

Grants and Contracts Administration (GCA)

Cost Transfer Guidance

INTRODUCTION:

As a recipient of federal funding, Clemson University (CU) must follow OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR 200. When transferring costs to federal awards (cost transfers), CU applies best practices to ensure that costs posted to federal awards are allowable, allocable, and reasonable (2 CFR 200. 403-405, 430). The following guidance has been provided to accompany the Cost Transfer Policy (<https://www.clemson.edu/research/policies> 5.0).

DEFINITION:

Cost Transfer: An after the fact reallocation of a cost (expenditure) from one project to another, where at least one of the projects are a Fund 20 project. The transfer is a correction TO/FROM a sponsored project that was previously recorded elsewhere (any other project, regardless of the fund group, on CU's general ledger).

Timely Manner: Less than 90 calendar days after the original posting date.

APPLICABILITY:

A cost transfer form and supporting documentation are required for the transfer of any costs TO a Fund 20 project if the journal line is \$500 or more, or the journal entry total TO Fund 20 projects is \$2,500 or more. Qualifying cost transfers must be reviewed and approved by GCA, and the Office of the Vice President for Research (VPR, if certain additional criteria are met - see COLLEGE/DEPARTMENT STEPS 2).

COLLEGE/DEPARTMENT STEPS:

- 1) PI/Department identifies charges that should be transferred TO a Fund 20 sponsored project.
- 2) Department/College completes Cost Transfer Request Form (Appendix A), including all required signatures (CPAC and PI if original journal posting is UNDER 90 days). All efforts should be made to submit Cost transfer requests to GCA under 90 days of original journal posting. CPACs may attach Sections 2 and 3 justifications on a separate page, if additional space is needed.
- 3) If original journal posting is 90 days or more, additional signatures are required, which includes department chair and ADR, as well as completion of Section 3 of the Cost Transfer Request Form.
- 4) Supporting documentation is attached to the cost transfer request. *Examples of supporting documentation can include, but are not limited to: copy of PRC (placed on HOLD(!) in Web Pay Corrections); copy of original journal posting; query results; copy of employee distribution form; copy of invoice; email conversation (pertinent dialog only); etc. Questions may be directed to sbalas@clemson.edu.*

- 5) College submits the Cost Transfer Request Form and supporting documentation to gcaapprovals@clemson.edu.
- 6) See "FINAL STEPS" Section page 3.

GCA STEPS:

- 1) GCA cost transfer manager (CTM) begins review of request within five to eight business days of receipt and notifies the college contact that the request is under review. If CTM has any questions or needs more information, this should be communicated to the CPAC within the five to eight business days. If feedback is requested from college contact, college contact responds to CTM within five to eight business days of request. If college contact does not respond with feedback by 9th day, GCA returns CTR to college contact unapproved (only for transfers that involve expenses moving from non-sponsored (non-fund 20) to sponsored (fund 20)).
- 2) CTM validates request and all information provided, which may include, but is not limited to the following:
 - a. cost transfer review checklist items (see Appendix B);
 - b. payroll or other expenditures;
 - c. proposal/agreement/budget for allowability;
 - d. if Sponsored Compensation Verification (SCV) has been approved for related project(s), review SCV to verify PI noted correction. If not, request PI to explain why SCV was approved given this forthcoming correction;
 - e. if SCV has not been approved and the approval period is still open, request PI to update SCV report;
 - f. other verification and reviews as necessary.

Note: CTRs with "conditional" or "cond." written at bottom right of form indicates the pending receipt of additional information and/or documents requested. CTM reconciles this condition(s) prior to submitting to VPR or returning approved request to CPAC.

- 3) CTM enters request into Cost Transfer Approval Log located on H drive under Cost Transfer folder and continues to update log throughout the process.
- 4) Forward reviewed request to appropriate GCA grant administrator (GA) when TO or FROM project is within 90 days of end date or the request has special circumstances, so that the GA is aware of the transfer. GA acknowledges request is appropriate by signing CT form. If GA identifies a concern or is unable to sign the request, GA notifies CTM within 1-2 business days. Request may be escalated to GCA Director/Accounting Manager for further discussion. (This process may be adjusted in the future to only include copy of email to GA as notification.)
- 5) CT with the CTM's, and GA's signature (when applicable), is then forwarded to the VPR office, when applicable (see VPR Approval Criteria and Steps – page 3).
- 6) If CTR does not meet VPR approval criteria, CTM notifies CPAC of the approval via email. **See Final Steps** (below) for entering correcting journals.

