



COST TRANSFER PROCEDURE

PURPOSE:

This procedure implements the CSU Systemwide policy for [Sponsored Programs Allowable Costs](#) and the requirements of the Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards (“Uniform Guidance”).

SCOPE:

This procedure establishes requirements for sponsored project funds managed by the Office of Sponsored Projects (OSP) and provides documentation and reporting guidance to CSUSM University faculty/staff involved in processing cost transfers.

SUMMARY:

In compliance with the above referenced policy, it is the responsibility of the Principal Investigator or Project Director, hereafter referred to as PI, to ensure that any necessary cost transfers are allowable and allocable and are performed within a reasonable period after the original expenditure is incurred or an error post date in PeopleSoft.

A cost transfer is any transfer of expenditures to or from a sponsored project to align costs with the actual benefit received on a project. The request for a cost transfer should be processed in rare circumstances, as the PI is responsible for ensuring that the original transactions are appropriately and accurately charged to the correct project. OSP recognizes that there will be certain circumstances when expenditure transfers must be done to correct charges on sponsored accounts. Expenditure transfers required to correct a posting error do not require a [Cost Justification Form](#).

Most governmental entities require that cost transfers be done timely. National Institutes of Health (NIH), define this as within ninety (90) days, and OSP has adopted this guideline for timeliness.

This procedure is not applicable to the following:

1. Expenditure transfers made to and from Funds/Projects due to internal accounting processing errors.
2. Transfers made between account codes on the same Project code, with reason for change.
3. Transfers made for allowable costs between Funds/Projects that support a single sponsored program/project with multiple funding sources.

The following illustrates appropriate and inappropriate reasons to request a cost transfer. Contact OSP for further guidance or clarification.

Acceptable reasons for a cost transfer:

1. The transfer labor costs to align with actual effort spent working on a project.
2. To correct a clerical or bookkeeping error on original transaction forms such as transposition of numbers.
3. To transfer sponsor approved pre-award costs to a sponsored account once it has been established.

Unacceptable reasons for a cost transfer:

1. To transfer costs to cover a deficit on another award.
2. To transfer costs to spend balance of award.

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The Cost Justification Form must include a written explanation (description of the expense, how it benefits the project being charged, and why it posted incorrectly), back-up showing where the original cost was posted, and approval (email is acceptable) from the PI before it can be processed. The justification should be prepared in such a way that a person outside of CSUSM Corporation (i.e., an auditor) would be able to understand why the cost transfer is necessary. In most cases, transfers must be completed within ninety (90) days of the original expenditure. Cost transfers not made within the ninety (90) day time frame will be reviewed on a case by case basis and require OSP Director approval.

Adherence to the policy and this procedure is necessary as inappropriate or poorly documented cost transfers can result in federal regulators denying reimbursement of questionable charges or imposing other sanctions on CSUSM Corporation, such as fines or loss of certain authorities.

PROCESS:

- I. The PI is responsible for requesting expenses to be transferred to or from a sponsored project by completing a [Cost Justification Form](#). If the request is made within ninety (90) days of the original transaction date and it is to a sponsored project, the first two (2) questions on the form need to be completed. If it has been longer than ninety (90) days since the original transaction date, all four (4) questions of the form need to be completed.
- II. If OSP identifies a cost that should be transferred from or to a sponsored project, the Sponsored Projects Analyst (SPA) will notify the PI of the need for the cost transfer. If the PI approves, he/she will initiate a cost transfer request, or the SPA will complete the [Cost Justification Form](#) and document the justification discussed during the phone conversation along with a note of the date and time of that phone conversation.
- III. Once completed, the PI will route the request to OSP for review and approval:
 - a. The Cost Transfer Procedure should be used as a guideline for appropriate and inappropriate justifications when reviewing and approving requests. If the request is being made ninety (90) days after the original transaction date, the justification in questions three (3) and four (4) of the request form must demonstrate extenuating circumstances.
 - b. If the request is not approved, the Director of Sponsored Projects will contact the PI to discuss the reason for the transfer. If it is still not appropriate, return the form to the PI. If the PI can provide an additional and appropriate explanation, amend and initial the form and document the conversation. For example, "As discussed with Dr. Jones on August 10, 2010."
 - c. If the request is determined to be allowable, the Director of Sponsored Projects or Corporation Executive Director will approve the cost transfer request.

PROCEDURE:

- I. The SPA or PI will prepare the Accounting Financial Transfer Request ([FTR](#)) in accordance with the [financial transfer instructions](#). The PI will provide general ledger supporting documentation for the original expenditure or the SPA will verify the original expenditure to be transferred by reviewing the PeopleSoft query for the sponsored project.
- II. Once completed, the SPA will route the FTR, a copy of the approved Cost Justification Form, a copy of the original entry and any other necessary supporting documentation to another SPA or the Director of Sponsored Projects for review/approval, as necessary.
- III. The SPA will then email the completed FTR to CSUSM Accounting Office in accordance with the instructions on the form.

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- IV. Accounting reviews and approves the FTR and uploads it into the PeopleSoft system.
- V. Once processed, the SPA confirms the entry in PeopleSoft. All FTRs (including backup documentation) are scanned by the Accounting Office and available for review at any time.

Cost Transfer Request

Date Requested	From		To				
	Fund	Project	Fund	Project	"To Fund" Sponsor	Requestor	Phone#
1/4/2021	48501	NA	92086	85XXX	Bechtel Fdn	PI Joe	1-XXXX

Detail of costs to be transferred:

Enter Chartfield String					Line	Post Date	Description	Amount
Acct	Fund	Dept	Class	Project	Reference			
606001	48501	1099				11/15/2020	J Doe Travel to Linked Learning Meeting	\$150.00
606001	48501	1099				11/20/2020	J Smith Travel to Linked Learning Meeting	\$100.00

REFERENCES:

[CSUSM Corporation Policies and Procedures](#)

[CSUSM Corporation Cost Principles for Sponsored Projects Policy](#)

[Cost Justification Form](#)