**PURPOSE**

This policy provides guidelines for processing cost transfers in compliance with the standards set forth in the Office of Management & Budget (OMB) [*Part 200 —Uniform Administrative Requirement, Cost Principles and Audit Requirements for Federal Awards*](http://www.ecfr.gov/cgi-bin/text-idx?SID=6214841a79953f26c5c230d72d6b70a1&tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl) (“Uniform Guidance”), sponsor policies, and award terms and conditions.

Cost transfers are an area of concern to federal auditors; therefore, it is important that this policy is understood and consistently followed.

Failure to adhere to the provisions of this policy may result in the University’s sponsors, or other government agencies, disallowing costs or imposing other sanctions.

**SCOPE**

This policy should be known and understood by the following groups of individuals, responsible for the specific roles outlined below:

* **Associate Vice Provost for Research and Scholarship Office** 
  + Review and approve the “[Over 90 Days Cost Transfer or Salary Recertification Form”](https://www.creighton.edu/fileadmin/user/AdminFinance/Controller/docs/Forms/Cost_Transfer_Request_Form.pdf) to ensure the justification is sound and allowable and to monitor cost transfer activity within the University.
* **Department Chairs/Division Directors**
  + Review and approve the “[Over 90 Days Cost Transfer or Salary Recertification Form](https://www.creighton.edu/fileadmin/user/AdminFinance/Controller/docs/Forms/Cost_Transfer_Request_Form.pdf)” to ensure the justification is sound and allowable and to monitor cost transfer activity within the Department.
* **Department Administrators**
  + Reconcile sponsored project accounts, review with the Principal Investigator on a regular basis, and identify when cost transfers are required.
  + Complete the [JE template](https://www.creighton.edu/fileadmin/user/AdminFinance/Controller/docs/Forms/JV_Template_NEW.xlsx) with appropriate documentation.
  + If a cost transfer is being requested after the 90-day deadline or a cost transfer is needed for a salary recertification, provide justification to accompany the “[Over 90 Days Cost Transfer or Salary Recertification Form](https://www.creighton.edu/fileadmin/user/AdminFinance/Controller/docs/Forms/Cost_Transfer_Request_Form.pdf)” and route to the department chair, Office of the Associate Vice Provost for Research and Scholarship, and Accounting Services.
* **Principal Investigators**
  + Review sponsored project accounts on a regular basis and provide approval for late cost transfer requests.
* **Accounting Services** 
  + Review JE templates and relevant documentation to ensure document is complete.
  + Verify the debit project has available funding and budget for the transfer and expenses and the proposed expenses are allowable.
  + Ensure all paperwork has been submitted and verify all cost transfer approvals.
* **Internal Audit Personnel, Associate Vice Provost for Research and Scholarship, Provost/Vice Presidents/Vice Provosts, Deans, Department Charis, Directors or any other personnel who are involved with or have oversight of activities or spending of resources for sponsored projects:**
  + Apply these policies in their duties over sponsored projects

**POLICY**

Creighton is committed to ensuring that all cost transfers (either in the form of labor or non-labor adjustments) are effected only for appropriate purposes and are conducted in accordance with sponsor terms and conditions, federal regulations, and this policy. Costs to any sponsored project account must be allowable and proportionately benefit the sponsored project being charged.

Since costs must be charged to accounts accurately and according to applicable rules and regulations, original transactions should not need corrections. Due care should be used to ensure that all costs are accurately charged to sponsored projects in the first instance to avoid unnecessary cost transfers and minimize the number of cost transfers overall. However, in certain circumstances, charges may have to be moved from one account to another. Therefore, cost transfers are allowable with adequate documentation and approval. An adequate explanation and justification for all cost transfer actions must be clearly stated on the request.

A consistent or excessive number of cost transfers on a single award may lead to a financial compliance risk for Creighton. A high volume of cost transfers may suggest a lack of proper award management and raises questions about accounting practices and internal controls in place.