VPR APPROVAL CRITERIA and STEPS:

- 1) All GCA approved requests that include original journals that exceed 90 days or greater (at submittal date) and/or meets one or more of the following criteria will be forwarded to the VPR designee for approval and signature:
 - a. SCV report has been approved without noting the correction in SCV; or,
 - b. transfer is submitted 45 days or later after the project end date; or,
 - c. a RISK project should have been requested AND PI/Dept continued to use a Fund 20 project as opposed to a departmental account (possible exception for anticipated modification when new project is unexpectedly setup),

The VPR designee copies CPAC in approval email. Note that sometimes at month-end or year-end close (and perhaps on other rare occasions), it may be necessary to post cost transfers prior to GCA receiving VPR designee approval. This will be performed so that the closing deadline can be met, or to manage a rare, yet urgent situation. In the event this occurs, the CTM has reviewed and approved, and there are no concerns or complications present where the VPR designee approval would not be forthcoming. If for unforeseen circumstances the cost transfer is not approved by the VPR designee, the cost transfer entry will be reversed by the CTM.

FINAL STEPS:

The transfer journals for non-personnel should be entered by departmental personnel AFTER the request has been approved by GCA and/or VPR designee. Payroll corrections (PRCs) may be entered prior to receiving approval but should remain in Hold status in Web Pay Corrections until approval has been received by GCA and/or VPR designee, at which time the PRCs may be changed to Approved (status). Once status has been changed to Approved, PRC journals automatically transfer over to 'T' (temporary) status in overnight process. CTM is responsible for posting 'T' status journals before month end. ALL journals/PRCs involving Fund 20 projects are automatically held in 'T' status until reviewed and posted by CTM regardless if approval is required or not. 'T' status journals are reviewed (ideally) two or three times per week. If posting 'T' status journals is urgent, CPACs are encouraged to notify CTM.

The CTM reviews all cost transfers to Fund 20 projects at least once a year, ideally, every 6 months to verify that cost transfers meeting approval criteria did not post without proper approvals.

ELEMENTS OF A SUCCESSFUL TRANSFER:

- Avoid statements such as, “using up remaining funds” or “need somewhere to charge payroll because award is ending”
- The ONLY reasons for a cost transfer are that the cost has a direct benefit to award/project and is allowable, allocable, and reasonable.
- Form includes ALL required signatures
- Include copies of original journals or PRCs (keep PRCs in Hold status in Web Pay Corrections until CTR approved)

- Costs being transferred are within the TO project's period of performance
- Justifications provided in Sections 2 and 3 (3 req'd. when not done in timely manner) should make sense to the reader and should correspond with the support documentation provided
- It is helpful to include in Section 2 justification for personnel transfers that individual worked on project during transfer dates

Please contact Sarah Balas at sbalas@clermson.edu or gcaapprovals@clermson.edu with any questions.



Grants and Contracts Administration (GCA) Cost Transfer Request Form

This form only applies to Fund 20 projects. It is not required for corrections within the same Fund 20 project, or transfers from a Fund 20 project to a non-Fund 20 project. Click on the following link to see additional VPR approval criteria for any cost transfers 90 days or older from original date - <https://www.clemson.edu/research/grants-contracts/documents/Procedure%20for%20VPR%20Approval%20on%20Cost%20Transfer%20Requests.pdf>

This form must be completed to process a cost transfer that is \$500 or more per line, or a sum journal entry total greater than \$2,500 TO a Fund 20 sponsored project. The College/Division Post-Award Contact must send the **completed form and copies of source documentation (original journal entries and/or Web PRCs)** to GCA (gcaapprovals@clemson.edu) for approval. GCA will post the journal after all approvals have been obtained.

