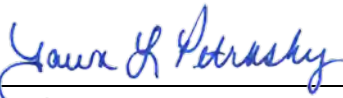




Policy FA002: Cost Transfers for Sponsored Activities

Recommended for Approval by: 
Fawn L. Petrosky, Vice President Finance and Administration

Approved by: 
Dr. Jon Anderson, President

Effective Date: 01/15/2025

A. Intent

This policy ensures that Pennsylvania Western University follows the necessary procedures to accurately and appropriately execute cost transfers for payroll and other direct costs associated with grants, contracts, and other sponsored projects. By adhering to these procedures, the University will remain compliant with sponsoring agency guidelines. This policy applies to all university employees who perform research, educational services, or other activities by a grant, contract, or other sponsored agreement.

In addition to general stewardship responsibilities, the University must conform to a number of specific federal criteria regarding the handling of cost transfers including OMB Circular A-21, OMB A-133 Compliance Supplement, 2 CFR 200 Uniform Administrative Requirements, as well as all applicable sponsoring agency regulations and/or guidelines.

B. Definition(s)

1. **Principle Investigator (PI)**- The individual with the authority and responsibility to oversee and direct a grant or sponsored project. This role may be referred to as 'project director,' with the same definition.
2. **Cost Transfers**- The relocation or redistribution of a previously charged expenditure to another fund center
3. **Date of Occurrence**- The date when the expense is initially posted in the financial system

C. Policy

It is the responsibility of the Principal Investigator (PI) when dealing with federal and other sponsored projects to comply with all government and sponsor rules and regulations and follow

established standards. Costs should be charged to the appropriate fund center when first incurred. It is the responsibility of the PI to regularly review accounts for accuracy and to facilitate timely discovery of any errors. Any errors should be promptly reported to the Office of Grants and Special Projects and Grant Accounting. In some instances, grant accounting may identify a potential error through ongoing monitoring of the grant account. In those cases, the PI will be contacted to aid in the determination of the appropriateness of the charge.

When an error is identified, the PI should request a cost transfer from the Office of Grants and Special Projects and Grant Accounting within 90 days of the date of occurrence in writing (email is acceptable) indicating:

- Date of Occurrence and fund center
- The account to which the expense should have been charged
- A justification that states the reason that that expense was originally charged to the account from which it is now being transferred, why the charge needs to be transferred, and why the charge is allowable and allocable to the new account to be charged

Grant accounting will review the cost transfer request for appropriateness including:

- Timeliness – In order to be timely, cost transfers should be completed within 30 days of the original transaction. If a cost transfer is requested after 30 days, the Office of Grants and Special Projects and Grant Accounting must determine what action is being taken to eliminate future cost transfers of this type.
- Reason for the Cost Transfer – Cost transfers should be initiated to correct clerical or bookkeeping errors. Cost transfers used to address surpluses or deficits in sponsored accounts are not appropriate or allowable.
- Frequency of Cost Transfers – Frequent requests for transfers may indicate the need for improved financial management practices.
- General Standards of Reasonableness, Allowability, and Allocability – Cost transfers must meet the same cost standards that apply to original charges to sponsored accounts.
- Guidelines/Regulations to the Sponsor or the Sponsored Agreement – In some cases, expenditure guidelines that are unique to the sponsor or a particular sponsored agreement may need to be considered in determining whether a cost transfer is appropriate.

Cost transfers that are determined to be appropriate will be confirmed by grant accounting by verifying the original charge in SAP for fund center/general ledger account and amount. The Grant Accountant then reclassifies the expense using a journal entry to have the charge in the correct fund center. Once the journal entry is posted, the grant accountant confirms that the balance in SAP accurately reflects the cost transfer.

Cost transfers are occasionally necessary between closely related projects. These requests must also contain proper justifications as outlined above and will be carefully reviewed.

Cost transfers made only to cover apparent cost overruns or deplete unexpended balances will be carefully scrutinized and may not be allowed.

Cost transfers requested after the 90-day deadline will require additional approvals, in accordance with the PIs approval structure. For academic departments, the PI will provide an explanation for the cost transfer to their supervisor, who will approve before sending to grant accounting. Grant accounting will review the request for appropriateness.

All supporting documentation for the cost transfer should be retained in accordance with the University's record retention policy and/or grant requirements.

In some instances, grant accounting may find errors in posting to the incorrect fund center. In these rare occurrences the grant accountant will confirm the charges and perform an entry to reclassify the expense to the proper fund center and note the entry with the backup documentation.

D. Contact Information

Amanda Brown Sisseem
AVP Alumni Engagement & Grants/Special Projects
Authorizing Official

E. Policy Review Schedule

All policies will be reviewed every two years or on an as needed basis if a change in BOG, PASSHE, Pennsylvania, or Federal law create the need for immediate change.

F. Applicable Documents: [Code of Federal Regulations](#)