

Cost Transfers on Sponsored Agreements

Overview:

Rensselaer expects its faculty, staff and students, when dealing with federal and other sponsored projects, to comply with all government and sponsor rules and regulations and follow established standards for determining when it is appropriate to initiate a cost transfer. Rensselaer expects that costs be charged to the appropriate award when first incurred but acknowledges that there are circumstances where it may be necessary to transfer expenditures to another award subsequent to the initial recording of the charge.

These procedures have been established in accordance with the Office of Management and Budget Uniform Guidance Part 200: Uniform Administrative Requirements, Cost Principles, and Audit Requirements (OMB UG Part 200) which provides guidance for determining the costs applicable to sponsored agreements. OMB UG Part 200 requires the recipient institution to ensure that costs charged are allowable.

Definitions:

Cost transfer:

- an after-the-fact reallocation of the cost associated with a transaction from one fund/org/account to another.

Allowable costs:

Allocable

- Incurred specifically to advance the work under the sponsored agreement;
- Benefits to both the sponsored agreement and other work of the institution, in proportions that can be approximated through use of reasonable methods;
- Necessary and deemed to be assignable in part to the sponsored agreement.

Reasonable

- Necessary for the performance of the sponsored agreement;
- Determined by arm's length bargaining of a prudent person;
- In accordance with the sponsored agreement terms and conditions;
- Consistent with established Institute policies and practices.

Consistently treated

- Uniformly applied across all funds;

- Incurred for the same purpose, in like circumstances and are treated as either direct costs or indirect (facilities and administrative) costs.

Direct costs:

- costs that can be identified specifically with a particular sponsored project;
- costs that can be directly assigned to a project with a high degree of accuracy.

Facilities and Administrative (F&A) or indirect costs:

- costs that are incurred for common or joint objectives, and therefore cannot be identified specifically with a particular sponsored project.

Sponsored project:

- externally funded activity governed by specific terms and conditions;
- separately budgeted and accounted for;
- grant, contract, cooperative agreement.

Procedures:

To be permissible, cost transfers must meet the criteria established for both timeliness and appropriateness. Cost transfers should be initiated as soon as possible after the original transaction, preferably within 90 days of incurring the expense. Requests for transfers after 90 days will be considered after careful review. The Institute is obligated to immediately remove incorrect charges made to sponsored funds, regardless of time frame.

Typically, cost transfers are appropriate when they are allowable direct costs of the sponsored project and their purpose is to:

- correct errors in processing the original charges;
- move costs between funds for closely related work (as defined by the project scope) that is supported by more than one funding source;
- transfer pre-award costs in accordance with the provisions of OMB UG Part 200

Inappropriate circumstances include, but are not limited to, the following:

- transfers solely for the purpose of utilizing an unexpended balance;
- transfers for the purpose of avoiding a cost overrun by charging another, unrelated sponsored agreement;
- transfers that circumvent pre- and/or post-award restrictions.

Each cost transfer request must be clearly explained with supporting documentation. The person initiating the transaction has primary responsibility for fulfilling these

requirements and maintaining the related records. All records must be retained in accordance with the record retention requirements of the sponsored agreement and the Institute.

The written explanation and supporting documentation should clearly address **ALL** of the following:

- date of the original charge;
- FOAPAL originally charged and FOAPAL to be charged;
- document number of the original charge; (for non-labor)
- a description of the expense being transferred;
- why the receiving fund was not originally charged;
- why it is appropriate to charge the receiving fund;
- contact information in case questions arise.

Explanations such as “to correct a clerical error” or “to transfer to a correct project” are not adequate. Transfers of costs from one budget period to the next solely to cover cost overruns are not allowable. Generally, the older the charge the more involved the explanation of the transfer should be.

The transfer of a charge to a sponsored fund should contain the following statement:

“By authorizing the above, requestor certifies that the cost to be transferred is an appropriate expenditure for the sponsored fund charged and that the expenditure complies with the terms and conditions governing that sponsored fund.”

All requests must be authorized by the Principal Investigator or designee.

Cost Transfer Requests Not Subject to the 90 Day Period

1. Transfers of true overdrafts (off restricted awards to unrestricted funds). These transfers may be made in lump sum entries rather than identifying individual transactions. The federal government considers a true overdraft as cost sharing. It is critical that the function of the fund absorbing the overdraft is consistent with the function of the fund being relieved of the overdraft.
2. Transfers of expenditures between fund numbers under the same grant number.
3. Transfers of pre-award expenditures that were charged to a departmental fund, if the costs are allowable and allocable, and were incurred within 90 days before the beginning date of the award.
4. Transfers of expenditures incurred charged to a departmental, unrestricted, or other fund while awaiting the fully executed sponsored agreement.

Caution: A fund for an existing sponsored agreement must never be used as a holding fund for any pre-award expenses, including labor.

5. Transfer of an incorrect charge from a sponsored fund to a non-sponsored fund.

Cost Transfer Requests Subject to the 90 Day Period

1. Transfers to correct data entry or clerical errors.

An example of a valid occurrence would be: To correct data entry or transposition error: Fund 11104 should have been 12104.

