



## Cost Transfer Procedures

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**Updated: August 2012**

### **POLICY BACKGROUND**

A *Cost Transfer* is any adjustment of expenditures to a sponsored project to align costs with the actual benefit received on the sponsored project. To provide the monitoring required by federal regulations (OMB Circulars A-21 and A-110) and to ensure good stewardship of sponsored projects, SF State will review all cost transfers for allowability, allocability, reasonableness and proper compliance. Cost transfers must be completed within 90 days from the time of the original transaction. A justification and proper documentation must be provided to the Office of Research and Sponsored Programs in order to process the transaction.

### **PROCEDURE**

#### **Personnel/Labor Cost Distribution Cost transfers**

A personnel cost transfer can be initiated by the Principal Investigator (PI) or designated administrative personnel, the Grants Administrator (GA), or the Personnel Specialist (PS); *they must all be copied on the email requesting the transaction*

- PI or GA initiate the request by identifying the incorrect charges and determining the projects where the charges should be moved
- GA confirms that the proposed transfer is allowable, allocable, and reasonable, and ensures that the projects (both the “to” and “from”) are still active and that adequate funds remain in the receiving project to cover the proposed transfer
- GA sends an email detailing the change request to the PS (PI), with the following information:
  - PI name
  - Project numbers (debited and credited)
  - Name of personnel and payroll month / time period to be transferred
  - Estimate of salary and fringe benefits that will be credited and debited to the projects
  - Justification for the transfer
- GA email serves as the approval to process the LCD request
- PS processes either an ETRAC for approval routing or a paper Labor Cost Distribution Change Request form (under special circumstance), according to current processes and procedures
  - PS generates an LCD Change request form, based on the appointment information contained in HRMS
  - PS routes form for all signatures, and sends the LCD Change Form to the Budget Analyst for processing
- Budget Department Processing
  - Budget Analyst (BA) obtains the LCD change form and reviews the information on the form for accuracy and for ORSP approval
  - BA processes the LCD Change Form in the Human Resources Management System (HRMS)
  - BA prints a copy of the LCD for confirmation that the transaction was uploaded successfully
  - BA sends an email to the PS confirming that the LCD change was made
- Final Confirmation, GA:
  - Runs an LCD report to ensure that the change has posted to the HRMS system
  - Ensures that the change has posted in the General Ledger (via OBIEE), once payroll charges are posted

### Reimbursed Release Time (RRT) Cost transfers

Errors to RRT charges may be identified by the PS, the Budget Office, the GA, or the PI

- Once an RRT transaction error is identified, GA contacts the PS to initiate a correction
- PS verifies that the RRT transaction was incorrectly charged to the project by checking the RRT Agreement; if the RRT transaction was incorrect, the PS creates & submits a revised ETRAC with the correct information (salary and benefit costs & project number)
- The RRT ETRAC is electronically routed to the following approvers:
  - Grant Administrator
  - Principal Investigator
  - College Dean
  - ORSP Approver
- The approved/completed RRT ETRAC (including salary & benefit costs) is forwarded to the Budget Office
- The Budget Office creates a file for transfer to Fiscal Affairs
- Fiscal Affairs processes the file in order to charge the correct project for PI salary and benefits
- Time and Effort Report is generated/ revised for certification

### Non-Personnel Cost transfers

- The GA generates a *Journal Entry Adjustment/Transfer Form* (JE) when they identify (or someone else, such as a PI's Assistant, identifies) charges that should not have hit the project
- GA reviews the Journal Entry for accuracy, and to ensure the following:
  - The transfer is allowable, allocable, and reasonable
  - The projects are still active
  - The receiving project has adequate funds to cover the transfer
  - An appropriate justification has been provided
  - The transaction is less than 90 days old
- GA forwards the JE to the Sponsored Programs Manager (SPM) for review, approval and signature
  - If the SPM finds that the transfer is not allowable, the JE will be returned to the GA to make any changes or contact the PI to correct any deficiencies
- SPM returns the approved JE to the GA, who forwards it to the FAA in Fiscal Affairs
- FAA processes the JE, sends the GA an email to confirm that the JE has been processed
- GA ensures that the corrected transactions have posted to the respective projects in BI

### RELATED DOCUMENTS

- [OMB Circular A-21, "Cost Principles for Educational Institutions"](#)
- [OMB Circular A-110, "Uniform Administrative Requirements for Grants and Agreements with Higher Education, Hospitals and Other Non-Profit Organizations"](#)