

**UNIVERSITY of NORTH DAKOTA**  
**RESEARCH & ECONOMIC DEVELOPMENT POLICY LIBRARY**

**COST TRANSFERS FOR SPONSORED PROJECTS ACTIVITY**

Section 1, Research  
Policy 1, Cost Transfers for Sponsored Projects Activity  
Responsible Executive: Vice President for Research & Economic  
Development  
Responsible Office: Grants & Contracts Administration  
Issued: April 29, 2013  
Latest Review / Revision: December 14, 2017



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**POLICY STATEMENT**

This policy applies to cost transfers involving one or more sponsored funding sources. A cost transfer is a reassignment of an expenditure from one funding source to another.

It is the policy of the University of North Dakota (UND) to charge expenditures to the appropriate funding source when first incurred. There are circumstances in which it may be necessary to transfer expenditures to or from a sponsored funding source subsequent to the initial recording of the expenditure. Those transactions require monitoring for compliance with UND policy and sponsor regulations. **Please note, the principal investigator (PI) has the responsibility to ensure the integrity of expenditures charged to a sponsored project.**

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**REASON FOR POLICY**

A policy is necessary to comply with sponsor, institutional, state, and federal requirements for appropriate handling of expenditures. Expenditures are to be charged to the appropriate funding source(s) in a timely manner. If cost transfers are necessary, they are to be timely, well-documented, allowable, and have appropriate signatures. All incorrect charges to sponsored projects must be transferred regardless of the time frame.

Adherence to this procedure is necessary. An inappropriate or poorly documented cost transfer may result in Federal regulators denying reimbursement of these expenditures or imposing other sanctions on UND, such as fines or administrative restrictions, including imposing additional prior approvals.

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**SCOPE OF POLICY**

This policy applies to all members of the University community and should be read by:

- |  |                                       |
|--|---------------------------------------|
| ✓ President                            | ✓ Grants and Contracts Administration |
| ✓ Vice Presidents                      | ✓ Departmental Administrators         |
| ✓ Deans, Directors & Department Chairs | Students                              |
| ✓ Faculty and PIs                      | Others _____                          |

## WEB SITE REFERENCES

This policy: [http://und.edu/research/\\_files/docs/policy/1-1-cost-transfers.pdf](http://und.edu/research/_files/docs/policy/1-1-cost-transfers.pdf)  
Vice President for Research and Economic Development: <http://und.edu/research/>

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## RELATED INFORMATION

<b>2 CFR § 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards</b>	<a href="http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl">http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl</a>
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## CONTACTS

General questions about this policy can be answered by your department's administrative office. Specific questions should be directed to the following:

<b>Subject</b>	<b>Contact</b>	<b>Telephone</b>	<b>E-Mail / Web Address</b>
Policy Content and Clarification	Grants and Contracts Administration	777-4151	<a href="http://und.edu/research/grants-and-funding/">http://und.edu/research/grants-and-funding/</a>

## DEFINITIONS

<b>Allocable</b>	A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received or other equitable relationship.
<b>Allowable</b>	Costs must be allowable according to 2 CFR § 200, federal awards and specific award provisions. This means the cost must be reasonable, allocable, and consistently treated within the University and conform to the terms of the award.
<b>Consistent</b>	Costs must be given uniform treatment through the application of the generally accepted accounting principles appropriate to the circumstances.
<b>Cost Transfer</b>	A reassignment of an expenditure from one funding source to another.
<b>General Ledger</b>	The main accounting record of the University which uses double-entry bookkeeping. The general ledger is a collection of accounts that supports the items shown in the financial statements. It is where posting to the accounts occurs and where a running total of all accounts is kept.
<b>Journal Entry</b>	The logging of income and expenses into the general ledger. It is used to record the financial data in the general ledger.
<b>Journal Voucher</b>	A form that is used to correct a transaction originating from a voucher.
<b>PeopleSoft</b>	An enterprise software system used to compile and record all human resource (HRMS), financial (Finance), and student (Campus Solutions) data of the University.
<b>Preaward Fund/Project Number</b>	A temporary sponsored fund/project number is established for preaward costs prior to the receipt of the award.

