

# COST TRANSFERS

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Last Revised: 08/27/07

## 1.0 Purpose

Clarkson University has established the following procedure for the processing of cost transfers to ensure compliance with The Office of Management and Budget Circulars A-21 and A-110.

## 2.0 Responsibility

All individuals engaging in the performance and management of sponsored projects are expected to apply this guidance document when initiating, processing, or approving cost transfers.

## 3.0 Definitions

Cost Transfer (Reallocation): An after-the-fact reallocation of the cost, either salary or non-salary, to or from a sponsored project.

## 4.0 Procedure

### 4.1 General Requirements

- 4.1.1 If during the term of a project a Principal Investigator (PI) has the need to reallocate charges from one account to another, requests must be made through the Division of Research.
  - 4.1.1.1 Requests should be made using the ***Request for Payroll Reallocation Form*** (Appendix A) or ***Request for Reallocation Form*** (Appendix B).
- 4.1.2 Cost transfers should be prepared as soon as possible after the original transaction. Cost transfers to and from sponsored projects must be done on a timely basis, generally within 90 days.
- 4.1.3 Expenditures determined to be erroneously charged to a sponsored project must regularly be removed from that project without regard to the date of disclosure.

## 4.2 Appropriate Reasons for Cost Transfers

4.2.1 The most typical reason for reallocation of charges are errors in providing the account number when the charge was originally made or transferred due to the PI oversight in correctly switching costs from one account to another at the time a new/continuation account was established.

4.2.2 Ordinarily cost transfers are appropriate when they are justifiable direct costs of the sponsored project and their intent is to:

- Correct errors in processing the original transaction.
- Reallocate shared services.
- Reallocation of effort and other non-labor expenses where multiple projects benefited.
- To shift pre-award costs in accordance with the provision of OMB Circular A-110.

## 4.3 Unacceptable Reasons Cost Transfers

4.3.1 Unacceptable circumstances for cost transfers include, but are not limited to, the following:

- Charges from University accounts to externally funded accounts generally are not acceptable. (Exceptions would be reallocations involving phone charges, xeroxing or postage normally made to the department, regardless of the purpose);
- Cost transfer is solely for the intent of utilizing unexpended funds of a sponsored award;
- Cost transfer is for the purpose of avoiding a cost overrun by charging another, unrelated sponsored award; or
- Cost transfer avoids pre and /or post-award restrictions.

## 4.5 Documentation Requirements

4.5.1 Costs transfers must be supported by documentation, which adequately explains why the cost transfer was made.

4.5.1.1 You must justify specifically and in enough detail to support the audit trail. **Be specific!**

4.5.1.2 Expressions such as to “zero account” or “transfer charges” are unacceptable for supporting documentation to government auditors.

4.5.2 Requests to reallocate charges beyond the ninety (90) day limit will require greater documentation and will only be approved under exceptional circumstances.

#### 4.6 Approval Requirements

4.6.1 All reallocations must meet the following three (3) criteria before being approved:

1. Charge must be documented as belonging to the new account number.
2. Charge must be an allowable cost under the new account number.
3. Reallocation must be done within ninety (90) days of the original charge (unless 4.5.2 applies).

4.6.2 Cost transfers need to be certified by the PI, Department Head, and the DOR.

## 5.0 References

[http://www.whitehouse.gov/omb/circulars/a021/a21\\_2004.html](http://www.whitehouse.gov/omb/circulars/a021/a21_2004.html)  
OMB Circular A-21 C.4

<http://www.whitehouse.gov/omb/circulars/a110/a110.html>  
OMB Circular A-110 C.25 and Subpart D71

## 6.0 Approvals

Prepared By: K. Klatt Date: 08/27/07

Approved By: Constance M. Ferguson Date: 8/27/07  
Grant & Contract Administrator

Approved By: [Signature] Date: 8/27/2007  
Comptroller's Office

Approved By: [Signature] Date: 27 Aug 07  
Director of Research & Technology, DoR

Approved By: K. Klatt Date: 08/27/07  
Research Compliance Officer, DoR

# REQUEST FOR REALLOCATION OF PAYROLL CHARGES



## TO: Payroll

Request that charges for salaries/Wages as reflected below be reallocated to accounts as indicated. (Use the "Request for Reallocation of Charges" form for all other charges)

Employee#	Pay Period	Amount	Current Account Charged	New Account to be Charged

**EXPLANATION:** Justification must be given to support audit trail. Be Specific: Expressions such as to "zero account" or "transfer charges" are unacceptable for support to government auditors.

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<b>Originator</b>	<b>Date</b>	<b>Department Head</b>	<b>Date</b>
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<b>Division of Research</b>	<b>Date</b>	<b>Comptroller's Office</b>	<b>Date</b>
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(375, 378, 393, 394, 395 accounts)

# REQUEST FOR REALLOCATION OF CHARGES



## TO: Comptroller's Office

List each expenditure on a separate line. The references should be purchase order, folio, journal voucher, or travel authorization, number. **(Use to the "Request for Reallocation of Payroll Charges" form to reallocate salaries and wages.)**

Reference	Amount	Current Account Charged	New Account to be Charged

**EXPLANATION:** Justification must be given to support audit trail. Be Specific: Expressions such as to "zero account" or "transfer charges" are unacceptable for support to government auditors.

<b>Originator</b>		<b>Department Head</b>		<b>Date</b>
<b>Division of Research</b>		<b>Comptroller's Office</b>		<b>Date</b>

(375, 378, 393, 394, 395 accounts)