

New York University

UNIVERSITY POLICIES

Title:	Cost Transfer Policy
Effective Date:	December 1, 2017
Supersedes:	September 1, 2013
Issuing Authority:	Sponsored Programs Administration
Responsible Officer:	Assistant Vice President for Post-Award Administration

Policy

It is the policy of New York University (NYU, “the University”) that all cost transfers must be processed in compliance with Federal and other sponsor requirements. All cost transfers must be appropriately justified, documented and completed in a timely manner to support its allowability. Principal Investigators (PIs) are responsible for ensuring all cost transfers are executed in compliance with this policy.

Purpose of this Policy

The purpose of this policy is to set forth the circumstances for transferring charges to or from a sponsored award.

Scope of this Policy

This policy is applicable to all schools, departments, units and personnel of the University involved in administering sponsored awards.

Procedures for Implementation

This University policy follows the rules listed below which govern cost transfers. These procedures are in compliance with the *Federal Office of Management and Budget Uniform Guidance* ([OMB Uniform Guidance](#)) and other Federal sponsors’ regulations:

- Cost transfers to all sponsored projects should be completed within 90 days from the original transaction date. Transfers must be supported by documentation that fully explains how the error occurred and a certification of the correctness of the new charge by a responsible organizational official.
- An explanation merely stating that the transfer was made ‘to correct error’ or ‘to transfer to correct project’ is not sufficient.

- Transfers of costs from one project to another or from one competitive segment to the next solely to cover cost overruns are not allowable.
- Grantees must maintain documentation of cost transfers, pursuant to 45 CFR 74.53 or 92.42 [record retention requirements] and must make it available for audit or other review.
 - Frequent errors in recording costs may indicate the need for accounting system improvements and/or enhanced internal controls.
 - Sponsors may require a grantee to take corrective action by imposing additional terms and conditions on an award.
- “Frequent, tardy and unexplained (or inadequately explained) transfers, particularly where they involve projects with significant cost overruns or unexpended fund balances, raise serious questions about the propriety of the transfers themselves as well as the overall reliability of the institution’s accounting system and internal controls.” (*PHS Grants Administration Manual*)

It is the responsibility of each school or department to:

- Process cost transfer journals, if necessary;
- Ensure that cost transfer journals are posted to the project correctly;
- Retain copies of all related documentation in accordance with University record retention policies;
- Ensure that all personnel engaged in the financial administration of sponsored projects are familiar with the University Cost Transfer Policy.

a. Criteria for Cost Transfers

A retroactive cost transfer is justified in the following circumstances:

1. *Clerical and data entry errors* – Any request to correct a clerical error should be accompanied by an explanation of how the error occurred. The correcting entry must include a statement certifying that the adjusted charge/credit is correct and appropriate. Any explanation that merely states that the transfer is made “to correct error” or “to transfer to correct project” is not sufficient. As stated earlier in this policy, frequent errors in the recording of costs may indicate the need for improvements in award management.
2. *Transfers between continuation years for the same award number* – It is possible that if a continuation project number is not established promptly, continuation grant charges that have been incurred on or after the start date of the continuation award may have been temporarily charged to the prior year’s account. These should be processed as a cost transfer with an explanation that the projects are related to the same award.

3. *Pre-award costs that are specifically authorized in writing by the sponsor* – A department or research unit may, at its own risk, incur obligations and expenditures to cover costs prior to the beginning date of an award if the following criteria are met: 1) costs incurred are considered necessary for the conduct of the project; 2) costs are allowable under the potential award; and 3) sponsor’s written prior approval is obtained when required. Generally, costs incurred in excess of 90 days prior to the award date require sponsor approval. To reduce the need for cost transfers, a risk project should be established when incurring pre-award costs. For instructions on requesting a risk project, please refer to the [Opening or Modifying a Project Policy](#).
4. Pertinent information is received subsequent to the date of original entry.
5. It was impractical or impossible to allocate charges at the time of the original entry.
6. An award fails to materialize and charges have been incurred on the risk project. Costs incurred subsequent to the anticipated effective date of the award will need to be transferred to a discretionary or operating account(s).

b. Unacceptable Cost Transfers

Cost transfers between sponsored activities are *not* allowed in the following circumstances:

1. *Cost Overruns* – Unless clearly stated in the Sponsor guidelines, cost transfers to solely cover an actual or anticipated overrun are not allowable. Overruns must be transferred to a discretionary or operating account(s).
2. *Unexpended Balances* – For sponsored projects, retroactive cost transfers for the purpose of expending available funds still remaining on a project are not allowable.
3. *Report Rendered* – If the final financial report has been submitted to the sponsor, a cost transfer to a sponsored project will not be processed. A cost transfer from a sponsored project to correct an error will be processed and may require a revised financial report. If the cost transfer involves salary, it may require a recertification of the effort. See the [Effort Reporting Policy for Sponsored Programs Policy](#) for further information.
4. Other unacceptable purposes for retroactive cost transfers include circumventing award restrictions, avoiding a cost overrun by charging another unrelated project or transferring an item to/from an award that has been closed.

c. Timelines

All payroll and Other Than Personnel Services (OTPS; non-payroll) cost transfers related to sponsored awards should be submitted within the earlier of:

- i) 90 days from the original date the transaction was posted in the University’s general ledger, or;

- ii) Within the reporting deadlines prescribed by the sponsor of the project terminating.

