

TAMUCC: OFFICE OF SPONSORED RESEARCH ADMINISTRATION

STANDARD OPERATING PROCEDURES

COST TRANSFERS

1. INTRODUCTION/OVERVIEW

Texas A&M University - Corpus Christi (TAMUCC) has a supervisory responsibility for sponsored projects and the proper management of sponsored project expenditures. Expenditures should post to the appropriate sponsored project when they first occur. However, cost transfers are sometimes necessary to correct posting errors and/or to allocate costs for closely related work that may support more than one project. A cost must be reasonable, allowable and allocable to transfer the expense to a sponsored project.

This policy aligns with the requirements of the cost principles imposed on universities by the Office of Management and Budget (OMB) Uniform Guidance 2CFR 200 Subpart E, TAMUS policy 15.01.01, and TAMUCC procedure 15.01.01.C0.02.

2. PURPOSE

A cost transfer is an after the fact reallocation of costs to a sponsored project, federal or non-federal, including cost share accounts. Cost transfers must include documentation that fully explains how the error occurred and also certify the correctness of the new charge. Cost transfers must be timely, complete, and comply with policy and procedures.

This policy applies to all cost transfers on sponsored projects, except for the following conditions:

- A. Adjustments to correct object codes on same account/support account
- B. Redistribution of labor charges from a University approved payroll-clearing account to a sponsored project, provided that the transfer is completed within the next calendar month.
- C. Redistribution of labor charges based on an approved Costing Allocation that began routing before Payroll calculation
- D. Redistribution of labor charges from default account to a sponsored project that posted in the first month of a fiscal year.
- E. Redistribution of non-labor charges from a University approved Cost Center (e.g. IDT) to a sponsored project.
- F. Adjustments between main sub-ledger accounts (SL) and support accounts (SA) of the same sub-ledger account within the same project/reporting period, excluding cost share accounts.
- G. Removal of expenditures from a sponsored project.
- H. Correction of an erroneous transaction within the next calendar month of the original expense.

3. ROLES AND RESPONSIBILITIES

Principal Investigators (PIs) or Project Directors (PDs) take primary responsibility for ensuring compliance with sponsor regulations as well as the monitoring of expenditures, timely correction of errors, and proper allocation of expenses.

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It is the role of each PI/PD to review sponsored projects on a regular basis to ensure that all expenditures charged are correct and appropriate. When costs are identified that require a cost transfer, the PI/PD is responsible for ensuring a cost transfer form is completed, providing the necessary documentation and submitting it electronically to the Office of Sponsored Research Administration (OSRA) for review/approval. The PI/PD has authority to delegate these tasks within 90 days of the original expense posting date.

Department Research Administrators/Business Coordinators (DRA/BC) assist PI/PDs in the timely review and reconciliation of expenditures; prepare cost transfers when delegated; maintain adequate documentation of questionable costs; ensure that the costs transferred are allocable, allowable, and reasonable; and submit completed cost transfer form to OSRA. If the cost transfer is rejected, it is the responsibility of the department to ensure that the cost is removed and assigned to a non-sponsored account in a timely manner.

Office for Sponsored Research Administration (ORSA) is responsible for reviewing and approving cost transfers and supporting documentation. OSRA may return cost transfer requests to the department/college without approval due to insufficient explanation and/or unallowable expenses.

4. PROCEDURES

When the need for a cost transfer arises, a **Cost Transfer Form (CTF)** must be completed and signed by the authorized personnel.

The following questions must be answered in detail:

- A. Why was the expense charged to the account that it was originally posted to?
- B. How does the receiving account benefit from the proposed transferred expenses?
- C. If the cost transfer request is more than 90 days from the date of the original charge, explain the reason for the delay and what action is being taken to eliminate the need for future cost transfers of this type.
- D. Was the effort previously certified in the Time and Effort system? If yes, explain what changed and why (only applicable if this a payroll cost transfer).

The explanation of the cost transfer must be clearly stated and must be sufficient for an independent reviewer to understand the transfer and conclude that it is an appropriate transfer of an expense: allowable, allocable, and reasonable. Either the PI/PD or department delegate will sign the cost transfer form. Cost transfers submitted after 90 days are considered late cost transfers, require additional justification, and only the PI/PD may sign the CTF. The signed CTF must be submitted with any and all related correcting entries routed for approval. Incomplete forms will be returned to the PI/PD/DRA for correction.

