

Cost Transfer Procedure – General Information

Scope

This document sets forth Alabama A&M University's procedures regarding cost transfers, including transfer of payroll and other direct costs associated with sponsored projects.

Purpose

In accordance with Alabama A&M University's Cost Transfer Policy, this procedure will:

- Assure the integrity of the University's charges for salaries, goods, and services on sponsored projects that are transferred to or from a sponsored project after an initial charge elsewhere in the University's accounting system; and
- Ensure compliance with sponsor terms and conditions, regulations, and University policies.

Cost Transfer Definition

A cost transfer is the reassignment of an expense to a sponsored project after the expense was initially charged to another sponsored project or a University project. Cost transfers include reassignments of salary, wages, and other direct costs.

Cost Transfer Requestor

A cost transfer may be prepared by any University employee; however, the request to transfer a cost to or from a sponsored project must receive the approval of the PI responsible for the sponsored project receiving the charge **prior** to the cost transfer being processed.

Cost Transfer Procedure – Process

Initiating a Cost Transfer

Financial information in the University's accounting system should be reviewed regularly to facilitate timely discovery of error. A departmental business manager or other designated staff member may assist the PI in reviewing financial information. The PI must identify legitimate errors in a timely manner and communicate required changes to Grants & Contracts Accounting promptly. Only an individual with first-hand knowledge may officially request the cost transfer of an expenditure to or from a sponsored project.

Note: A cost transfer cannot be requested and processed by the same individual.

Cost Transfer Preparation

A cost transfer may be requested by the following individuals: a sponsored project Principal Investigator (PI), a department business manager, or other departmental staff. The requestor must provide the following information:

- FOAP where the expense originally charged.
- FOAP where the expense **should** have charged.
- Completed Cost Transfer Justification Form, from the PI or sponsored project business manager. *Note: An email including the appropriate documentation for the cost transfer is generally acceptable.*

- If the cost transfer request is for salaries or wages, the University employee's name must be provided, along with the time period (or pay period) and amount of effort/salary affected. *Note: If an effort report has been completed, a copy of the individual's certified effort report must be included.*
- If the cost transfer request is for other direct costs, the invoice number or purchase order number must be provided.
- A written explanation for the error, including a justification of how the cost benefits the sponsored project it is being transferred to, if applicable.
- If the cost transfer request is beyond the 90 day time limit, an explanation must be provided justifying why the request was delayed and how the error will be prevented for future transactions.

Cost Transfer Questions

Prior to submission of a cost transfer request, the request should be evaluated by the requestor and the following questions should be answered.

Is the cost:

1. Allowable under 2 CFR Part 220 (OMB Circular A-21) and/or the terms and conditions of the sponsored project and related University policies?
2. Allocable to the sponsored project that will now be charged?
3. Reasonable and necessary to meet the aims/goals of the sponsored project to be charged?
4. Within the budget period of the sponsored project to be charged?
5. Consistently treated in relation to other sponsored projects?

*Note: For a cost transfer request to be approved by Grants & Contracts Accounting, the answer to all of the above questions must be **yes**.*

The requestor should then ask the following additional question:

1. Are the identified costs being transferred in order to cover an apparent cost overrun on another sponsored project?

*Note: For a cost transfer request to be approved by Grants & Contracts Accounting, the answer to this question must be **no**.*

Grants & Contracts Accounting Document Review

Once received by the Grants & Contracts Accounting department, all documentation should be reviewed for completeness. If all required documents/information have been supplied, and all questions above in "Cost Transfer Questions" have been answered satisfactorily, a Journal Voucher (JV) should be prepared to transfer the cost. If documentation/information is incomplete, the cost transfer request should be returned to the department. If the questions above have **not** been answered satisfactorily, the cost transfer request should be forwarded to the Office of Sponsored Programs for a compliance review and approval.

JV Processing and Approval

A JV detail sheet and a JV cover sheet should be prepared in accordance with University policy detailing out the cost transfer to be performed. The following documents should be attached to the JV as supporting documentation, based on the type of cost being transferred.

1. The signed Cost Transfer Justification Form for all cost transfers.
2. Any supporting documentation provided by the department with the cost transfer request for all cost transfers.
3. A copy of the certified effort report for labor cost transfers where an effort report has already been completed.
4. A printout of NHIDIST (or an export of) detailing out the salary expenditures for labor cost transfers.
5. A printout of FGIBDST and a drilldown of FGIBDST (or an export of) detailing out the cost for all cost transfers.
6. If the cost transfer required a compliance review by the Office of Sponsored Programs, a written, signed approval to proceed.

JV should be entered into Banner in accordance with University policy.

Cost transfer JV's will be approved by the Director of Grants & Contracts Accounting only if all required documentation has been completed. In the absence of the Director, cost transfer JV's may be approved by the Assistant Vice President of Business & Finance. All JV forms and supporting documentation should be retained in accordance with the University's record retention policy.