



**THE GEORGE
WASHINGTON
UNIVERSITY**
WASHINGTON, DC

Responsible University Official:
Associate Vice President and Comptroller
Responsible Office: Office of the
Comptroller
Last Revised Date: June 19, 2018

COST TRANSFERS ON SPONSORED PROJECTS

Policy Statement

Under university policy, a cost may be allocated to a sponsored project solely on the basis of benefit or relationship to the sponsored project, and may not be allocated or shifted to a sponsored project to avoid or reduce an overrun on another sponsored project, or to avoid a restriction on the charging of the cost to another sponsored project, or for other reasons of convenience not related to the benefit received by the sponsored project charged. Errors in the allocation of costs to sponsored projects must be identified, corrected, and documented in a timely and consistent manner. This policy applies to all sponsored projects with both federal and non-federal sponsors. If an individual sponsor or sponsored project agreement has more stringent requirements than university policy, the requirements of that sponsor or sponsored project agreement shall govern.

Reason for Policy

This policy aligns university policy and procedures with the requirements of the cost principles imposed on universities by the Uniform Guidance Subpart E – Cost Principles and Cost Principles for Educational Institutions; the requirements of the NIH Grants Policy Statement; the HHS Grants Policy Statement and other sponsor requirements. In all cases the allowability of a cost transfer to or from a sponsored project shall be determined solely on the basis of the applicable policy or other requirements of the sponsor. To the extent that this university policy imposes additional or stricter restrictions on cost transfers, those additional restrictions are to be regarded as administrative in nature; they are not intended to override or supersede any sponsor policy or requirement or to alter any sponsor rule with respect to the allowability of cost transfers.

Who is Governed by this Policy

Faculty and staff

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Policy

Policy Summary

Cost transfers are defined as after-the-fact re-allocations of costs, either labor or non-labor, on a sponsored project. Federal and non-federal sponsors have policies and rules defining the circumstances in which cost transfers are allowable and the documentation that is required in support of cost transfers. The principal source of Federal Guidance, referenced above, and additional federal policies appear in sponsor policy documents such as the NIH Grants Policy Statement and the HHS Grants Policy Statement. These and other sponsor policies require, among other things, that the university identify and correct errors in allocating charges to sponsored projects in a timely manner and with sufficient supporting documentation. This university policy is intended to promote adherence to sponsor cost transfer policies and requirements by establishing administrative processes and documentation standards that must be used by university faculty and staff in justifying cost transfers on sponsored projects. Failure to follow these administrative processes and documentation standards with respect to any proposed cost transfer subject to this policy will result in increased scrutiny of the proposed cost transfer and may cause it to be disapproved.

Scope of Policy

This policy applies to all cost transfers on any sponsored project, except as stated below:

- A. A redistribution of salary charges that results from a change in effort allocations made before or during the initial Effort Reporting process is not considered a cost transfer subject to this policy, but must be supported and implemented in accordance with the [Effort Reporting Policy](#). In rare circumstances it may be necessary to process a payroll cost transfer where effort was previously certified and implemented in accordance with the Effort Reporting Policy. Such cost transfer requests are subject to the requirements of this policy.
- B. A redistribution of Labor charges from one of the university approved labor cost clearing accounts (award number beginning with IXCI and having the type "Clearing")
- C. A redistribution of charges from one of the university approved Research Center Clearing Accounts (R fund designated clearing account) via Departmental Distribution Form (DDF) (pre-approved batch through the Clearing Account).

All subsequent references in this policy to cost transfers shall be deemed to refer only to cost transfers that are subject to this policy.

General Policy on Cost Transfers

The Uniform Guidance §200.405 indicates:

A cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or such cost objective in accordance with relative benefits received.

Any cost allocable to a particular Federal award under the principles provided for in this part may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by Federal statutes, regulations, or terms and conditions of the Federal awards, or for other reasons.

By university policy, the foregoing principles of the OMB Uniform Guidance 2 CFR § 200 shall be applied in allocating and transferring costs in connection with all sponsored projects, both federal and non-federal. Specific cost transfer practices that are impermissible under this policy include, but are not limited to, the following:

- A. Temporarily “parking” on a sponsored project costs that are not allocable to that project, with the intention of transferring them later to another sponsored a project.
- B. Transferring costs allocable to a sponsored project to another sponsored project in order to avoid or reduce an overrun on the first sponsored project.
- C. Transferring a cost from one sponsored project to another because the cost is not allowable under the sponsored project initially charged and is allowable under (but not allocable to) the sponsored project to which it is transferred.
- D. Transferring an unallocable cost to a sponsored project in order to accommodate another researcher, or for reasons of convenience.

All such transfers, and all other transfers of unallocable costs to sponsored projects, are impermissible regardless of when made.

