

## WWU Cost Transfer Standards

**Principal Investigator / Program Director (PI / PD)** Principal Investigators (PIs) and Program Directors (PDs) are WWU faculty or research faculty associates who have been awarded an externally sponsored agreement and are eligible to act as a Financial Manager per POL5320.03.

**Sponsored Agreements** Grants, contracts, cooperative agreements, and interagency agreements used by external sponsors to award funds.

**Cost Transfer** A cost transfer is an after-the-fact reallocation of costs to or from a sponsored agreement.

Examples:

- Transfer pre-award costs from a departmental holding account
- Correct clerical error
- Reallocate salary and fringe to reflect actual effort
- Reallocate shared costs that were previously charged elsewhere

### Reasons for the Standards

Federal regulations strictly regulate transfers of expenditures to or from sponsored agreements. "Costs allowable to a particular sponsored agreement . . . may not be shifted to other sponsored agreements in order to meet deficiencies caused by overruns or other fund considerations, to avoid restrictions imposed by law or by terms of the sponsored agreement, or for other reasons of convenience" per 2 CFR A, chapter II, part 220.

### The Standards

- 1) Transfers will usually be initiated by departmental staff, though in certain cases post-award staff may initiate the transfer.
- 2) Transfers should occur within 90 days of the discovery and must be approved by the PI / PD.
- 3) If the transfer occurs within 90 days of the initial transaction date, then in addition to the usual documentation required as part of any journal voucher transaction, an explanation should be included as to why the expense was originally charged to the fund from which it is now being transferred and why it should be transferred to the proposed fund.
- 4) If the transfer occurs after 90 days of the initial transaction date, in addition to the above, the following are also required: An explanation as to why the transfer being requested more than 90 days after the original transaction, and what steps are being taken to prevent future need for transfers of this type.
- 5) Payroll Transfers may involve additional steps beyond 1-4 above. Departments must contact Office of Research and Sponsored Programs post-award staff for detailed instructions.

### Countering the Assumption of Transfer for Convenience

In the examination of expenditure transfers, auditors are especially skeptical of transfers involving projects in a deficit condition or cost transfers against unexpended funds within the last 90 days of the project. When such conditions exist, especially thorough documentation is required to demonstrate that the transfer is necessary and not for reasons of budgetary convenience. Large cost transfers exceeding \$10,000 or 10% of the award, transfers within the last 90 days of the project and transfers that do not meet the timeliness criteria receive additional scrutiny by the Office of Research and Sponsored Programs.