

**NOVA SOUTHEASTERN UNIVERSITY
OFFICE OF SPONSORED PROGRAMS
POLICIES AND PROCEDURES**

AWARD MAINTENANCE

COST TRANSFERS

EFFECTIVE 12-01-08, REVISED 12-26-2014

POLICY #37

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PURPOSE:

To establish policy and procedure to be followed by the university to record cost transfers. When a cost transfer is made to a sponsored award, federal regulations and policy guidance must be followed.

DEFINITIONS:

Cost Transfer: A “cost transfer” is an accounting entry to reclassify an incurred expense from one account to another. Cost transfers may be necessary to (a) distribute clearing account expenses; (b) correct personnel distribution estimates; or (c) correct clerical, bookkeeping, or data entry errors.

POLICY:

In order to ensure compliance with federal requirements on cost transfers, the university will follow strict processes for completion and submission of a cost transfer. Generally, cost transfers between awards are unallowable. It is the policy of the university to follow 2 CFR Part 200 Subpart E on this matter, which generally states that any costs allocable to a particular sponsored award may not be charged to other sponsored awards to overcome fund deficiencies, to avoid restrictions imposed by law or by terms of the sponsored award, or for other reasons. Further, it is the university’s policy that any transfers of costs under sponsored awards that represent corrections of clerical or bookkeeping errors will be made promptly after the error is discovered. The transfers must be supported by documentation that contains a full explanation of how the error occurred and a certification of the correctness of the new charge by the Principal Investigator/Project Director (PI/PD) and a responsible financial or administrative official of the university.

Cost Transfer Timing

To comply with federal requirements regarding the timeliness of cost transfers, the university requires all federal, state, and local cost transfers to be processed within 30 days of the transaction being incurred. Exceptions to this policy must include a detailed explanation from the PI/PD describing why the correction could not be made within the designated time limit and a certification that the transferred cost is a proper expense to the award.

Cost Transfer Explanation

In accordance with federal requirements, the university requires a complete explanation detailing the necessity of the cost to be transferred to the sponsored account and the reason the error occurred. An explanation that merely states “to correct error” or “to transfer to correct account” is not sufficient. In the case of reoccurring clerical errors, the explanation must also include a plan of corrective action to prevent similar errors in the future.

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Cost Transfer Supporting Documentation

In order to comply with federal requirements, the university requires all cost transfers to be supported by appropriate documentation such as a detailed explanation of the transfer and detailed financial records related to the cost originally charged. This documentation may also include copies of sponsoring agency or university correspondence that assist in clarifying the explanation.

REFERENCES:

- OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR Part 200, <https://federalregister.gov/a/2013-30465>
- OMB Federal Awarding Agency Regulatory Implementation of Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, <https://www.federalregister.gov/articles/2014/12/19/2014-28697/federal-awarding-agency-regulatory-implementation-of-office-of-management-and-budgets-uniform>
- NIH Grants Policy Statement, <http://grants.nih.gov/grants/policy/policy.htm#gps>
- NSF Proposal and Award Policies and Procedures Guide, <http://www.nsf.gov/bfa/dias/policy/>
- HHS Grants Policy Statement, <http://www.hhs.gov/grants/grants/policies-regulations/index.html>
- Federal Acquisition Regulations (FAR), Title 48 C.F.R.
- NSU Financial Operations Accounting and Financial Policies and Procedures, Finance Policy 127 - *Administration of Sponsored Programs/Projects*, and Finance Policy 110 – *Payroll and Related Policies*, <http://www.nova.edu/fop/forms/policies.pdf>

PROCEDURES:

Personnel Cost Transfers

1. The transfer of salaries and wages must correspond to the percentage of effort certified to the sponsored project. Salary cost transfers are discussed in detail under OSP Policy No. 38 – *Effort Reporting* section 5 and Finance Policy No. 110.11 - *Payroll Process Related to Effort Certification and Reporting Technology (ECRT) System for Sponsored Programs/Projects*.
2. Any fringe benefits related to the salary and wages cost transfer will be processed accordingly.

Non-Personnel Cost Transfers

1. Non-personnel cost transfers along with all supporting documentation must be initiated by the Principal Investigator/Project Director (PI/PD) and submitted to the Contracts and Grants Accounting Department (CGA) for review and processing. The PI/PD must approve the transfer prior to submission to CGA.

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2. Appropriate supporting documentation must be included with the non-salary cost transfer entry. This includes a memo from the PI /PD with a complete explanation detailing the necessity of the cost to be transferred to the sponsored program account and the reason for the transfer. The explanation must also include a certification signed and dated by the PI/PD that the correct amount of allowable costs are now being properly charged to the award. Additional backup may be required for special cost categories.
3. CGA will forward to the OSP to review the cost being transferred for allowability in accordance with OSP Policy No. 28 – *Allowable Costs and Expenditure Control*.
4. After approval by OSP, the completed journal entry and related documentation will be reviewed by CGA for accuracy and proper justification before processing the cost transfer in the Banner finance system. Cost transfers lacking adequate explanations or supportive documentation will be returned to the PI/PD for further review and comment.
5. Cost transfers should be processed within 30 days after the cost is incurred. Cost transfers exceeding the 30 day timeframe may require additional approval from the PI/PD's College/Center.