Initiation of Cost Transfer Requests

It is recognized that cost transfers are sometimes necessary in order to correct errors made in an initial charge to a sponsored project. In order to support the integrity of cost charges and financial reporting, however, such errors must be identified and corrected in a timely manner. Errors in charging costs to a sponsored project should be identified and the correction should be initiated and submitted to the Office of the Comptroller within sixty (60) days after the original posting of the transaction in order to allow for timely completion of the review process (normally ninety (90) days after posting). Further, the principle of consistency in cost accounting periods requires that, where practicable, errors be corrected in the same fiscal year in which they were made. Transfers based solely on funding considerations (e.g., solely because there are funds remaining in the destination account at the close of the sponsored project), or for other reasons of convenience unrelated to the actual allocability of the cost, are prohibited.

A cost must be reasonable, allowable and allocable to a sponsored project to be transferred to that sponsored project.

Documentation Requirements

Documentation must include the GWeb Information Systems – Banner labor redistributions screen shots for payroll transfers and the [Departmental Correction Form \(DCF\)](#) for non-payroll transfers. Information regarding how the error occurred and approval/certification of the correctness of the charge by an

organizational official must accompany all cost transfers. Any cost transfer request, whenever submitted, must contain the following documents and information:

- A. Copy of original invoice or source document
- B. Report from where expense originally was booked (e.g., Budget Performance Report, Oracle system generated report, etc.)
- C. Detailed written justification for cost transfers:
 - 1. Since the federal regulations assume that cost transfers are exceptions, it is important to explain in writing the reason why the cost was not charged to the correct project originally and how it benefits the project to be charged. It is recognized that it will not always be possible to reconstruct with certainty why or how an error occurred, but in many cases it is apparent that an incorrect posting has been made because of a transposition of numbers in data entry or because of a miscommunication. In other cases, the fact that a charge is clearly allocable to a certain sponsored project will itself be evidence that the charge was mistakenly allocated originally to another sponsored project. The justification provided in support of the cost transfer should be in writing and will serve as an audit source document.
 - 2. If an inadequate justification is provided, the cost transfer request will be disapproved. For example, simply stating, "To correct an error" would not be an adequate justification.

Review of Cost Transfer Requests

Transfers should be initiated at the departmental level and submitted to the Office of the Vice President for Research (OVPR) for approval. Transfers represent allowable, allocable and reasonable charges to the destination account as determined by sponsor policies.

OVPR has final approval on all cost transfers except for the following circumstances when the requests are subject to subsequent review by the Comptroller or his or her designee:

- A. Any sponsored project affected by the cost transfer has ended, and a final financial report and/or final invoice has been submitted to the sponsor for that sponsored project.

- B. For salary costs that are directly charged to the award, the cost is being transferred on the basis of a correction to a previously submitted Effort Reporting.
- C. For other costs, the correction was not posted within 90 days of the initial posting.
- D. For any type of cost, there is a cost overrun on the sponsored project award or task from which the cost is being transferred.

Any cost transfer request submitted to the Office of the Comptroller for review must contain the signatures of the Principal Investigator(s) responsible for the sponsored project(s) impacted by the requested cost transfer and OVPR. In reviewing cost transfer requests in the foregoing circumstances, the Comptroller or his or her designee will require and consider additional information regarding steps that will be taken to prevent the re-occurrence of similar errors in the future.

Responsibility for Compliance

The primary responsibility for recording charges to the correct sponsored project is at the department level when the costs are incurred and recorded. Suitable fiscal practices at the department level should permit identification of any clerical or bookkeeping errors in a timely manner usually no later than sixty (60) days after initial posting, allowing cost transfers to be processed within ninety (90) days or sooner after initial posting. Responsibility for following these guidelines lies with Principal Investigators, department chairs and departmental/school fiscal personnel. OVPR is responsible for review and approval of cost transfers. OVPR staff review and approve the backup documentation and specific sponsored project to verify a cost transfer is allowable, reasonable, and allocable. The Comptroller or designee will review cost transfers in certain circumstances as stated above so that financial reporting internal controls are met and to reduce the occurrence of late or questionable cost transfers in the future.

Forms

GWeb Information Systems – Banner Labor Redistributions

[Departmental Correction Form \(DCF\)](#)

Related Information

[Identification and Treatment of Unallowable Costs Policy](#)

[Financial Transactions Adjustment Policy](#)

[Effort Reporting Policy](#)

[NIH Grants Policy Statement](#)

[OMB Uniform Guidance 2 CFR §200](#)

[Procedures for Labor Redistributions](#)

Contacts

Contact	Telephone	Email
Grants and Contracts Accounting Services (GCAS)	703-726-4242	
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Document History

- **Last Reviewed Date:** June 19, 2018
- **Last Revised Date:** June 19, 2018
- **Policy Origination Date:** Not Available

Who Approved This Policy

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This policy, as well as all [university policies](#), are located on the [Office of Compliance's](#) home page.