

Grants and Contracts Administration

(GCA) Cost Transfer Procedure

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 is a Fund 20 project. For the purposes of this procedure, Clemson University requires approval of cost transfers TO a sponsored project that was previously recorded elsewhere (any other project, regardless of the fund group, on CU's general ledger).

Refer to Division of Research Policies 5.01

Timely Manner: General guidance on "timely manner" of a cost transfer differs among federal agencies. For the purposes of this guidance, a timely manner is defined as within 90 calendar days of the initial charge.

APPLICABILITY:

Cost transfers of a charge meeting the threshold of \$500 or more and within 90 days of the initial charge must be requested by the project Principal Investigator and reviewed/approved by the designated College Post Award Contact (CPAC). When multiple cost transfers of \$500 or more are required on a single project, the aggregate total of the cost transfer action may not exceed \$2500 and must meet the 90-calendar day standard in order to be approved by the CPAC representative. The CPAC is responsible for maintaining appropriate documentation of the cost transfer and subsequent CPAC approval. If the transfer exceeds either of these conditions, the CPAC must complete the cost transfer form and submit it for further review and approval.

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 are reviewed and approved by GCA, and additionally by the Office of the Vice President for Research (VPR) if the cost transfer was not submitted to gcaapprovals@clemson.edu in a *Timely Manner.

Documentation Requirements:

It is important that all documentation supporting the cost transfer is retained by the approving authority in accordance with Clemson University documentation retention policy. Documentation must include the approved cost transfer form, including electronic signatures, the required original journal documentation and/or correcting journal documentation, along with limited relevant email correspondence.

COLLEGE/DEPARTMENT STEPS:

- 1) Through required monthly reconciliation, the PI/Department identifies charges that should be transferred TO a Fund 20 sponsored project.
- 2) Department/College completes electronic Cost Transfer Request Form (Appendix A) and enters the email of the required signatories on the form, including all required signatures (CPAC and PI only if original journal posting is UNDER 90 days from the original charge). CPACs should attach supporting documentation to the form prior to electronic routing. (See required documentation above.)
- 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 >90 Day Cost Transfer Request Form. The email addresses of these additional required signatures should be added to the electronic 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 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 GCA@clemson.edu*
- 5) The electronic cost transfer form is automatically routed for review and approval based on the emails entered.
- 6) The CPAC should monitor the Fund to ensure all requested actions have been completed.

GCA STEPS:

GCA cost transfer manager (CTM) reviews cost transfer requests weekly, normally on Mondays and Thursdays. CTM may initiate correspondence and/or questions regarding the request; however, it is important that sufficient information is provided on the form and related attachments to avoid delays. The CTM should respond to cost transfer requests within three business days, provided appropriate and adequate documentation has been provided by the CPAC. It is the responsibility of the CPAC to follow-up on the cost transfer approval, if necessary.

- 1) 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.
- 2) Cost transfers over one year old require additional review and justification, including statements of the impact of the transfer on the SCV data. Cost transfers over one year old will likely not be approved unless extenuating and well justified circumstances are included in the request. Cost transfers > one year from the date of the initial charge require the approval of the director of GCA. CTM validates request and all information provided, which may include, but is not limited to the following:

- a. Appropriate completion of the cost transfer form, acceptable justification of the need for the cost transfer and the reason the cost transfer occurred.
 - b. Acceptable documentation of appropriate corrective actions taken to ensure reduction in cost transfers due to the reason that the initial charge occurred.
 - c. Other verification and reviews as necessary:
 - Salary cost transfers that request corrections for personnel charges that have already been approved during a previous Sponsored Compensation Verification (SCV) period are a potential audit issue as the SCV record must correspond to the Clemson University financial ledger in order to meet audit standards. The electronic cost transfer form requires formal attestation by the PI that personnel charges being moved to the sponsored project represent actual effort expended on the project for as per 2 CFR 200.
 - The PI must attest to the following statement: *If SCV has been previously completed, I attest that the transfer of personnel charges is consistent with actual work completed on this project.*
- 3) When cost transfer request includes transactions 90 days or older, the electronic form is automatically routed to the VPR's office for approval.
 - 4) Once approved, the electronic form automatically notifies GCA Approvals and the CPAC staff of approval.

FINAL STEPS:

The transfer journals for non-personnel (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). 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 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 (ideally), but no later than every 6 months, 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." These are not acceptable and will not be approved.
- Justification as to why the transfer happened and steps taken to ensure charges will not be posted inaccurately in the future.
- Statement of how the transfer provides direct benefit to award/project and is allowable, allocable, and reasonable in accordance with sponsor requirements.
- In the case of payroll corrections, 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. PI attestation is required to verify that the individual expended appropriate effort on the project and that the effort % expended is appropriate.
- All required documentation is included.

- Costs being transferred are within the project's period of performance (project to which costs are being transferred).
- Justifications provided should support the standards for a compliant justification.

For further guidance on completing the form, click the links below:

- [Cost Transfer Form Walkthrough](#)
- [Guidance to CPACs](#)
- [Guidance to PIs](#)
- [Guidance to additional approvers](#)