<b>Principal Investigator (PI)</b>	The individual, designated by the awardee, who is responsible for the scientific or technical aspects of the award and for day-to-day management of the project. The PI is a member of the awardee team responsible for ensuring compliance with the financial and administrative aspects of the award. This individual works closely with designated officials within the awardee organization to create and maintain necessary documentation, including both technical and administrative reports; prepare justifications; appropriately acknowledge federal support of research findings in publications, announcements, new programs, and other media; and ensure compliance with
<b>Reasonable</b>	A cost may be reasonable if the nature of the goods or services acquired or applied and the associated dollar amount reflect the action that a prudent person would have taken under the circumstances prevailing when the decision to incur the cost was made.
<b>Retroactive Distribution (retro)</b>	Process used when actual distribution (payroll processing) data have been identified as incorrect after they have been posted to the general ledger. The retro modifies the incorrect transactions and posts the changes to the General Ledger.
<b>Sponsored Funding Source</b>	Funds provided by a third party, federal or nonfederal, to carry out a specific purpose, and are set up in the University Grants and Contracts module with a fund and project number.

## PRINCIPLES

**OVERVIEW** – A cost transfer is a reassignment of an expenditure from one funding source to another. This policy applies to cost transfers involving one or more sponsored funding sources.

It is the policy of the University of North Dakota (UND) to charge expenditures to the appropriate funding source when first incurred. There are circumstances in which it may be necessary to transfer expenditures to or from a sponsored project subsequent to the initial recording of the expenditure. Those transactions require monitoring for compliance with UND policy and sponsor regulations. **Please note, the principal investigator (PI) has the responsibility to ensure the integrity of expenditures charged to a sponsored project.**

A policy is necessary to comply with sponsor, institutional, state, and federal requirements for appropriate handling of expenditures. Expenditures are to be charged to the appropriate funding source(s) in a timely manner. If cost transfers are necessary, they are to be timely, well-documented, allowable, and have appropriate signatures. All incorrect charges to sponsored projects must be transferred regardless of the time frame.

Adherence to this procedure is necessary. An inappropriate or poorly documented cost transfer may result in Federal regulators denying reimbursement of these expenditures or imposing other sanctions on UND, such as fines or administrative restrictions, including imposing additional prior approvals.

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## PROCEDURES

Cost transfers involving payroll are initiated through a Retroactive Distribution Request form. All other cost transfers involving one or more sponsored project funds are initiated through a Grants and Contracts Journal Entry form or a Journal Voucher form as appropriate.

1. It is the responsibility of the PI to ensure that all expenditures are accurately and appropriately charged to the correct project(s) based on the benefit to the project and that all expenditures are consistent with University and sponsor regulations. The PI or departmental designee will review all sponsored project

- expenditures on a monthly basis. This will ensure all expenditures charged to a sponsored project are in accordance with the award. **Please see the Frequently Asked Questions for suggested reports that are available from the PeopleSoft system to review the expenditures.**
2. The PI or departmental designee will determine whether a cost transfer is necessary. In order for a cost transfer to occur, the expenditures need to be reasonable, allocable, allowable, and consistent. The following steps will be taken:
    - a. Complete a UND Retroactive Distribution Request form for cost transfers involving payroll, Complete a Journal Voucher form for all cost transfers originating from a voucher,  
- or -  
Complete a Grants and Contracts Journal Entry form for all other cost transfers.
    - b. Provide sufficient justification of why the cost transfer is necessary in the space provided for a description.
    - c. Complete the Cost Transfer Explanation and Justification form and attach the appropriate form if the cost transfer is more than 90 days after posting.
  3. The PI or departmental designee will send the completed forms and appropriate supporting documentation to Accounting Services or Payroll, as applicable, for review of institutional policy. Accounting Services or Payroll will forward the forms to Grants and Contracts for Grants and Contracts policy approval.
  4. Grants and Contracts will review the cost transfer and forward approved cost transfers to the appropriate department (Payroll or Accounting Services) for further review and processing. If the cost transfer is disallowed or the supporting documentation is inadequate, Grants and Contracts will contact the department to inform it of the reason the cost transfer is disallowed and to work with the department to resolve any discrepancies.
  5. The department will be required to provide alternative funding if the cost transfer is disallowed.

#### **Ways to Avoid a Cost Transfer**

1. Verify the funding source(s) prior to submitting the paperwork for all expenditures, including salaries.
2. If the expenditure benefits more than one project, allocate the expenditure based on the benefit to each project.
3. If you anticipate incurring expenses prior to award, contact the Grants and Contracts Officer to facilitate the establishment of a preaward project. Departmental approval and an alternative funding source are required for a preaward project to be established.

#### **Potential Consequences of Cost Transfers**

1. Disallowed cost transfers will be returned to the department, with the expectation that the expenditure be paid by departmental nonsponsored funding.
2. Numerous and on-going cost transfers reflect poor internal control and may result in additional oversight, training, and sanctions.
3. Cost transfers which are disallowed by the sponsor may indicate an unlawful draw down of funds from the government, for which the sponsor may impose fines and penalties to the University. This may also result in a loss of future funding.

