
WVU POLICY

DIVISION OF FINANCE

SPONSORED AWARD COST TRANSFERS

1. PURPOSE & SCOPE

- 1.1. **Purpose** – The purpose of this policy is to ensure compliance with the cost allowability and allocability requirements of Office of Management and Budget (OMB) Uniform Administration Requirements, Cost Principles, and Audit Requirements for sponsored awards. It is necessary to explain and justify transfers of charges involving sponsored awards (grants) previously recorded elsewhere. Timeliness, completeness, and an explanation of these transfers are important factors in supporting their acceptance in accordance with sponsor requirements.
- 1.2. **Scope** – This policy applies to all Cost Transfer Requests against sponsored awards initiated by all departments of West Virginia University, inclusive of West Virginia University Research Corporation.

2. POLICY

- 2.1. It is University policy that costs should be charged to the appropriate sponsored account when first incurred. However, it may be necessary to transfer costs to a sponsored account from the account where first charged. Such transfers require monitoring for compliance with applicable federal regulations, sponsor requirements, institutional policies and cost principles. Cost Transfers must be timely, complete, and comply with allowability, allocability, and reasonableness requirements.
- 2.2. **Types of Transfers**
 - **Salary Cost Transfers** – the movement of payroll expenses on sponsored agreements via the use of Labor Distribution Adjustments (LDA's)
 - **Non-Salary Cost Transfers** – the movement of expenditures other than payroll
 - **Reclassifications** – the correction or changing of a task, expenditure organization or expenditure type
 - **Internal Sales** - the charging of sales or services by University service centers and auxiliary enterprises to other University departments



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Policy #25

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Responsible Unit: Sponsored Projects & Property Administration
Adopted: October 1, 2010
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Review Date: October 2019

2.3. Timeliness and Approvals

- Transfers within 90 days – These transfers should be processed immediately after the need is discovered but no later than 90 days after the end of the month that the original expense was posted. Authorized approvers have the authority to sign the requests.
- Transfers after 90 days – Transfers made 90 days after the end of the month that the original expense was posted require additional central review and signature approval by the departmental Dean, Director or designee.

2.4. Documentation

All transfer requests must be properly documented to explain the error and justify the need to transfer the cost to a sponsored account. Additionally, the Cost Transfer request must contain thorough documentation to support the allowability, allocability and reasonableness of the transaction.

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. Frequent errors in the recording of costs may indicate the need for improvements in award management.

Labor Distribution Adjustments requested to move payroll charges onto a sponsored award for a time period that has already been certified on an Effort Report will result in greater scrutiny. Effort Reports should not be certified if the payroll distribution percentages reflected on the report are incorrect. Once the inaccuracies are discovered, the Labor Distribution Adjustments should be processed in a timely manner.

2.5. Exceptions to Time Restrictions or Approval Level

Sponsor Requirements	All timelines and documentation standards are superseded by more stringent sponsor requirements
Reclassifications	Transfers between tasks, expenditure organizations or expenditure types that do not impact changes to F&A assessment may be processed by the authorized approver after 90 days
Last 30 days of a project	All transfers within the last 30 days of a project require additional central review and approval



Internal Sales/Service Center charges	The initial distribution of shared services or service center charges that are based on a documented allocation methodology and recharge rates that are approved by the Cost Accounting unit within Finance may be processed by the authorized approver.
Account set-up errors	Transfers to new account necessary due to set up errors with the original account may be processed by the authorized approver after 90 days
Late awards or account activation	May be processed by the authorized approver after 90 days if moving from a departmental account
Cost overruns	Transfers clearing cost overruns to cost share or departmental accounts should be processed within 30 days of the project end date

2.6. Cost Transfers

Transfers solely to spend out remaining balances at the end of an award are not allowable. Transfers posted within the last 30 days of a project must be for an allowable and reasonable expense that is allocable to the sponsored award.

Transfers to existing sponsored awards on a temporary basis while a new award is pending are not allowable. If a new award is not set up in the system and verbal approval of the new award is not possible, any pending charges should be paid from a departmental non-sponsored account until the new award is available in the system.

3. DEFINITIONS

3.1. **COST TRANSFER** – A Cost Transfer is any after the fact reallocation (transfer) of a previous expense. Examples include, but are not limited to the following:

- Transfer of pre-award costs
- Correction of clerical errors
- Reallocation of expenses where multiple projects benefited

Routine allocation of shared services or resources

4. RESPONSIBILITIES

4.1. **Interpretation** – The responsibility for interpretation of this policy rests with the Vice President for Strategic Initiatives or designee.

4.2. **Application** – Responsibility for support of this policy rests with all employees. It is the responsibility of the dean or director to implement and maintain this policy within the department, unit, or organization.



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4.3. **Procedure Development** –Responsibility for procedure development rests with the Sponsored Projects Accounting unit within the Sponsored Projects & Property Administration Department.

5. AUTHORITY & REFERENCES

5.1. WVU Board of Governors Finance & Administration Rule 5.1 Approvals and Delegation of Authority for Financial and Administrative Matters (under consideration for approval and out for public comment).

6. SUPERCEDES

6.1. This policy supersedes all other Sponsored Award Cost Transfers policies, procedures or guidelines at the University to the extent those documents are inconsistent with and fall under the scope of this policy.

Signature: Anjali B. Halabe Date: 01/31/2020
Anjali Halabe
Associate Vice President – Division of Finance

