

# Cost Transfers

## University of Alaska Fairbanks - Cost Transfer Policy

### Policy Statement:

The Federal government continues to place special emphasis on cost transfers to federal awards. Audit reports have cited instances where costs are transferred from other projects many months after the original charges were recorded.

the University: when auditing F

Both the government and the University recognize that cost transfers from one project to another are occasionally necessary to correct bookkeeping or clerical errors in the original charges. They also recognize that closely related work may be supported by more than one funding source and transfer of costs may be required in those cases. Frequently those that involve projects with overruns or unspent balances, raise serious questions about the propriety of the transfers. In addition, the reliability of the University's accounting systems and internal controls are questioned when there are frequent transfers. Therefore, cost transfers must be

and errors in the original charges, to reallocate resources between accounts, or to

transfer pre-award costs in accordance with the provisions of 20CFR2010, Section C-25)

#### 1. Appropriate Circumstances

A cost transfer will be made under appropriate circumstances if it is a direct cost of the sponsored project being charged. 20CFR2010, Section D.1) specifies that "direct costs are those with a particular sponsored project...or that can be determined with a high degree of accuracy."

#### Timing of Cost Transfers

The timeliness of cost transfers is dependent on the following factors:

#### Timeliness

Cost transfers must be timely, preferably as soon as possible after the original transaction, but in any case no later than 60 days after the end of the month of the original transaction. Transfers made long after the original charge raise questions concerning the propriety of the transfer. Therefore, transfers made after 60 days will be considered only under extenuating circumstances.

#### 2. Explanation and Documentation Requirements

All cost transfers must be supported by documentation that contains a justification for the transfer. The reason for each cost transfer must be prepared and clearly explained with the help

supporting documentation or information if questions arise during the review process.

When transfers are inadequately documented, or are made in a non-conforming manner, reasons and therefore indefensible in an audit, the Unit is responsible for these expenses and they must be transferred to other departmental fund accounts.

a) a description of the expense(s) being transferred, including why and when the expense was incurred.

b) explanation why the receiving fund number was not originally charged, AND

appropriate to charge the receiving fund number, AND, if applicable

c) why it is appropriate to charge the receiving fund number, AND, if applicable

d) if the transfer is in excess of \$50,000, a description of the circumstances AND

e) how the error was discovered and what is being done to prevent this from occurring again.

Transfers made for any of the above will be considered only under extraordinary circumstances. Extraordinary circumstances are those that are unusual and not within the following:

i. The official award document, including amendments or modifications, was received after the start date of the award.

causing a delay in the establishment of project account.

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ii. The account number assignment was delayed because of

negotiation issues.

iii. The official approval from the sponsor for specific amendments was received after the expenditure(s) was processed.

processed.

iv. The official approval from the sponsor for specific actions, such as

cost extensions, was received after the expenditure(s) was processed.

Examples of non-allowable or disallowed exceptions that are not acceptable as stated above

Even though the following exceptions are not acceptable, they include the following:

- To correct coding
- To correct an error (other than bookkeeping)

Departmental duties did not allow time for corrections

- To change correct amount

time delayed charging the correct account

• To correct an error (other than bookkeeping)

- To transfer salary or a portion of salary charges to the account for which the work was actually performed
- To correct salary distribution
- Redistribution of general departmental effort

### 3. Signing Authority

All cost transfers must have the required signatures:

1. Preparer
2. Fiscal Officer

ptions  
GCA authority

3. P.I. - note exc
4. Appropriate O

fund and org.