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 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 journal 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 transfer total TO a Fund 20 project(s) 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 cost transfer was not submitted to gcaapprovals@clemson.edu in a *Timely Manner.

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 only 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; (very limited) email conversation (pertinent dialog only – please do not attach pages and pages of email conversation); etc. Questions may be directed to sbalas@clemson.edu .*

5) College submits the Cost Transfer Request Form and supporting documentation to gcaapprovals@clemson.edu in one pdf file.

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 possible. CTM may return or reject the cost transfer request if the justification provided is not sufficient, and/or required information and/or signatures are missing from the cost transfer package. It is the responsibility of the CPAC to follow-up on the cost transfer approval, if necessary.

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 forthcoming correction(s). If SCV was approved without noting forthcoming correction(s), CTM may request PI to update their SCV, if still able to login;
    e. other verification and reviews as necessary.

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) CTM notifies GCA grant administrator (GA) when TO or FROM project is within 30 days of end date or the request has special circumstances, so that the GA is aware of the transfer.

5) When cost transfer request includes transactions 90 days or older, CTM forwards GCA approved cost transfer request to the VPR's office for VPR designee approval. VPR designee will return approved cost transfer request to CTM and copy CPAC, etc.

6) If GCA approved cost transfer request does not require VPR approval, CTM notifies CPAC of the approval via email. *See Final Steps* (below) for entering correcting journals.

VPR APPROVAL:

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 correcting journals will be reversed by the CPAC.

FINAL STEPS:

The transfer journals for <u>non-personnel</u> (i.e., JECs/VCEs) should be entered by departmental personnel AFTER the request has been approved by GCA and/or VPR designee (with exception of – see above paragraph under VPR APPROVAL). 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 Approved in Web Pay. 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. JECs go to 'G' status and VCEs to 'T' status. ALL journals/PRCs involving Fund 20 projects are automatically held in 'T' or 'G' status until reviewed and posted by CTM regardless if approval is required or not. 'T' or 'G' status journals are reviewed (ideally) two times per week for review and posting. If posting 'T' or 'G' status journals is urgent, CPACs are encouraged to notify CTM.

The CTM reviews all cost transfers (PRC, JEC, and VCE prefix) to Fund 20 projects that meet or exceed $500 per line, on a quarterly basis, to verify all cost transfers meet Clemson University required approval procedures. Query used for PRC, JEC, and VCE population: "GCA_FUND_20_JRNLS_WITH_AUDITS"

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. In the case of <u>payroll</u> corrections, <u>the only valid reason to justify a transfer is because an individual(s) worked on the fund 20 project to which costs are being transferred. Because salary/fringe are budgeted, is not a sufficient reason. It is helpful to include in the Section 2 justification for payroll transfers that the individual(s) worked on project during transfer dates,</u> *but only if they actually did*
- Form includes ALL required signatures
- Include copies of original journals and/or PRCs (keep PRCs in Hold status in Web Pay Corrections until CTR approved)

- Costs being transferred are within the project's period of performance (project to which costs are being transferred)
- 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

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

APPENDIX A: Cost Transfer Request Form v9 Writable.pdf

APPENDIX B: Checklist Appendix B.xlsx