

# THE MEDICAL COLLEGE OF GEORGIA

## ADMINISTRATIVE POLICIES AND PROCEDURES

Office of Primary Responsibility  
Sponsored Program Administration

Subject:  
Sponsored Accounting Cost Transfer Policy

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### 1.0 PURPOSE

This policy establishes requirements for processing transfers of direct costs to or from sponsored accounts. Federal regulations, generally accepted accounting principles, and good management practices require that all costs incurred be appropriate to and for the direct benefit of the project charged, and that accounting records be maintained on a timely and accurate basis. Audit reports routinely question or disallow cost transfers, in particular those that are frequent, tardy, unexplained or inadequately explained.

### 2.0 DEFINITION

A Cost Transfer occurs when an expenditure charged to one account is moved to another account, after the fact.

### 3.0 POLICY

Although it is preferable to charge costs to the correct account when they are incurred, cost transfers may occasionally be necessary. These transfers must be properly documented and processed within a reasonable time (normally within 60 days of the original entry).

### 4.0 REQUIREMENTS

The costs being transferred must be allowable and allocable to the receiving account.

- 4.1 The transfer must be supported by documentation that clearly explains why the transfer is being made. The explanation must be sufficient for a reviewer to understand the transfer and conclude that it is appropriate. A statement that merely says "to correct error" or "to transfer to correct account" is not sufficient. The transfer should also have attached the documentation for the original charge that is being moved.
- 4.2 Transfer should be submitted as soon as possible after the error is discovered, and must normally be processed within 60 days of the original entry.
- 4.3 Under no circumstances may expenditures be placed on a sponsored account for reasons of convenience or funding availability with the intention that they will be moved at a later date.
- 4.4 If a cost transfer affects two departments, both departments must approve the cost transfer.
- 4.5 Costs will not normally be transferred more than once. Since the transfer has already been justified, documented and accepted as appropriate, any additional transfer would be highly suspect.
- 4.6 Cost transfers which will affect Resident Instruction accounts must be submitted to

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sponsored accounting prior to June 1 of the fiscal year effected by the transfer.

- 4.7 If the costs being transferred are for salaries, documentation showing the salary and fringes for the individual must be attached. Transfers for salary expense of individuals working on sponsored accounts must be made prior to, or at the time, the Time and Effort Report is submitted. No transfers of salary may be made after the Time and Effort Report for that period has been submitted.

**5.0 PROCEDURES**

Cost Transfer Entry For Sponsored Accounts form must be completely filled out for transfers of non-personnel expenditures and the Cost Transfer Entry Payroll form filled out for transfers of personnel services expenditures. These forms should be filled out completely including proper explanation justifying transfer and certification by PI.