2. Transfer of expenditures from one fund to an existing award.

An example of a valid occurrence would be: To transfer project costs from the departmental fund to the sponsored fund because the sponsor issued a modification to the existing agreement rather than issuing a new award and therefore the fund number remained the same.

3. Recurring and routine transfers to allocate direct expenses, such as telephone toll charges and service center recharges. The costs must be allowable, charged in a timely manner, and allocated based on the benefit derived.
4. Transfers of expenditures from the prior year account to the competing or non-competing continuation account if permitted by the terms of the award. The explanation should contain the sponsor fund number for both the prior year and the competing or non-competing continuation award.

Cost Transfers Made After the 90 Day Period

Cost transfers made after the 90 day period will be considered only after careful review and must include a justification for the lateness as well as an explanation indicating the measures that have been put in place to prevent future occurrences. Certain circumstances which necessitate a late cost transfer include but are not limited to the following:

1. The official award document, including amendments or modifications, was received after the start date of the project, causing a delay in the establishment of a fund number.
2. The fund number assignment was delayed because of negotiation issues.
3. The official approval from the sponsor for specific expenditures was received after the expense transaction(s) was processed.

4. The official approval from the sponsor for specific actions, such as a no-cost extension, was received after the expense transaction(s) was processed.

Cost Transfers for Labor (Labor Redistributions)

The overview and definitions for cost transfers also apply to labor redistributions. The procedures differ due to the timing of payroll and the verification periods. If a labor verification statement has not been properly signed and returned by the specified due date, RA&F will authorize Payroll to redistribute the labor expenditure from the sponsored fund to the home department fund.

Procedure for Labor Redistribution Requests Made Prior To The Creation of Labor Verification Statements.

If an incorrect labor charge has been identified the following documentation must be sent to RA&F immediately for timely processing:

- The **Labor Redistribution Worksheet** which details the labor redistribution request. *A BQY has been published as a tool for properly communicating how the labor is to be distributed. (In BRIO; Position Control Data Mart; Labor Redistribution Worksheet)*
- The Labor/Tuition Cost Transfers for Sponsored Funds form <http://www.rpi.edu/dept/finance/docs/payroll/LaborTuitionCostTransfersInvolvingSponsoredFundsForm.pdf> with all information completed and the authorized signatures per the form.

RA&F will review and consider the request. If it is appropriate to process the redistribution, RA&F will forward the paperwork to payroll for processing.

Procedure for Labor Redistribution Requests After a Labor Verification Statement Has Been Issued and/or Signed.

It is strongly recommended that labor redistributions be requested BEFORE the labor verification statements are created for the period. However, it is recognized that there may be reasons or extenuating circumstances for labor to be redistributed after the certification statement has been issued and in some cases signed.

Labor redistribution requests initiated after the labor verification statement has been issued and/or signed will be considered only after careful review and must include sufficient justification. Certain circumstances which necessitate a greater than 90 day cost transfer are itemized above.

The following documentation must be sent to RA&F for timely processing:

- The Labor/Tuition Cost Transfers for Sponsored Funds form <http://www.rpi.edu/dept/finance/docs/payroll/LaborTuitionCostTransfersInvolvingSponsoredFundsForm.pdf> with all information completed and the authorized signatures per the form.
- The **Labor Redistribution Worksheet** which details the labor redistribution request. *A BQY has been published as a tool for properly communicating how the labor is to be distributed. (In BRIO; Position Control Data Mart; Labor Redistribution Worksheet)*
- The **Labor Verification Statement (unsigned)**. Do not make any changes on the LVS.

RA&F will review and consider the request. If it is appropriate to process the redistribution, RA&F will forward the paperwork to payroll for processing. Once the redistribution is completed by Payroll, Payroll will issue a NEW labor verification statement and forward it to the department for signature.

Labor Verification Statements

The labor verification statements are periodically issued per a schedule and must be signed by the appropriate individuals and returned to RA&F by the due date indicated on the statement.

If a labor verification statement has not been properly signed and returned by the specified due date, RA&F will authorize Payroll to redistribute the labor expenditure from the restricted fund to the home department fund.

Cost Transfers for Tuition

If the tuition changes are within the current semester and within the 90 day limit, changes should be made via Graduate Student Tuition in SLAGFAR.

If the tuition changes are for previous semesters or are more than 90 days old the following documentation must be sent to RA&F for timely processing:

- The Labor/Tuition Cost Transfers for Sponsored Funds form <http://www.rpi.edu/dept/finance/docs/payroll/LaborTuitionCostTransfersInvolvingSponsoredFundsForm.pdf> with all information completed and the authorized signatures per the form.
- The **BRIO backup** which details the tuition redistribution request.

RA&F will review and consider the request. If it is appropriate to process the request, RA&F will forward the paperwork for processing.

Procedure note for all cost transfers:

If RA&F determines that any charges do not belong on a particular project, the grant administrator will provide notice to the PI or designee requesting a cost transfer be initiated. If appropriate changes have not been initiated within 10 business days (or sooner if warranted), the grant administrator will authorize the transfer of the questioned charges to the departmental or portfolio level unrestricted fund as appropriate. The grant administrator will notify the PI, designee (and if applicable, Payroll).