Subject:	Division Name:	Approval:
Sponsored Programs Cost Transfer Policy	Business and Finance	Joseph F. Sheley, President
		Date: 10/2/15

A. Purpose

At California State University, Stanislaus (University) all grant and contract awards are made to and accepted by the University. The University is responsible for, and accountable for, the appropriate post-award administration of grants and contracts. It is the policy of the California State University (CSU) that each campus shall develop and maintain policies and procedures that ensure that any cost transfers are made only with adequate justification and in a reasonable period of time, with the reasons for the transfers explained and documented in accordance with the four guiding principles of allowability, allocability, consistency and reasonableness. This policy establishes compliance with this requirement by the University.

B. Scope of Policy

The University is responsible for ensuring that all transactions are accurately and appropriately charged to the correct project based on the benefit to the project and consistent with federal regulations including Office of Management and Budget (OMB) Uniform Guidance. Any costs allocable 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. The University will not allow cost transfers made for these purposes, but recognizes that there will be certain circumstances when cost transfers must be done to correct charges on sponsored projects.

The Principal Investigator (PI) is ultimately responsible for ensuring that all transactions are accurately and appropriately charged to the correct project based on the benefit to the project and federal regulations. The PI is also responsible for ensuring that cost transfers are done in a timely manner as provided for in the University's Sponsored Programs Cost Transfers Procedure. Several government agencies, such as National Institutes of Health (NIH), define this as within 90 days of the error being discovered.

The NIH Grants Policy Statement (10/2011) states the following with respect to the timing for cost transfers:

> *Cost transfers to NIH grants by grantees, consortium participants, or contractors under grants that represent corrections of clerical or bookkeeping errors should be accomplished within 90 days of when the error was discovered. The transfers must be supported by documentation that fully explains how the error occurred and a certification of the correctness of the new charge by a responsible organizational official of the grantee, consortium participant, or contractor. An explanation merely stating that the transfer was made "to correct error" or "to transfer to correct project" is not sufficient. Transfers of costs from one project to another or from one competitive segment to the next solely to cover cost overruns are not allowable.*

C. Definitions

Refer to *Glossary of Commonly-Used Terms in Sponsored Programs.*

D. Policy

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 Uniform Guidance) and to ensure good stewardship of sponsored projects, the University will review all cost transfers for allowability, allocability, reasonableness and proper compliance. The University has established this policy to delineate when it is appropriate to request a cost transfer and to

identify the allowable mechanism to do so for both personnel and non-personnel costs. Cost transfers must be completed within 90 days from the time of the original transaction or discovery date of an error. A justification and proper documentation must be provided to Post Award in order to process the transaction.

Adherence to this procedure is necessary, as inappropriate or poorly documented cost transfers can result in federal regulators denying reimbursement of these expenses or imposing other sanctions on the University, such as fines or loss of certain authorities.

E. Roles and Responsibilities

Post Award

Principal Investigator

- Responsible for ensuring that all transactions are accurately and appropriately charged to the correct project based on the benefit to the project and are consistent with federal regulations by reviewing financial statements on a consistent basis.
- Responsible for notifying Post Award in a timely manner when an error has been discovered.
- Provide explanation and justification for the transfer.
- Review financial statements to ensure corrections have been completed.

Grant Administration

- Responsible for ensuring that all transactions are accurately and appropriately charged to the correct project based on the benefit to the project and are consistent with federal regulations by reviewing financial statements on a consistent basis.
- Notify PI or designated administrative personnel (designee) upon discovery of error.
- Obtain appropriate backup documentation for reclassification from PI or designee.
- Process journal entry to correct errors/adjustments in a timely manner.

F. Procedure

Cost transfer procedures and documents are identified below:

- Sponsored Programs Cost Transfer Procedure

G. Laws, State Codes, Regulations and Mandates

- OMB Uniform Guidance
- *NIH Grants Policy Statement* *http://grants.nih.gov/grants/policy/nihgps_2013/*

H. Resources

- Glossary of Commonly-Used Terms in Sponsored Programs