

# 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 made in accordance with federal regulations.

Typical use of cost transfers is to reallocate resources between accounts, or to transfer pre-award costs in accordance with the provisions of 2CFR 201.10, Section C-25).

Instances when the charge qualifies as a direct cost of the sponsored project are those costs that can be identified specifically and can be directly assigned to such (a project) with a

**I. Appropriate Circumstances**  
A cost transfer will be made under appropriate circumstances if it is a direct cost of the sponsored project being charged. 2CFR 201.10, Section D-1) specifies that "direct costs with a particular sponsored project...or the high degree of accuracy."

### Allowability of Cost Transfers

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

#### 1. Timeliness

Cost transfers must be timely, preferably as soon as possible after the original transaction, but in any case not 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 properly and clearly explained with the

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

for appropriate

convincing manner. When transfers are inadequately documented, or are made

responsible for these expenses and they

reasons and therefore indefensible in an audit, the Unit is

and one accounts.

must be transferred to other departmental

The written explanation should clearly include the following:

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

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 app

d) if the transfer is over 60 days, include

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

Transfers made from one fund to another are only under extraordinary

circumstances. Extraordinary circumstances are those that are not anticipated in the original award and are not within the control of the recipient.

following:

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

the establishment of project account.

causing a delay in tr

expedited review.

iii. The official approval from the sponsor for specific

expenditure(s) was received (after the expenditure(s) was

processed.

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

as a cost extension, was received (after the expenditure(s) was

processed.

Examples of inappropriate or unusual exceptions that are not acceptable as stand alone

exceptions include the following:

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

Departmental duties did not allow time for

- To change contract agreement

work volume delayed charging the correct account

- 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.