

KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM
BUSINESS PROCEDURES MANUAL

Procedure 3.4
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Effective Date: October 15, 2010
Supersedes: New
Applies To: Colleges
Procedure Responsibility: Sponsored Projects Accounting

Cost Transfers on Sponsored Projects

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Section 3.4.1 – Background

Cost transfers must meet conditions for allocability, allowability, reasonableness and consistency established under federal guidelines.

This procedure sets forth conditions for the transfer of charges from one sponsored program to another or from a sponsored program to a nonsponsored account. OMB Circular A-21, “Cost Principles for Educational Institutions” establishes principles for determining costs applicable to grants, contracts, and other agreements with educational institutions, as well as, proper documentation required. To comply with the cost allowability and allocability requirements, it is necessary to explain and justify transfers of costs from one account to another.

A cost transfer is an after-the-fact reallocation of a cost from one account string to another. Although it is preferable to charge costs to the correct account when they are incurred, cost transfers are on occasion necessary to correct accounting errors but not as a form of fiscal or financial management. To be allowable, cost transfers must be timely and fully documented, they must conform to KCTCS and sponsor allowability standards (allowable under the terms of the sponsored agreement), and they must have appropriate authorization.

Section 3.4.2 - Transfer of Costs

In all cases, transfers must be made promptly. This is particularly critical when approaching KCTCS fiscal year end and/or Project/Grant budget end date periods. For colleges and system office departments, all cost transfers must be made within forty-five (45) days from the date of original transaction, and in all cases thirty (30) days prior to the date the final report is due to the sponsor on project/grants.

The KCTCS Office of Business Services must approve non-grant cost transfer request greater than 90 days. Sponsored Projects Accounting must approve grant cost transfer requests greater than 90 days. Requests for cost transfers to be processed

between 91 and 120 days must be signed specifically by the project director for grants and System Director of Business Services for non-grants.

If under some rare circumstances, it should be necessary to make a cost transfer beyond 120 days, then the applicable college president/CEO's signature will be required in addition to the signatures of the principal investigator and college business officer. Requests for late cost transfers should include an explanation of the extenuating circumstances which prevented the transaction from being made earlier.

Section 3.4.3 – Documentation

The request for cost transfer must include the following documentation:

1. Specific identification of the original charge (copy of the origination documents such as a payroll distribution sheets, BA8 [Expenditure Transaction Detail Sheet], purchase orders, or travel vouchers and all supporting vendor invoices, receipts, or other documentation as appropriate);
2. Justification of the appropriateness of the charge to the receiving account.
3. A full explanation of why the transfer is necessary, and
4. The signature of the project director and/or budget manager.

Section 3.4.4 – Criteria Affecting Sponsored Projects/Grants

The KCTCS cost transfer policy is applicable to all grants and contracts regardless of the source of funding. Cost transfers must stand the test of being allowable, applicable, and reasonable as stated in the OMB Circular A-21 to be deemed an allowable charge to a sponsored project.

All cost transfers involving **personnel** costs must be reviewed and posted by the System Office, Office of Sponsored Projects Accounting. Requests for cost transfers into project grants involving personnel costs require special attention. If the transfer involves previously certified effort, the unit requesting the transfer must assure proper re-certification of effort is completed.

END OF PROCEDURE