

Contracts and Grants Administration Cost Transfers on Sponsored Projects

Winston Salem State University

Approved by Dana Dupree, Associate Vice Chancellor for Financial Services,

Revised February 14, 2024

1. Purpose/Introduction

A cost transfer is the reassignment of expenditure from one fund to another fund. When the project *receiving* the expense is a sponsored grant or contract, the University, as a recipient of federal funds, is required to comply with the requirements of the Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards set forth in [2 CFR part 200](#), regardless of the source of the sponsored award.

Faculty and staff should make every effort to allocate sponsored project costs to the appropriate university fund at the time the costs are initially incurred. It is the responsibility of the Principal Investigator (PI) to review expenditure activity on all awards regularly to ensure all expenses are directly related to the project and are allowable, reasonable, and allocable under the terms of the sponsored agreement. Frequent, late, and inadequately explained transfers raise serious questions about the accuracy of the transfers, but also about the university's accounting system and internal financial controls. This is especially the case with transfers that involve projects with cost overruns or unexpended balances. These activities may result in audit disallowances and monetary paybacks, including penalties and fines.

The University is committed to ensuring that all cost transfers, including salary journal entries and non-salary journal entries, are appropriate and conducted in accordance with sponsor terms and conditions, federal regulations, and University policy. Cost transfers may be initiated for personnel or non-personnel costs.

In the case of personnel costs, the submission of a request to modify the funding source of personnel being paid on a sponsored grant/contract award via a Personnel Action Request/PeopleAdmin request as well as the time and effort certification process may determine that an error has occurred in allocating payroll to a project. It is important that the payroll be reallocated through salary reclass journal entries and recertification of effort be completed in a timely manner.

Cost transfers regarding salary and non-salary journal entries will need to be entered on the **Departmental Reclass Form** and emailed to ramsaccounting@wssu.edu when the reclass involves sponsored grant/contract award to a *non-sponsored* grant/contract funding source or vice versa. However, if the reclass is from one sponsored grant/contract award to another, email the form to Contracts and Grants.

2. Scope

All expenditures for sponsored projects, including both personnel and non-personnel costs.

3. Definitions and Roles and Responsibilities

3.1 Definitions

Allocable – Costs that benefit the award charged. Costs shared by more than one project should be allocated in proportions that can be approximated with a high degree of accuracy through actual use.

Allowable – Costs allowable under the terms and conditions of the award, including the authorized budget and applicable regulations.

Consistent – Application of the cost is given consistent treatment within established University policies and procedures; costs for the same purpose are treated and classified the same way under like circumstances.

Cost Transfer – An after-the-fact reallocation of costs, either salary or non-salary, to a sponsored project within 90 calendar days from the original accounting date.

Late cost transfer – An after-the-fact reallocation of costs, either salary or non-salary, to a sponsored project greater than 90 calendar days from the original accounting date.

Original Charge – The first posting of a cost to the general ledger.

Reasonable – The nature of the goods or services acquired, and the amount paid to reflect the action that a prudent person would have taken at the time the decision to incur the cost was made.

3.2 Roles and Responsibilities

The PI and authorized personnel are responsible for:

- Reviewing and reconciling sponsored projects on a regular basis (at least monthly) to ensure that all expenditures are correct and appropriate.
- Managing projects effectively to minimize the need for cost transfers.
- Submitting and approving cost transfers in compliance with this operating standard and associated procedures.
- Retaining all supporting documentation of the cost transfer in accordance with applicable record retention requirements.
- Ensuring that all personnel engaged in the financial administration of Federally funded projects are familiar with this operating standard and procedure.

Contracts and Grants is responsible for:

Reviewing, approving, and completing cost transfers to ensure compliance with University and Federal regulations.

4. Policy

Contracts and Grants monitors and approves sponsored cost transfers pertaining to the salaries of personnel working on a sponsored project as well as supplies, equipment, travel, and other expenses.

Cost transfers for supplies, equipment, travel, and other expenses, not associated with personnel are to be transferred within 90 days of incurring the expense and must be done in accordance with all governing regulations. If unallowable project expenditures are discovered, they will be removed without regard to time limits.

In consideration of a cost transfer, the following requirements must be considered:

- Is the cost allowable by federal regulations, state regulations, Winston Salem State University policy, sponsor terms and conditions, and contractual terms and conditions?
- Is the transfer reasonable? Does it reflect a direct benefit to the project being charged?
- Is the cost allocable and treated consistently? Does the cost have a direct benefit to the sponsored project being charged, and are like-costs in similar instances treated consistently throughout the University?

Cost transfers must be supported by documentation which clear states:

- a justification of why the error occurred.
- how the expense relates to the project being charged.
- a plan to prevent similar errors in the future.

5. Compliance and Enforcement

Contract & Grant Accounting is responsible for ensuring compliance with this policy.

6. Additional Information

6.1 Supporting Documentation

[Uniform Guidance 2 CFR 200, Cost Principles](#)

Departmental Reclass Form (email Caryel Ivy, ivy@wssu.edu)

[UNC System C&G Business Process Standards](#)

6.2 Approval Authority

This policy will be approved by the Associate Vice Chancellor for Finance.

6.3 Contacts for Additional Information

- Responsible Executive: Caryel Ivy, Director Contract & Grants Accounting, (336) 750- 2736, ivycm@wssu.edu