

COST TRANSFERS



Sponsored Projects Administration
UNIVERSITY OF GEORGIA

Effective:	08/01/2020
Last Reviewed:	06/17/2020
Owner:	Jill Frazier Tincher
Area:	Sponsored Projects Admin
Applicability:	UGA System-Wide

POLICY AND PROCEDURE

PURPOSE:

The purpose of this policy is to ensure compliance with the standards set forth in the Federal Office of Management and Budget 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200), Federal and State regulations, and sponsor-specific requirements. This policy provides guidance which will assist University of Georgia (UGA) personnel proposing, performing and managing sponsored activities. Direct costs on sponsored projects must be allowable, allocable, and reasonable.

Failure to comply with UGA policies and procedures may result in audit findings, suspension of sponsored activities, closer monitoring by the sponsor, delays in final payments, and/or other enforcement actions imposed by the sponsor. This policy applies to all Federal and non-Federal sponsored activities, including all externally funded activities.

SCOPE:

All UGA personnel must be aware of the complex and detailed rules provided under Federal, State regulations, as well as terms and conditions of individual sponsored activities.

POLICY:

Sponsored projects will comply with all applicable Federal, State and/or sponsor-specific costing policies. Consistent with the UGA Direct Cost Policy, all costs must be charged to the appropriate sponsored project. A cost transfer occurs when a cost needs to be transferred to a different sponsored or non-sponsored chartstring. Cost transfers should be the exception and not occur frequently. Cost transfers should be timely and in accordance with the provisions of this policy.

PERSONNEL COSTS

Initially, each employee’s payroll is allocated based upon estimated time spent on each sponsored activity. As commitments change, adjustments are made. Any adjustments should be made before payroll is certified. UGA utilizes the after-the-fact confirmation method, which means that salary, and wages are certified after payroll is incurred. Payroll certification should not occur until PI/unit confirm the accuracy of personnel costs.

NON-PERSONNEL COSTS

All non-personnel cost transfers may be made under the following conditions:

1. The cost being transferred is allowable pursuant to the Direct Cost Policy;
2. The cost transfer is properly justified and accompanied with sufficient supporting documentation; and
3. The cost transfer is processed within 90 calendar days from charge’s original posting date. The Principal Investigator must personally sign all cost transfer documents submitted more than 90 days (and no more than one year) after the charge’s original

posting date. Cost transfers submitted more than 90 days after the charge's original posting date should occur in extraordinary circumstances only.

DEFINITIONS:

A cost transfer is the movement of expense(s) between two different university chartstrings to allocate the cost where it is appropriate.

Payroll Certification is the after-the-fact confirmation that the salary and wage charged to a sponsored project accurately reflects the work performed.

PROCEDURE:

1. Under this policy, Principal Investigator (PI)/unit should comply with the Direct Cost Policy to ensure costs are reasonable, allowable and allocable. Allowable costs must be incurred against the appropriate sponsored or non-sponsored chartstring.
2. PI/unit should utilize UGA resources to regularly (at least once a month) review sponsored projects to confirm all salary and non-salary costs are appropriately charged. These resources include but are not limited to:
 - a. Grants Portal
 - b. Project Status Report
 - c. Project Status Cube
 - d. Payroll Certification (prior to certification period)
 - e. Position Funding Cube
3. Where discrepancies are identified, PI/unit must prepare and process cost transfers immediately. All cost transfers must conform to the following requirements:
 - a. PI/unit must submit adequate explanation to withstand audit scrutiny.
 - b. The transfer must be supported by the [Cost Transfer Justification For Sponsored Projects form](#) identifying how and why the error occurred and a certification of the correctness of the new charge. An explanation that merely states the transfer was made "to correct error" or "to transfer to correct project" is not sufficient. Appropriate justification will detail:
 1. When the error was discovered;
 2. What the charge was for;
 3. Why the charge was incorrectly made; and
 4. How it specifically relates to the chartstring to which it will be transferred.
 - c. Cost transfers to or between sponsored project chartstrings are only allowable when there is direct benefit to the project being charged.
 - d. Costs may not be shifted between sponsored projects solely to cover cost overruns.
 - e. Cost transfers based on funding considerations are prohibited (i.e., cost transfers cannot be done to use up remaining funds).
 - f. The intentional "parking" of charges on a sponsored chartstring and then transferring the charge to another chartstring upon receipt of funding is unallowable. Parking of charges for any reason is considered a misuse of sponsored funds.
4. Where discrepancies identified pertain to an encumbrances – future charges will occur – the encumbrance must also be corrected.

RESOURCES:

2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards



Sponsored Projects Administration
UNIVERSITY OF GEORGIA

Sponsored Projects Administration | 706-542-5939 | <http://spa.uga.edu>