Section 1 - Identification of Costs ~		<input type="checkbox"/> Personnel Costs	<input type="checkbox"/> Non-Personnel Costs
Total Personnel Costs = \$		Total Non-Personnel Costs = \$	
Total < 90 days after original transaction date = \$		Total > 90 days after original transaction date = \$	

Section 2 - Justification for Transfer - (Provide FROM and TO subclass/project IDs) Why was this cost originally charged to the project from which it is now being transferred? Why is this cost being transferred to the sponsored project? (i.e., how does the project benefit?) Why is it appropriate to transfer this cost based upon the approved budget of the receiving award?

Section 3* - EXCEPTION - Late Cost Transfer (explanation is ONLY required in this section when the cost is 90 days after the original transaction date.)
 Why is this cost being transferred 90 days or more after the original transaction date? What procedures have been or are being implemented to avoid future need for cost transfers of this type?

Section 4 - Certification - I CERTIFY THAT THE ABOVE-MENTIONED COST TRANSFERS ARE APPROPRIATE.

College/Division Post-Award Contact: _____ Date: _____
 (type name)

Principal Investigator for project correcting TO: _____ Date: _____
 (type name)

Principal Investigator for project correcting FROM, if different from above PI: _____ Date: _____
 (type name)

Section 5 - Approvals

*Department Chair: _____ Date: _____
 (type name)

*Associate Dean: _____ Date: _____
 (type name)

GCA: _____ Date: _____

*VPR or designee: _____ Date: _____

**APPENDIX B
COST TRANSFER REVIEW CHECKLIST**

From Project:				To Project:
Period of Performance:				Period of Performance:
PI:				PI:
Sponsor:				Sponsor:
	YES	NO	N/A	Comments
1) Corrections are within period of performance for TO project: If No, request must be rejected or request revision from sponsor.				
2) Sufficient remaining balance in parent direct budget: If No, request must be rejected unless correcting other costs off of project.				
3) Justification in Section 2 and 3 is sufficient, and charges are allowable and justification states charges were for project. If No, obtain additional information from college or budget center contact.				
4) All required signatures are included on the request form: If No, email college or budget center for missing required signatures.				
5) Is supporting documentation included and satisfactory: If No, request additional documentation from college or budget center contact, as necessary.				
6) NEAR PROJECT END?: Transfers are within 30 days of end date or after end date for either TO or FROM (fund 20) project OR From project has negative balance? If Yes, obtain confirmation statement from PI that the employee who's payroll is transferring to project, actually worked on TO project within timeframe unless this is stated in the request.				
7) REIMBURSEMENT/AVAILABLE CASH? Enough cash-on-hand or able to invoice for these transfers ? If within 30 days of end date or after end date for TO or FROM project, inform appropriate grants manager. If No, probably will not be able to process request unless other costs are being corrected off. If this transaction is after the end date, may not be able to reconcile these final changes with sponsor.				
8) PAYROLL CORRECTIONS DURING Univ shutdown due to COVID-19 (March 16 to June 30, 2020) --- Faculty payroll (9 month) incurred between 3/16/20 & 6/30/20, and lag (12 month) payroll incurred between 3/16/20 & 7/15/20. Need to obtain confirmation of individual(s) work on grant, if not stated in the cost transfer request.				
DOES REQUEST REQUIRE VPR APPROVAL? If Yes to any item below, must obtain either VPR or VPR designee approval				
REVIEW DOCUMENTATION	YES	NO	N/A	Comments
1) Request is 45 days or more after project's end date for TO or FROM project if FROM project is Fund 20				
2) Sponsored Compensation Verification (SCV) report has been approved for both TO and FROM project if FROM project is Fund 20				
3) Some or all of original journals are 90 days or older (does not apply if transfer is 100% non-personnel)				
4) Risk project should have been requested AND did not use non-Fund 20 account				
5) Requires VPR or VPR designee approval?				
ACKNOWLEDGEMENTS	YES	NO	N/A	Comments
After review of all the items above, I acknowledge the transaction appears to be allowable, reasonable, allocable and treated consistently in accordance with University Policies and Procedures.				
Reviewer's Notes:				