5. EXCEPTIONS

In rare cases, there may be circumstances where exceptions to this policy may be warranted. All requests for exception to this policy must be in writing, signed by the Dean/Director and submitted in advance for evaluation by the Director of the Office of Sponsored Research Administration.

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Exception requests are reviewed on a case-by-case basis and must include a detailed justification. It is important to provide as much information as possible to assist the reviewer in evaluating the request. After considering the request, the Director of OSRA will determine whether to grant or deny the exception and whether the exception, if granted, will be limited.

6. DEFINITIONS/ACRONYMS

90 Days: 90 days means 90 calendar days from the first of the month following the month in which the charge was originally posted. For example, if the original charge posted on 1/10/18, 90 calendar days are count from 2/01/18 to 4/31/2018.

Allocable: Costs that benefit the award charged. Costs shared by more than one project should be allocated in approximate proportion.

Allowable: costs allowable under the terms and conditions of the award, including the authorized budget and applicable regulations.

Cost Transfer: An after the fact re-allocation of costs to a sponsored project or cost share account within a 90-calander day period from the original accounting date.

Cost Transfer Form: The authorized form used to document the reallocation of costs to a sponsored project

Department Delegate: An individual assigned responsibility to complete a specific task.

Late Cost Transfer (over 90 Days): An after the fact re-allocation of costs to a federal sponsored project or cost share more than 90 calendar days from the original accounting date.

Month Expense Originally Posted	Over 90 days (late)
January	May
February	June
March	July
April	August
May	September
June	October
July	November
August	December
September	January
October	February
November	March
December	April

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Original Charge: The first posting of a cost to a sponsored project.

OSRA: Office of Sponsored Research Administration

Pre-Award Costs: The costs incurred prior to the effective date of the federal award directly pursuant to the negotiation and in anticipation of the award. Such costs are allowable only to the extent that they would have been allowable if incurred after the date of the federal award and only with approval from the federal awarding agency.

Reasonable: The nature of the goods or services acquired and the amount paid to reflect the action that a prudent person would have taken at the time the decision to incur the cost was made.

Timely: Within one calendar month from original posting date, e.g. a correction for an expense posted on any date in October would be timely if routed by the last business day of November.

7. FORMS

Cost Transfer Form <http://research.tamucc.edu/postaward.html>

Texas A&M University - Corpus Christi
Cost Transfer Form

FAMIS Transaction Description	
Posting Date of Original Charge(s)	
Account From	Account To

1. Why was the expense charged to the account that it was originally posted to?

2. How does the receiving account benefit from the proposed transferred expense?

3. If the cost transfer request is more than 90 days from the date of the original charge, explain the unusual circumstance that prevented the timely review, correction, and submission of the error.

Question 4 only applicable if this is a payroll cost transfer.

4. Was the effort previously certified in the Time and Effort system? Yes No If yes, explain what changed and why.

APPROVED:

<div style="border: 1px solid black; height: 20px; margin-bottom: 2px;"></div> <small>Principal Investigator/Delegate Signature (no delegates if over 90 days)</small>	<div style="border: 1px solid black; height: 20px; margin-bottom: 2px;"></div> <small>Printed Name</small>	<div style="border: 1px solid black; height: 20px; margin-bottom: 2px;"></div> <small>Date</small>
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Supporting documentation for original expense must be attached to this justification form
(e.g. invoices, receipts, IDTs, etc)

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8. RESOURCES

Office of Management and Budget (OMB) Uniform Guidance 2CFR 200 Subpart E
http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl

OMB Circular A21 2CFR 220
<https://www.gpo.gov/fdsys/granule/CFR-2012-title2-vol1/CFR-2012-title2-vol1-part220/content-detail.html>

TAMUS policy 15.01.01
<http://www.tamus.edu/legal/policy/policy-and-regulation-library/>

TAMUCC Rules and Procedures 15.01.01.C0.02
http://academicaffairs.tamucc.edu/rules_procedures/

TAMUCC OSRA WEBSITE
<http://research.tamucc.edu/postaward.html>

9. SOP REVISIONS/UPDATES

Date	Prepared By:	Revisions/Updates
8/22/2014	OSRA	Original/Revision
12/17/2018	OSRA	Added Uniform Guidance References, changed SOP format, and updated relevancy of procedures for current operations