

Cost Transfers

University of Alaska Fairbanks - Cost Transfer Policy

Policy Statement:

basis on cost transfer's costs are transferred charges were recorded.

the University: The Federal government continues to place special emphasis when auditing Federal awards. Audit reports have cited instances where

cost transfers from one project to

Both the government and the University recognize that

any to correct bookkeeping or clerical errors in the original

another are occasionally necessary

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 these cases. Frequent, late, and inadequately explained transfers, especially those that involve projects with overruns or unspent

about the propriety of the transfers. In addition, the reliability

charges, raise serious questions

University's accounting systems and internal controls are questioned when there are

of the

nt transfers. Therefore, cost transfers must be

transferred carefully in order to ensure

accuracy

compliance with Federal regulations.

between accounts, or to

bookkeeping errors in the original charges, to reallocate resources b

after pre-award costs in accordance with the provisions of 2CFR215.25 (OMB Circular A-

trans

10, Section C.25)

I. Appropriate Circumstances

A cost transfer will be made under appropriate circumstances when the charge qualifies as a direct cost of the sponsored project being charged. 2CFR220.45 Section D.1 (OMB Circular A-

21, Section D.1) specifies that "direct costs are those costs that can be identified specifically with a particular sponsored project...or that can be directly assigned to such (a project) with a high degree of accuracy."

following factors:

A. Allowability of Cost Transfers

The allowability of cost transfers is dependent on the f

possible after the original transaction, but

1. Timeliness

Cost transfers must be timely, preferably as soon as p

days after the error or are from the original transaction.

of the original charge raise questions concerning the propriety of the transfers made after 60 days will be considered only under extenuating

transfers made long after transfer. Therefore, transfers made under such circumstances.

Documentation Requirements

be supported by documentation that contains a justification for the

each cost transfer must be properly and clearly explained with the help

2. Explanation and Documentation

All cost transfers must be properly documented. The reason for

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:

The written explanation should clearly include the following:

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

AND

AND

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

CC

lateness AND

or was discovered and what is being done to prevent this from

n.

e) how the err

occurring agai

which were considered only under extenuating

circumstances. Extenuating cir

following:

award document, including amendments or

was received after the start date of the award

causing a delay in the establishment of project account.

i. The official

modifications

application budget.

The official approval from the sponsor for specific

expenditures was not received at the time the expenditure(s) was

processed.

specific actions, such

expenditure(s) was

The official approval from the sponsor

for the expenditure(s) was not received at the time the

processed.

Examples of incomplete or invalid explanations that are not accept

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

Departmental duties did not allow time for completion

- To change correct amount

work volume delayed charging the correct acc

- 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.