



POLICY ON GRANTS AND CONTRACTS COST TRANSFERS

Policy Number: 5.0.1

Version Number: 002

Classification: Post-Award Administration

Effective Date: March 15, 2017

Responsible University Office: Grants and Contracts Administration

1.0 Purpose

This policy provides guidance on cost transfers to ensure best practices in the fiscal management of sponsored projects and to meet internal control requirements as required by 2 CFR 200 – “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards”.

2.0 Applicability

This policy applies to all sponsored and formula capacity projects (funds 11, 17 and 20) projects, regardless of funding source/sponsor.

3.0 Government Rules and Regulations

2CFR 200.403 – Factors affecting the Allowability of Costs – costs must meet the following general criteria in order to be allowable under Federal awards:

- a. Be necessary and reasonable for the performance of the Federal award and be allocable under these principles.
- b. Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
- c. Be consistent with policies and procedures that apply uniformly to both federal and non-federal activities at the University.
- d. Be accorded consistent treatment (A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost).
- e. Be determined in accordance with generally accepted accounting principles (GAAP).
- f. Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period.
- g. Be adequately documented (See also §200.300 Statutory and national policy requirements through §200.309 Period of performance of this part).

2 CFR 200.405(c) – Allocable costs – “Any cost allocable to a particular Federal award may not be charged to other Federal awards to overcome fund deficiencies, to avoid restriction by Federal statutes, regulations, or terms and conditions of the Federal award, or for other reasons.”

2 CFR 200.430(c) – Compensation – personal services – “The non-Federal entity’s system of internal controls includes processes to review after-the fact interim charges made to a Federal award based on budget estimates. Necessary adjustments must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.”

See Grants and Contracts Administration web site for a link to the Uniform Guidance.
<http://www.clemson.edu/research/grants-contracts/>

4.0 Definitions

Cost Transfer: An after-the fact reallocation of a cost (expenditure) from one project to another.

Timely Manner: Less than 90 days after the original posting date. For the purpose of this policy, the transfer is a correction to a sponsored project that was previously recorded elsewhere, i.e. any other project, regardless of the fund group, on Clemson University’s General Ledger.

5.0 Policy

The Principal Investigator (PI) or his/her designee, College and Department Business Officer and Area Grant Administrator are responsible for ensuring charges are appropriately assigned to the proper project when initiating the charge. When errors have occurred, these individuals are responsible for ensuring transfers of costs to or from sponsored projects are performed promptly and transfers of costs are performed in compliance with Federal, Sponsor and University Policies and procedures. Transfers of costs to any sponsored or formula capacity funded projects (Funds 11, 17, and 20) are allowable only when there is direct benefit to the project account being charged. All costs charged to a Funds 11, 17 and 20 project must be reasonable, allowable, allocable, and adequately documented.

To ensure compliance with 2 CFR 200, Clemson University requires that cost transfers be supported by documentation that fully explains how the error occurred and why the charge(s) are appropriate and allocable to a different project. Timeliness, clarity, and conciseness of the explanation of the transfer are important factors in supporting allowability and allocability on sponsored and formula capacity funded projects. Cost transfers are considered “the exception rather than the rule” and must be representative of errors and mistakes rather than a normal means of doing business. All cost transfers require retention of relevant back-up documentation. A cost transfer of charges older than 90 days requires an explanation as to why the error was not discovered in a timelier manner, as well as additional university approvals. In some cases, transfers that exceed 90 days may require sponsor approval prior to the transfer being approved by the University.

Fund 20 Projects Only

All cost transfers require the PI’s and the College/Area Post Award Contacts approval. A cost transfer of \$500 or more per line item, or journal entry total of \$2,500 or more, requires approval from Grants and Contracts Administration. A cost transfer of 90 days or greater past the original posting date requires Department Chair, Associate Dean for Research, and Vice President for Research approvals. The Grants and Contracts Administration Cost Transfer Request Form

must be routed through the appropriate channels, as designated on that form. The form is located on GCA's web site: <https://www.clemson.edu/research/grants-contracts/tools.html>.

Required Documentation (Funds 11, 17 and 20):

- The cause of the error (why was the original project charged; and why the receiving project was not charged originally)
- Justification that the charge is allowable, allocable, and provides direct benefit to the sponsored or formula capacity funded project receiving the charge
- Each cost transfer must include copies of the original transaction(s), referring to the original Journal ID number and the Journal Date
- A transfer over 90 days requires an explanation of why the error was not discovered in a timelier manner

The following examples are provided as guidance but may not be all-inclusive:

Examples of a cost transfer that may be appropriate:

- Correction of technical errors, such as a data entry or transposition error
- Transfer of pre-award costs from a departmental non-Fund 20 project, given that the expenses were allowable and allocable, and were incurred within the permitted time of the award
- Transfer from the prior year account to a continuation award (if assigned a new project) and if allowed by the terms of the award

Examples of a cost transfer that is not appropriate:

- Transfer that is processed solely to move deficit spending from one sponsored project to another sponsored project
- Transfer that is processed solely to use up an unexpended balance (i.e. transfers during the last month of a project or after the projects end date)
- Transfer of expense that was not incurred during the project period of performance
- Random or rotation of costs, absent any information on actual use; i.e. arbitrary charging of pooled costs such as lab supplies
- Transfer of an expense with an explanation which merely states that the transfer was made "to correct an error" or "to transfer to correct project" (a detailed explanation is required)
- Transfer of a cost from/to a sponsored (Fund 20) project that is 45 days past the award end date unless it involves a continuation of an award
- Transfer of a payroll expense from a sponsored (Fund 20) project to another sponsored (Fund 20) project for which an effort/sponsored compensation report has been certified
- Transfer of a cost from an existing sponsored (Fund 20) project to a new awarded sponsored (Fund 20) project when a risk project was not requested

See the Policy on Risk Project Requests/Approvals:

<https://www.clemson.edu/research/grants-contracts/documents/riskprojectrequestformpolicy12114.pdf>

6.0 Responsibilities

All individuals involved with the administration and conduct of sponsored award activities, including departmental, college, division, and university sponsored project administrators, principal investigators, and other sponsored project accounting personnel are responsible for understanding the importance of charging costs correctly to sponsored projects and this policy. The individual who prepares the cost transfer request must possess knowledge of Clemson University's Chart of Accounts and Federal, State, and University regulations regarding charging costs.

7.0 Sanctions for Non-Compliance

Failure to adhere to this policy and the designated form may result in the disallowance of costs and/or cost transfers. Unallowable costs and unallowable cost transfers can be audit findings and may result in loss of funding and additional fines and penalties to Clemson University and possibly the debarment and suspension of a Principal Investigator or Clemson University from accepting awards. In addition, repetitive administrative/clerical errors that result in excessive cost transfers may result in personnel action.

8.0 Approval Signatures

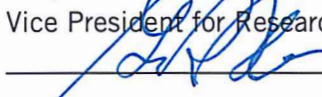
This policy has been approved by:



July 1, 2018

Tanju Karantli, Ph.D.
Vice President for Research

Date



George R Askew, Ph.D.
Vice President for Public Service



Date

REVISION HISTORY

EFFECTIVE DATE	VERSION NUMBER	MODIFICATION
March 15, 2017	Original - 001	
September 1, 2017	002	Update language
July 1, 2018	003	Policy Reformat and update language
July 27, 2018	004	Updated Language to include capacity funding and time frame from 120 days to 90 days