If a transfer is required after the 90-day period, more stringent guidelines must be met to satisfy sponsor regulations. Examples include, but are not limited to, delays in award notification or the PIs departure or absence due to sabbatical leave. Generally, Sponsored Programs Administration (SPA) will not process a cost transfer submitted more than 90 days after the end of the grant year in which the original transaction was posted to the University's general ledger.

A pattern of frequent cost transfers will be subject to additional review.

1. 90-day Window: Retroactive Payroll Adjustments

Retroactive payroll adjustments within the current fiscal year (September 1 – August 31) should be processed in the PeopleSync or the Effort Reporting System (ERS) during the certification periods. Payroll adjustments relating to a payroll period prior to September must be processed by completing a PeopleSync request. For ERS and PeopleSync requests, the 90-day window is calculated based on the first pay date corresponding to the adjustment period and the date the request is submitted in ERS or PeopleSync. For further instructions, please refer to the respective application's user guide.

2. 90-day Window: Other Than Personnel Services (OTPS)

OTPS cost transfers require a journal entry to be submitted in the Journal Entry Management System (JEMS). The 90-day window for OTPS charges is calculated by reference to the date the original transaction was posted in the University's general ledger and the date the JEMS entry is submitted. Requestors must check the box to indicate Correction of Error. For further instructions, please refer to the JEMS User Guide.

d. Documentation and Explanation

All cost transfers must include a detailed explanation and justification (e.g., rationale for allocation among projects) for the transfer. If a transfer is to correct an error, an explanation that merely states that the transfer was made to "correct an error" is not sufficient.

The cost transfer explanations must answer the following questions (if a transfer is made within 90 calendar days from when the original transaction was posted in the University's general ledger, answer questions 1 and 2; if over 90 days, answer all 4 questions):

1. Why was the expense originally charged to the account from which it is now being transferred?
2. Why should this charge be transferred to the proposed receiving account?
3. Why is the cost transfer being requested more than 90 calendar days from when the original transaction was posted in the University's general ledger?

4. What action will be taken to eliminate the future need for cost transfers of this type? Is this action being taken?

e. Authorization and Approval

The PI or designee must submit the PeopleSync action (retroactive adjustment) to their school/departmental Human Resource Officer (HRO) for processing. PeopleSync approvals are defined at the school/departmental level.

JEMS entries with appropriate explanations for OTPS transfers must be submitted in accordance with the guidelines outlined below.

The department must maintain documentation (e.g., memos or e-mails) to provide evidence that the PI directly approved any cost transfer between closely related projects. However, the cost transfer may be submitted by the PI's designee.

The PI is ultimately responsible to ensure that all costs transferred are for appropriate purposes and in accordance with sponsor guidelines and award documents.

Within the 90-Day Window

- All transfers requested within 90 days of the original transaction date must be submitted by either the PI or designee, e.g., Departmental Administrator (DA).

Greater Than the 90-Day Window

- All transfers requested over 90 days from the original transaction date must be approved by the School's Fiscal Officer or designee.

f. Roles and Responsibilities

Principal Investigator – The PI has a fiduciary responsibility for the management and administration of the sponsored project in accordance with sponsor and University guidelines and therefore must approve all cost transfers.

Departmental Administrator (or designee) – The DA assists the PI in the financial and administrative management of sponsored projects, including processing of cost transfers. The departmental administrator in conjunction with the PI, are responsible for completing timely reconciliations between the University's general ledger and underlying details i.e., Salary Expense Report and departmental records. The DA must ensure that all financial activity is properly recorded in the University's financial system, which is the source for all financial reporting; the DA is responsible for ensuring all approved cost transfers are completed accurately and on time.

Fiscal Officer – The Fiscal Officer, or designee, must approve cost transfer requests greater than 90 days after the original charge was posted in the University's financial records.

Sponsored Programs Administration (SPA) – SPA is responsible for approving cost transfers.

Policy Definitions

Account Change	An adjustment within the same project where payroll costs are moved between chartfield lines.
Cost Transfer	A cost transfer is a transfer to or from a sponsored award of a charge previously allocated to a different funding source. Examples: <ul style="list-style-type: none">• Transfer pre-award costs from departmental holding account;• Correct clerical error;• Reallocate salary and fringe benefits to reflect actual effort;• Reallocate shared services that were previously charged elsewhere.
Other Than Personnel Services (OTPS)	Direct costs for sponsored projects exclusive of salaries and fringe benefits.

Related Policies

- Charging Administrative Expenses to Federal Awards Policy
<http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/charging-administrative-expenses-to-federal-awards-policy.html>
- Costing Policy
<http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/costing-policy.html>
- Opening or Modifying a Project Policy
<http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/opening-or-modifying-a-project-policy.html>
- Prior Approvals Policy
<http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/prior-approvals-policy-for-sponsored-programs.html>

Federal Regulations

- OMB Uniform Guidance
http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl
- Health and Human Services Grants Policy Statement
<https://www.hhs.gov/sites/default/files/grants/grants/policies-regulations/hhsgps107.pdf>