

Centenary College of Louisiana
Cost Transfer Guidelines for External Grants
July 1, 2017

Centenary College of Louisiana is committed to ensuring the integrity of all charges made to externally sponsored programs. The following guidelines are designed to ensure compliance with the Office of Management and Budget (OMB) Uniform Administrative Requirements for Federal Awards (Uniform Guidance), sponsoring agencies, and institutional practices with regard to cost transfers. Original charges to federal grant accounts are certified for allowability, allocability, and direct benefit to the project. Cost transfers undercut that certification and are therefore subject to greater scrutiny during an audit.

Definitions

- **Cost Transfer:** a journal entry that transfers an expense (labor or non-labor) either 1) to a federally sponsored project account from another account to which it was originally charged, or 2) from a federally sponsored project account to another account.
- **Allowable:** Costs must be necessary and reasonable for the performance of the award. §200.403
- **Reasonable:** Cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the costs. §200.404
- **Allocable:** Cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to the Federal award or costs objective in accordance with relative benefits received. §200.405

Procedures

When PIs, Project Managers, or Administrative Assistants submit grant expenditures to the Coordinator for Grants and Faculty Endowments for payment, they are certifying that the cost will directly benefit the project. PIs and Project Managers must conduct a timely review of grant transactions, with immediate reporting of any necessary corrections.

Timeliness in error detection and correction and completeness of the explanation are essential factors supporting allowability and allocability of the charges. As such, cost transfers to or from sponsored project accounts should be completed within 90 days from the original transaction date. Cost transfer requests are submitted to the Business Office and the Grants Office with the following items:

- Documentation that fully explains how the error occurred. An explanation merely stating that the transfer is being made “to correct error” or “to transfer to correct account” is not sufficient.
- Certification of the correctness of the new charge by the PI/Program Manager or the Grants Office. This certification must include a description of the direct benefit to the project being charged.
- Documented approval by the Business Manager or Controller for any requested transfers to budgets not managed by PIs.

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These records must be maintained and made available for audit or other review. Frequent errors in recording costs may indicate the need for enhanced internal controls or accounting system improvements.

Retroactive cost transfers may be justified for clerical and data entry errors; transfers between continuation years for the same award number; pertinent information received subsequent to the date of original entry; and/or impractical or impossible to allocate charges at the time of entry. Cost transfers will not be processed for covering an overrun or for the purpose of expending available remaining grant funds. If the final financial report has been submitted to the sponsoring agency, a cost transfer TO the project will not be processed, but an approved cost transfer FROM a sponsored project account will be processed. This may require a revised financial report and recertification of effort.

Responsibilities

All persons involved with the administration of federally sponsored awards, including principal investigators/project directors, department administrators, the Grants Office, and the Business Office are responsible for compliance with the cost transfer policy.

Principal Investigators (PIs)

- Ensure compliance with federal regulations and regular monitoring of expenditures.
- Primary responsibility for timely correction of errors. Communicate promptly the need for a cost transfer.

Grants Office

- Ensure documents are in compliance with the cost transfer document guidelines.
- Ensure transfer of costs benefits the project and is allowable, reasonable, and allocable.
- Promptly submit request for journal entry to the Business Office.

Business Office

- Ensure that all required documentation is on file and compliant with guidelines.
- Ensure that the journal entry request is made promptly.