

<p>Division</p> <p>Department</p>	<p>Administration and Finance</p> <p>Fiscal Affairs - Grants Office</p> <p style="text-align: center;">Worcester State University</p> <p style="text-align: center;">Grant Cost Transfer Policy</p>
<p>Policy</p>	<p>It is the policy of Worcester State University (WSU) that costs should be charged to the appropriate grant/sponsored project when first incurred. There are circumstances in which it may be necessary to transfer expenditures to a sponsored project subsequent to the initial recording of the charge. Those transactions require monitoring for compliance with WSU policy, federal regulations, sponsor specific guidelines, and the cost principles that underlie fiscal activities on grants/sponsored projects.</p>
<p>Procedure</p>	<p>When WSU accepts federal research funding, it must comply with the allowability and allocability requirements of the Federal Cost Principles and the Uniform Administrative Requirements of the Office of Management and Budget (OMB) Circular A-21. To comply with the allowability and allocability requirements, it is necessary to explain and justify transfers of charges onto federal and non-federal sponsored projects from other federal or non-federal projects. The cost principles prohibit the use of cost transfers for the purpose of "convenience," including a transfer largely for the purpose of using unexpended funds on an award that is ending. Timeliness and completeness of transfers and the accompanying justification for the transfers are important factors in supporting allowability, allocability and cost compliance. In order to maintain consistency in the treatment of cost transfers, WSU policy on cost transfers applies to all federal and non-federal sponsored projects. All cost transfers that represent corrections must be made within 90 calendar days of the discovery date of the error.</p> <p>Proper management of funds is essential to uphold the fiduciary responsibilities of the University. Federal agencies and other sponsors may regard the following activities as indicative of inadequate control systems:</p> <ul style="list-style-type: none"> ● Frequent cost transfers ● Late cost transfers ● Inadequately documented or explained transfers, especially those which involve sponsored projects with overruns or unexpended balances <p>Inappropriate transfers may result in expenditures being disallowed and/or subsequent reduction in funding by the sponsoring agency.</p> <p>A cost transfer is an after-the-fact reallocation of costs, either salary or non-salary costs, to a sponsored project <u>within a 90-calendar day period from the accounting date</u>. Funding agency requirements concerning the management of awards made to institutions limit the circumstances under which cost transfers are allowed.</p> <p>Here are some examples of typical circumstances in which cost transfers are allowed:</p> <ul style="list-style-type: none"> ● Correction of a clerical error; ● Reallocation of expenses where multiple projects benefited; ● Reallocation of shared resource costs; ● Transfer of pre-award costs from University funds to a sponsored project;

	<ul style="list-style-type: none"> ● Reallocation of a salary expense. <p>A late cost transfer is an after-the-fact reallocation of costs, either salary or non-salary costs, to a sponsored project more than 90 calendar days from the accounting date.</p> <p>Here are some examples of typical circumstances in which late cost transfers may not be allowed:</p> <ul style="list-style-type: none"> ● Reallocation of expenses because the grant has unexpended funds. ● Reallocation of expenses because the clerical error was not noticed within a 90-calendar day period. <p>To be considered allowable, all cost transfers must be timely, documented and explained in detail, adhere to the sponsor's standards, and have all appropriate authorizing signatures. Cost transfers should be prepared and submitted as soon as the need for the transfer is identified, but under most circumstances, not later than 90 days from the original transaction date.</p> <p>Cost transfers involving sponsored projects (including payroll reallocations) that are processed within 90 days of the original transaction require approval signatures (e-mail is acceptable) from the principal investigator (PI), and the Grants Office.</p> <p>Only in the case of exceptional circumstances will cost transfers (including payroll reallocations) be permitted more than 90 days after the original charge or effort certification. However, all transfers to correct errors in the original charges will be made, regardless of the timing. The reasons why the cost transfer was over 90 days after the original charge must be documented in detail, and the transfer will require the signature (e-mail is acceptable) of the principal investigator (PI), and the Grants Office.</p> <p>In general, cost transfers will result from one of the two situations detailed below. In either of these cases, it is critical that the specific situation necessitating the transfer be fully documented and supported by all relevant back-up material. Relevant back up material would include a copy of the original accounting report expenditure and a written justification of why the transfer is appropriate.</p> <p>A) <u>Clerical error correction</u>: Correction of errors is required and must be fully explained.</p> <p>B) <u>Cost benefiting more than one sponsored agreement</u>: When a particular charge to a sponsored agreement benefits another agreement, because of the interrelationship of the work involved, that charge may be transferred to the other agreement provided that: (1) The initial charge could appropriately have been made to the other agreement, (2) the transfer explanation is clear as to why the particular charge is appropriate to either of the agreements, and (3) the transfer is processed within 90 days of the original transaction. In some cases, transfers involving "related work" must be approved by the Sponsoring Agency.</p>
Approved by Vice President/Date	
Approved by Cabinet/Date	
Revised Date	December 5, 2012

