

**UNLV Division of Research
Office of Sponsored Programs**

Cost Transfer Policy and Procedures

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The Uniform Guidance ([2 CFR 200 “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards”](#)) governs the cost principles for federal awards and requires that sponsored program costs must be allowable, allocable, reasonable, consistently treated, and timely.

Cost transfers are occasionally necessary and may be required for various reasons. However, costs must still meet the above criteria. Furthermore, auditors view excessive cost transfers often as potential evidence for an inadequate accounting system and/or fraud therefore procedures must be in place to assure cost transfers are timely and undergo appropriate review and approval.

Types of Cost Transfers

- Financial Accounting Adjustment - non-payroll expenditures from supplier invoices, expense reports, and purchasing card expenses.
- Journal Vouchers - all other types of non-payroll expenses or anytime a non-payroll expense needs to be transferred to more than one worktag.
- Payroll Accounting Adjustment - payroll expenditures such as salaries, wages, and fringe benefits.

Cost Transfers that May Be Allowable

- Correction of technical errors, such as a data entry or transposition error.
- Transfers between projects when the work is closely related and the cost is a proper charge to either project.
- Transfers to move unallowable charges to a non-sponsored program worktag.

Cost Transfers that Are Not Allowable

- Transfers of any expenditures to an account in risk status will not be considered and may be processed only after the formal award is received and the risk status removed.
- Transfers processed solely to move deficit spending from one sponsored program to another unrelated sponsored project.
- Transfers that are processed solely to use up an unexpended balance.
- Transfers of expenses incurred before the project start date or after the project end date, unless specifically allowed in writing by the sponsor.

Timeliness of Cost Transfers

Cost transfers should be entered as soon as an error is discovered. For a cost transfer entry to be considered timely, it must meet all of the following conditions:

- Within 90 days of the posting of the expense.
- Before the last 45 days of an account end date.
- Before an award ends.
- Prior to effort certification.

Cost Transfer Justification (OSP-CT) Form

A Cost Transfer Justification (OSP-CT) form must be completed and attached to any cost transfer moving an expense to a sponsored program worktag. The OSP-CT form should be uploaded as an attachment in Workday. The purpose of the form is to provide documentation fully explaining 1) how the error occurred and 2) a certification of the correctness of the new charge. The documentation must be clear and sufficient for an independent reviewer to understand the transfer and conclude that it is appropriate. A justification that merely states the transfer is being requested, "to correct an error" or "to transfer to correct project" is not sufficient. The justification must address all of the following:

- Why the expense was originally charged to the worktag from which it is being transferred.
- How the expense benefits the award to which it is being transferred.
- Action that has been taken to eliminate the need for similar cost transfers in the future.

Cost transfer requests that do not include an OSP-CT form will be returned to the department for correction.

Signature Requirements for Untimely Cost Transfers

Departments and principal investigators should review sponsored program expenses on a monthly basis so that adjustments can be made in a timely manner. There are additional signature requirements for cost transfer requests that are untimely.

A cost transfer request is considered untimely if it is entered as follows:

- More than 90 day after the original posting of the expense.
- Within 45 days of the end date of the account to which the expense is being transferred.
- After the award has ended.
- After effort certification.

The principal investigator and the chair/director must sign the Cost Transfer Justification OSP-CT forms for all untimely cost transfer requests before being attached to a cost transfer in Workday.

OSP-CT forms for cost transfers of payroll expenses that have already been certified on an effort report must also be signed by the unit's dean or vice president.

OSP-CT forms for expenses that posted more than 90 days prior to the date of the request must be signed by the associate vice president for research or designee in addition to the principal investigator,

chair/director, and the unit's dean or vice president. The justification must include an explanation of why the expense was not able to be transferred within 90 days of posting.

OSP-CT forms for untimely cost transfers without the requisite signatures will be returned to the department for correction.

Inappropriate cost transfers (not all inclusive):

Cost transfers initiated for the following reasons are inappropriate and will not be allowed:

- Solely to avoid or reduce overruns on other sponsored program accounts
- To avoid restrictions imposed by law or by the terms of the award
- For reasons of convenience

Reviewing Authority for Cost Transfers Involving Sponsored Programs

A post-award financial research accountant in Sponsored Programs completes the review of the cost transfer requests involving sponsored program worktags and supporting justification. The financial research administration manager conducts additional review or leadership in OSP as needed.

Sponsored Programs is authorized to reject cost transfers involving sponsored program worktags that do not meet the criteria contained in this policy or would be questionable under federal or other regulations and statutes or by the terms and conditions of a sponsor award.

DEFINITION

A cost transfer is an accounting entry in Workday that transfers an expense from one worktag to another. Expenses transferred to sponsored worktags must be allowable, reasonable, properly allocated, and provide a direct benefit to the project receiving the expense.

Unallowable costs identified and charged to the award must be transferred from the account.

Reference:

Cost Transfer Justification Form (OSP-CT005)