**RESPONSIBILITIES**

<b>Principal Investigator and/or Departmental Designee</b>	Review all sponsored project expenditures on a monthly basis. Initiate cost transfer if appropriate.
<b>Grants and Contracts Administration</b>	Review and approve cost transfer.
<b>Accounting Services or Payroll</b>	Review and process cost transfer.

**FORMS**

Cost Transfer/Explanation and Justification Form	<a href="http://und.edu/research/grants-and-funding/_files/docs/cost-transfer-explanation-and-justification.pdf">http://und.edu/research/grants-and-funding/_files/docs/cost-transfer-explanation-and-justification.pdf</a>
Grants and Contracts Journal Entry Form	<a href="http://und.edu/research/grants-and-funding/_files/docs/gca-je.xls">http://und.edu/research/grants-and-funding/_files/docs/gca-je.xls</a>
UND Retroactive Distribution Request	<a href="http://und.edu/finance-operations/human-resources-payroll/_files/docs/retroform-distribution-form-may-13.xlsx">http://und.edu/finance-operations/human-resources-payroll/_files/docs/retroform-distribution-form-may-13.xlsx</a>
Journal Voucher	<a href="http://und.edu/finance-operations/accounting-services/_files/docs/journal-voucher-form.xlsx">http://und.edu/finance-operations/accounting-services/_files/docs/journal-voucher-form.xlsx</a>

**APPENDICES**

<b>Appendix 1 – Frequently Asked Questions</b>	<a href="http://und.edu/research/_files/docs/policy/1-1-cost-transfers-for-sponsored-projects-activity-appendix-1-faq.pdf">http://und.edu/research/_files/docs/policy/1-1-cost-transfers-for-sponsored-projects-activity-appendix-1-faq.pdf</a>
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**REVISION RECORD**

<b>2/14/12 – Policy Implementation</b>	Signed by President Robert O. Kelley.
<b>1/18/13 – Revision</b>	<ul style="list-style-type: none"> <li>Revised policy statement to include all cost transfers on or off a grant or contract.</li> <li>Updated website links.</li> <li>Removed tip sheet and replaced by frequently asked questions.</li> <li>Updated procedures to reflect new required forms.</li> </ul>
<b>4/5/13</b>	<ul style="list-style-type: none"> <li>Revised policy name to reflect that this policy is for sponsored funding only.</li> <li>Changed around the first two sentences to clarify that the policy is for sponsored funding only.</li> </ul>
<b>4/29/13 – Policy Revision Implementation</b>	Signed by President Robert O. Kelley
<b>5/8/13</b>	Updated website links.
<b>7/1/13</b>	New forms for policy mandated for all FY14 cost transfers.
<b>9/18/13</b>	Updated website links and revised Grants and Contracts JE form.
<b>11/4/13</b>	Updated procedure to include the journal voucher and website links.
<b>12/14/2017 – Policy Revision</b>	Related Information: Removed reference/link for OMB Circular A-21

## Frequently Asked Questions November 4, 2013

Important items to remember:

All expenditures moved on or off a grant or contract fund require the completion of the Grant and Contract Journal Entry form. If the charge is greater than 90 days, the Cost Transfer and Justification form must be completed and accompany the Grant and Contract Journal Entry form, journal voucher or the retroactive distribution form as applicable.

1. There is an original charge coming from the Printing Center, Postage, Library, Motor Pool, Duplicating, etc. that is not charged to the correct funding source. How do I correct this?

If the expenditure needs to be moved **on or off** a grant or contract, the Grants and Contracts Journal Entry form needs to be used to move this expenditure to the correct funding source.

2. I need to transfer an expenditure but it is greater than 90 days. What forms do I need?

You will need to complete either the Grant and Contract Journal Entry form or the Journal Voucher, AND the Cost Transfer and Justification form.

3. I need to reallocate from a Purchasing Card to a Grant or Contract fund. What forms do I need to fill out?

You will need to complete the P-Card Justification form and a Journal Voucher form. You **do not** need to fill out the description on the Journal Voucher form as that information is already entered on the P-Card Justification form.

4. What date do I go by when determining whether a P-Card reallocation is greater than 90 days?

You will go by the statement “for transactions posted between 00/00/0000 to 00/00/0000” ending date. If you are filling out a P-Card Justification form that is 90 days past statement end date you will need to complete the Cost Transfer and Justification form to accompany the Grant and Contract Journal Entry form.

### Reports

PI Reports

[Budget Transaction Detail](#)

[HE Actuals](#) – run after the 15th and the end of each month.