

**Lewis & Clark College**  
**Cost Transfer Guidelines for Federal Awards**  
**November 2019**

Lewis & Clark College 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 policies with regard to cost transfers. It is necessary to explain and justify transfers of charges to federally funded sponsored awards when the original charge was previously recorded elsewhere on the general ledger. Frequent, tardy and inadequately explained cost transfers raise questions about the reliability of the College's system of internal controls, especially in cases where multiple projects with cost overruns or unexpended balances are involved. Cost transfers are commonly reviewed during an audit. Timeliness and completeness of the explanation of the transfer are important factors in supporting allowability and allocability in accordance with federal requirements.

All persons involved with the administration of federally sponsored awards, including but not limited to Principal Investigators/Project Directors, department administrators, grants offices, the Human Resources Office, and the Business Office must follow these cost transfer guidelines.

**Definitions:**

- 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
- Allowable: Costs must be necessary and reasonable for the performance of the award. §200.403
- Cost Reallocation: a journal entry or payroll adjustment that transfers an expense after-the-fact to a federally sponsored project account where the change increases accuracy of estimated expenses and/or completes a transaction initially intended to post to the sponsored project (e.g., approved pre-award expenses charged elsewhere before account set-up).
- Cost Transfer: a journal entry or payroll correction that transfers an expense (labor or non-labor) to a federally sponsored project account that was previously recorded elsewhere.
- Federal Award: Funding in the form of a grant, contract, cooperative agreement, or subaward that a non-federal entity receives directly from a federal awarding agency or indirectly from a pass-through entity.
- 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

## Procedures:

Principal Investigators (PIs) or Project Directors (PDs) are primarily responsible for ensuring that charges to a federal grant account(s) are reasonable, allowable, allocable, and necessary for the project. PIs/PDs must conduct a timely review of grant transactions, and immediately report any necessary corrections.

Cost transfers may be justified for clerical and data entry errors, for transfers between continuation years for the same award number, if pertinent information is received subsequent to the date of original entry, and/or for charges that are impractical or impossible to allocate at the time of entry. Timeliness in error detection and correction is essential. As such, cost transfers to sponsored project accounts should be completed within 90 days from the original transaction date. Note that cost transfers initiated within 90 days that involve payroll expenses may take up to 120 days to post to the general ledger depending on payroll schedules.

PIs/PDs should immediately contact their Grant Administrator (GA) when they identify or suspect an error. The GA will investigate the matter on behalf of the PI/PD and prepare a cost transfer request form for the PI's approval. The cost transfer request should include the following:

- 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/PD.
- A description of the direct benefit to the project being charged.
- Signature or email approval of the cost transfer request form by PI/PD.
- Documented approval by the budget manager for any requested transfer to an account not managed by the PI/PD.

The GA will submit completed cost transfer requests to the Business Office (non-payroll changes) or to Human Resources (payroll related changes). Transfer of payroll expenses may require an adjustment to OPE (Other Payroll Expenses) in the general ledger; the GA will work with the Business Office to finalize the cost transfer as needed.

Cost transfers for personnel expenses will not be processed after effort has been certified (see [Time and Effort Reporting Policy](#)), or to expend available remaining grant funds.

Administrative cost transfers that are required to correct data entry errors need not be approved the PI.

Late cost transfers (over 90 days from the original transaction date) suggest a failure of the PI/PD to take appropriate action and will therefore be elevated to the Dean for additional review and approval. Late cost transfers that result in erroneous advances or reimbursements from the sponsoring agency will be corrected in accordance with the [Federal Funds Payment and Cash Management Policy](#). 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.

Records will be maintained and made available for audit or other review in accordance with the [Grants Records Retention Guidelines](#) and the College's [Records Retention Policy](#).

### **Roles and Responsibilities:**

#### Principal Investigators (PIs) and Project Directors (PDs)

- Regularly monitor project expenditures and ensure charges are allowable, reasonable, and allocable to the project
- Hold primary responsibility for timely correction of errors
- Communicate promptly with their GA when they identify or suspect an error

#### Grant Administrator

- Provide budget status reports to PIs for timely review
- Investigate potential errors
- Ensure transfer of costs will benefit the project and are, allowable, reasonable, and allocable
- Prepare a cost transfer form with input from the PI, gather required approvals, and route form with any necessary backup documentation to the Business Office, and to Human Resources for payroll expenses
- For cost transfers of payroll expenses, reconcile variance in OPE (other payroll expenses) between original and transferred personnel charge by submitting a request for a corrective journal entry to the Business Office as needed

#### Human Resources

- Complete labor-related payroll corrections in a timely manner
- Confirm with GA when the transaction is complete and ready to post
- Work with GA and Business Office to ensure required documentation is on file, saving relevant notes in the HR system

#### Business Office

- Process corrective journal entries for non-payroll charges in a timely manner
- Process corrective journal entries required to reconcile OPE related to payroll corrections completed in the HRIS in a timely manner
- Ensure that required documentation is on file and compliant with guidelines