



Western Michigan University
Kalamazoo, MI 49008

August 1, 2019

COST TRANSFER PROCEDURE

1. While it is preferable to charge expenses to the correct account when incurred, cost transfers may occur. It is necessary to explain and justify transfers of charges to a grant or contract project with written explanation and approval.
 - 1.1. The Cost Transfer Request form is used for this purpose, and is accompanied by copies of the expense documents. An adequate explanation for a cost transfer must be clearly stated on the Cost Transfer Request form.
 - 1.2. Completed cost transfer documents are saved to the grant file to provide an explanation and internal approval verifying that the expense transferred is allowable, allocable, reasonable, and timely.
 - 1.3. Cost Transfer Exemptions
 - 1.3.1. Cost Transfers within the Accounting Period: journal entries for expenses recorded in the general ledger (GLOW) within the same accounting month as the journal entry to transfer the expense do not require a Cost Transfer Request form. All documents for the transaction should be sent to the restricted fund accountant as backup for the journal entry. To ensure that the journal is posted within the correct accounting period you are urged to process the journal entry prior to the accounting month-end closing.
 - 1.3.2. Transfers of Erroneous Charges: any erroneous charges made to a grant project regardless of the timeframe will be removed from the project.
 - 1.3.3. Salary and Fringe: salary and fringe journals are exempt from the cost transfer policy if the payroll expenses are before the end of the effort certification confirmation period on ecrt.
 - 1.3.4. Tuition: tuition journals related to a graduate assistantship are exempt from the cost transfer policy when the reallocation of tuition matches the salary distribution of the relevant work (1/2 or full assistantship) AND the stipend portion of the assistantship is before the end of the effort certification confirmation period in ecrt.
 - 1.3.5. Expenses Transferred within the same Award
 - 1.3.5.1. Transfers to reclassify expenses to another object code within the same award.
 - 1.3.5.2. Transfers from to/from a corresponding fund 30 account.
 - 1.3.6. Allowable Pre-award expenses made within 90 days of the project start date.
 - 1.3.7. Routine reallocation of costs charged elsewhere: Routine reallocations of costs can be characterized as the distribution of shared services or service center charges to sponsored and/or non-sponsored awards based on an allocation methodology. Examples include: telephone, photocopying, technical support,

and data storage. Routine reallocation of these costs to federal awards must be done within 90 days of the original charge. Distribution must occur at regular intervals (e.g. monthly).

1.4. Cost Transfer Instructions

- 1.4.1. Use the Cost Transfer calculator to determine the deadline for your Cost Transfer Request. The 90 days begins at the end of the accounting month that the original transaction was posted. In general we use the second day of the following month that the expense was paid to calculate days. So if an expense appeared on the general ledger in May, the start date on the calculator would be June 2.
- 1.4.2. All cost transfers (excluding payroll expenses see Cost Transfer Exemptions) should be made within 90 days of the end of the month in which charges were initially posted. The 90 days includes the time for approval of the Cost Transfer Form by Grants and Contracts and entry of the JES by the department. Cost transfers will need to be completed within 30 days of a grant end date.
- 1.4.3. If the cost transfer is requested within 90 calendar days of the expense transaction, complete questions 1 - 3 on the Cost Transfer form.
- 1.4.4. If the cost transfer is requested after 90 calendar days of the expense transaction, complete questions 1 - 6 on the Cost Transfer form. Provide an explanation for the lateness of the transfer and your plans to avoid the future delays in processing.
- 1.4.5. The Cost Transfer form is signed by the Principal Investigator and Chair/Department Head, and routed to the Grants and Contracts Department with supporting documentation for the expense, i.e., signed pro card statement and receipt; voucher and receipt.
- 1.4.6. Grants and Contracts will notify the department if the cost transfer is approved. If approved, the department will prepare a journal entry to transfer the expense.

1.5. Extenuating Circumstances

Cost transfer after 90 days are only approved in extenuating circumstances. There are a limited number of extenuating circumstances for which a cost transfer over 90 days will be allowed. Examples of acceptable extenuating circumstances are:

- 1.5.1. Late issuance of appropriate document for reason beyond the control of the requestor, such as late issuance of an award by a funding agency. Justification and support will be required and reviewed on a case-by-case basis. It is recommended that a pre-award spending account be requested by the Principal Investigator to eliminate the need to request a cost transfer when the award is received.
- 1.5.2. Failure of another department to take action. The original or copy of supporting document will be required.

1.6. Non-Extenuating Circumstances

- 1.6.1. Absence of the Principal Investigator or responsible administrator.
- 1.6.2. Shortage or lack of experience of staff.

It is the responsibility of the College/Department and the Principal Investigator to ensure the availability of qualified staff to administer and exercise stewardship over federally-funded projects in accordance with federal policies and regulations, including

those relating to regular monitoring of expenditures and timely correction of errors and reallocation of expenses.

1.7. Inappropriate Types of Cost Transfers

1.7.1. Reasons of convenience

1.7.2. After the allowable 90-day time frame, extenuating circumstances will be reviewed and considered on a case-by-case basis by the Grants and Contracts Office.

1.7.3. Payroll cost transfers will not normally be approved if the payroll expenses are for an effort certification (ecrt) confirmation period that has already ended.

1.7.4. To enable grant project accounts to be used intentionally as “holding”, “clearing” or “rotating” accounts to redistribute costs to other accounts at a later date.

1.7.5. To transfer costs from any unrelated account in overdraft status (except where the original expenses were incorrectly charged) to a grant project account.

1.7.6. For the sole intent of using up the unexpended balance in the last months of a project.

1.7.7. Cost transfer will not normally be approved for charges made within 30 days of the grant expiration date or after the end of a grant unless they are for routinely charged expenses made throughout the grant period.

1.7.8. Cost transfers are not allowable following the submission of the final expenditure report to the sponsor, unless they are for removing unallowable cost.

1.7.9. Costs will not normally be transferred more than once. Since the original cost transfer has already been justified, documented, reviewed, and accepted as appropriate, a second transfer of the same cost is highly suspect and should be unnecessary.

2. Accountability

2.1. The responsibility for compliance with University, Federal, and agency regulations and guidelines and for maintaining supporting documentation for transfers/adjustments resides in the originating department/unit. Deans, Directors and Chairs, and those who have authority to approve adjustments are responsible and accountable for compliance with University and agency regulations.

2.2. Cost transfers are almost always reviewed when an account, department or university is audited. The burden of proof regarding allowability is on the department.

2.3. Any audit-derived disallowed cost will be borne by the department(s) that caused them.

3. Additional Information

[WMU Cost Transfer Request](#)

[WMU Cost Transfer Calculator](#)

Related Policies:

[Cost Transfer Policy](#)