Principal Investigators and local administrative support staff should review and reconcile sponsored project expenses at least quarterly to identify inadvertent errors in a timely manner. If errors or necessary corrections are identified during this review, Principal Investigators/support staff should prepare and submit a request to process the cost transfer. This regular review will help ensure that the time to identify and process the transfer is minimized.

The following practices are ***inappropriate*** for cost transfers involving sponsored projects:

* Shifting costs from one sponsored project to another to meet budget or funding deficiencies
* Shifting costs from one sponsored project to another to avoid sponsor restrictions
* Assigning costs to sponsored projects based on remaining balance, such as:
  + Large equipment expenditures at the end of a project (without approval)
  + Increasing salary expenses on a project with an available balance when it is not consistent with the actual effort expended/proportional benefit

**Cost Transfer Documentation and Justification**

Cost transfers must be done on the [Journal Voucher (JV) template](https://www.creighton.edu/fileadmin/user/AdminFinance/Controller/docs/Forms/JV_Template_NEW.xlsx) with required documentation, including the date of the original charge, the reference number of the original document (invoice number, JE number), description of the charge being transferred, and detailed justification as to why the cost is being transferred. If the transfer is necessary because of an error, the explanation must state how and why the error occurred. If the cost transfer is allocating a charge between projects, an explanation of the allocation method should be included.

Documentation must include appropriate detail that explains the justification for the after the fact transfer. A cost transfer explanation should have sufficient detail so that a person completely removed from the situation should be able to look at the request and understand why the transfer was necessary.

In addition, salary cost transfers must include the name of the individual whose salary is being transferred, the pay periods affected, and modified Personnel Activity Reports (PARs), if applicable. If the cost transfer will affect more than one department, the department initiating the request is responsible for advising all impacted parties and obtaining the required signature from that department.

Before posting, Accounting Services must ensure that the charge being transferred meets general award/sponsor requirements and that there is sufficient budget for the transfer.

**Timeliness of Cost Transfers**

Cost transfers should be processed within 90 days of the original occurrence of the charges or within 45 days of the expiration of a grant or contract. When cost transfers are not requested and processed within the 90 day period, the “[Over 90 Days Cost Transfer or Salary Recertification Form](https://www.creighton.edu/fileadmin/user/AdminFinance/Controller/docs/Forms/Cost_Transfer_Request_Form.pdf)” must be completed by the PI or department administrator and signed by the PI, Department Chair and the Associate Vice Provost for Research and Scholarship.

**Disallowed Cost Transfers**

The Principal Investigator and the associated department with which the charge is affiliated are responsible for appropriately funding any cost transfer that is disallowed by Accounting Services due to failure to meet the requirements stated above. The Principal Investigator/Department will also be held financially responsible if any cost transfer is later disallowed during an audit.

**DEFINITIONS**

**Cost Transfers** are the moving of labor or non-labor costs from one accounting distribution (fund, org, and/or organization) to another accounting distribution.

**Salary Recertifications** are changes made to Personnel Activity Reports after they have been certified once.

**PROCEDURE**

Cost transfers must be done on the [Journal Entry (JE) template](https://www.creighton.edu/fileadmin/user/AdminFinance/Controller/docs/Forms/JV_Template_NEW.xlsx) with adequate justification attached and submitted to Accounting Services for approval.

When cost transfers are processed outside of the 90-day period, the “[Over 90 Days Cost Transfer or Salary Recertification Form](https://www.creighton.edu/fileadmin/user/AdminFinance/Controller/docs/Forms/Cost_Transfer_Request_Form.pdf)” must be completed by the Principal Investigator or department administrator and signed by the Principal Investigator, Department Chair and the Associate Vice Provost for Research and Scholarship. It then should be forwarded to Accounting Services for approval.

If Accounting Services approves the cost transfer, it will be posted into the general ledger.

**ADMINISTRATION AND INTERPRETATIONS**

Please contact Accounting Services for questions about this policy.

**AMENDMENTS OR TERMINATION OF POLICY**

The University reserves the right to modify, amend or terminate this policy at any time.