that benefit more than one project
- Reallocate planned effort to reflect actual effort
(Yes, adjustments in the Time & Effort system are cost transfers!)

What should your Justification include?

When preparing a cost transfer, you should be sure to fully justify why the transfer is necessary. There are two basic questions that must be considered:

- Why was this expenditure originally charged to its current account?
- Why should it be transferred?

Additionally, if the transfer is for an expenditure that was paid more than sixty days prior, you will need to answer two more questions:

- Specifically, how does this requested transfer of expense benefit the project?
- Why is this transfer being requested more than sixty days after its original entry?
- What action is needed to eliminate future need for cost transfers of this type? What action is being taken?

What documentation should you include with your Cost Transfer?

Every cost transfer request form should always be **completely** filled out and include supporting documentation. This means attaching documentation showing where the expenditure was originally charged, generally the **Comprehensive Financial Report** is used. Any other documentation that substantiates the cost transfer should be included as well. All necessary signatures **must** be obtained on the cost transfer. Remember, the PI is the fiduciary of the project and its expenditures. Lastly, the preparer should always keep a copy of the cost transfer request and documentation.



SPONSORED PROGRAM ADMINISTRATION COST TRANSFER GUIDELINES (Continued)



Examples of Acceptable Cost Transfer explanations:

- The monthly audit of the award by the PI revealed an accounting error in charging travel expenses to the award. The accounting clerk was not notified that the travel was assigned to this research project.
- The sponsor delayed the final sign-off of the contract. Although the project started on (date), the account was not established until (date).
- The sponsor assigned a new award number for the new period of the project. This forced the Institution to establish a new account number. This transfer moves the expenses from the old account number to the new account number.
- The equipment was ordered for the project before an account number could be established. This transfer moves the expense to the sponsor's account.
- A keying error caused the charge to inadvertently be charged to the wrong account. This error was caught during a routine review of the charges on the award.
- This is to more accurately charge expense between two closely related projects.



Examples of **Unacceptable** Cost Transfer explanations:

- To use up the balance in the grant.
- To reduce overruns (when transferring from one federal project to another).
- To correct an error (without elaboration as to why).
- To transfer to correct project.
- I have not been able to get to it due to my other priorities.

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