

Cost transfers require the following:

- a. Conform to University and sponsor policies as well as federal and state regulations. Expenditures must be allowable, allocable, reasonable and consistent.
 - b. Timely – cost transfer requests should be prepared and submitted as soon as the need for a transfer is identified but no later than 90 days after the original posting is made and/or within 30 days of the project end date, whichever comes first. Generally, cost transfers requests are processed for expenditures incurred during the current fiscal year only. Certain exceptions may apply and are at the discretion and subject to approval by Grant and Contract Accounting office.
 - c. Fully documented – cost transfers must contain a justification that clearly shows:
 1. How the expense directly benefits the receiving project.
The expense is allowable and allocable to the new sponsored project.
 2. There are no restrictions which preclude this transfer (i.e., restrictions on travel or equipment).
 3. The transfer complies with all IIT policies.
 4. The reason why the expense was charged incorrectly to the initial cost object (FOAP).
 5. The reason for any delay in a timely processing of the transfer - for cost transfers older than 90 days of the accounting date, the justification must include an explanation why the cost is being transferred more than 90 days after original posting date.
 6. Any systemic reasons which might cause this problem to be repeated have been addressed – for cost transfers older than 90 days what corrective action has been taken at the departmental level to eliminate the need for cost transfers of this type in the future.
 - d. Have appropriate approvals -
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cost transfer forms are required to be supported with proper documentation.

Any improper costs charged to a sponsored project must be removed from the sponsored project regardless of when the error is detected. While it is not appropriate to transfer unallowable costs between sponsored projects, as specifically described in OMB Circular A-21, the Principal Investigator or departmental grant administrator should request a cost transfer from a sponsored project to another non-restricted cost center (i.e. departmental FOAP). Transfer requests which appear to be improper or otherwise unallowable, will not be approved by GCA.

If an unallowable expenditure is not removed from the sponsored project within 30 days of discovery, Grant and Contract Accounting will automatically charge respective departmental account/FOAP; department will be notified prior to transfer.

Sponsors may have more restrictive guidelines on cost transfers. Departments should consult Grant and Contract Accounting when in doubt about the adequacy of a proposed cost transfer.

Definitions

A cost transfer is the reassignment of an expense to a sponsored project after the expense was initially charged to another sponsored project or a non-sponsored account (FOAP). Cost transfers include salary and non-salary expenditures. Cost transfers consist of charges created in departments, labs, or centers, clerical error corrections, transfers between tasks of the same sponsored project, assignment of a portion of the cost to a sponsored project (split cost), salary reallocations to reflect accurate time and effort, removal of disallowed costs, and clearing overdraft at the end of the project. When an expense is originally charged to a grant, a certification is made it is allowable, allocable and directly benefits the project. A cost transfer invalidates the original certification.

Procedures

Cost Transfers Procedure (NonPayroll)

Each Principal Investigator (PI) is responsible for reviewing charges posted to respective sponsored project(s) in a timely manner to ensure compliance with IIT policies, federal regulations, sponsor specific policies and guidelines, and the cost principles that guide fiscal activities on sponsored projects. This review should allow the PIs the opportunity to identify

INITIATING COST TRANSFER

Cost transfer requests are required to be initiated using the Request for Cost Transfer form (non-salary expenditures)

[://www.iit.edu/policy_procedures/forms/ga_request_for_cost_transfer_form](http://www.iit.edu/policy_procedures/forms/ga_request_for_cost_transfer_form). All questions listed on the Request for Cost Transfer form require an answer in detail. If applicable, the 90 days certification box is required to be marked. For cost transfers where original charge was posted more than 90 days, the Cost Transfer Explanation and Justification form may be required if certification statement was not listed on any other form submitted with transfer request. All cost transfer forms are required to be supplemented with proper documentation. Examples of documentation supporting cost transfer include:

- a. copies of invoices, vendor checks, P-card receipts and/or statements, campus service unit billing
- b. financial reports showing original transaction posting
- c. Banner system records/print-screens
- d. description of cost allocation methodology
- e. notes/memos and other documents

TRANSFERS BETWEEN OR TO A SPONSORED PROJECT

The PI or department grant administrator are required to fill out the electronic Cost Transfer form, attach supporting documents, and submit cost transfer request to Grant and Contract Accounting for processing. Examples of supporting documentation are listed above.

PROCESS

- a. As soon as errors are identified and no later than 90 days after the end of the accounting month in which the transaction journal has posted, the Principal Investigator or other responsible individual (department grant administrator) will submit the completed, signed and dated Request for Cost Transfer form to Grant and Contract Accounting office.
- b. For cost transfers associated with transactions posted more than 90 days, all questions listed on the Request for Cost Transfer form are required to be answered in detail to meet the cost transfer justification requirements.
- c. Relevant supporting documentation is required to be provided with cost transfer request form(s).
- d. Grant and Contract Accounting will review submitted request for allowability and allocability of charges to the project in question, and completeness and accuracy of paperwork. The paperwork will be returned to the originator if incomplete or transferred charges do not conform to the approved sponsor budget.
- e. Grant and Contract Accounting will analyze the proposed changes, will prepare a

All grant-related cost transfer requests are required to be submitted to Grant and Contract Accounting office, Main Building, Room 502.

Salary Reallocations Procedure

GENERAL PROVISIONS

The distribution of salary charges for University personnel should be a reasonable reflection of

OTHER CONSIDERATIONS

Departmental Suspense Accounts In instances where a sponsored project is approaching its expiration date and after the official award end date is reached, the salaries and other charges will be automatically re-routed through the Banner system to a department operating account. It is the responsibility of the department to manage respective charges and assure timely clearing of expenses from those accounts (cost transfer to appropriate FOAP).

References

[Circular A-](#), Cost Principles for Educational Institutions

Responsibilities

NA

Required Forms

Request for Payroll Redistribution

[://www.iit.edu/policy_procedures/forms/pay_request_for_payroll_redistribution](http://www.iit.edu/policy_procedures/forms/pay_request_for_payroll_redistribution).

Cost transfer Form

[://www.iit.edu/policy_procedures/forms/gca_cost_transfer_form](http://www.iit.edu/policy_procedures/forms/gca_cost_transfer_form).

Payroll/Personnel Authorization

[://www.iit.edu/policy_procedures/forms/pay_payroll_authorization_form](http://www.iit.edu/policy_procedures/forms/pay_payroll_authorization_form).