I. PURPOSE

The purpose of this SOP is to outline procedures for transferring costs between sponsored and non-sponsored projects. The circumstances under which cost transfers are permitted include, but are not limited to, unallowable charges, clerical errors, pre-award spending or delays in personnel changes.

II. INTRODUCTION

Emory University (Emory) requires that all expenses and financial obligations made in support of federal and non-federal sponsored projects be charged to the appropriate award when incurred. There are limited cases when an expense should be transferred from the award where it was initially charged. It is the responsibility of the Principal Investigator (PI), or their designee, to review expenses on a consistent basis at least every 60 days, or at minimum on a quarterly basis, and verify that financial transactions are accurately and appropriately charged to the correct project. If a non-salary cost transfer is deemed necessary after the review of expenses, it should be submitted and approved no more than 3 months from the end of the month in which the original expenditure posted to the ledger. If a salary adjustment is deemed necessary, it should be submitted and approved no more than 90 days from the end of the effort certification period. (See Emory Cost Transfer Policy - http://policies.emory.edu/7.19). The Post-Award Administrator is responsible for providing a consistent review of PI projects and making the appropriate transfers when needed (see Reconciling Expenditures SOP # 2008).

Cost transfers are appropriate when they are reasonable, allocable, allowable, and consistently applied in accordance with OMB Uniform Guidance (2 CFR 200) and Emory policies (OSP and FGC Websites for additional information).

The purpose of a cost transfer is to correct errors in the processing of the original charges; to move costs between awards for closely related work that is supported by more than one funding source, or to transfer pre-award costs to an award in accordance with the provisions of the award. At no time should a sponsored project be used as a holding account for expenses that will then be transferred, pending the continuation, renewal or modification of the project or the receipt of a new award. In these situations, a provisional account number (PAN) should be requested (refer to the PAN SOP #2002). Transfers from one research award to another unrelated research award simply to cover overruns are not allowable.

III. PROCEDURES

The following procedures outline the general administrative actions required to comply with this procedure for Personnel and Non-Personnel Cost Transfers (See Associated Document 1. Cost Transfer Process Checklist). Position titles are generic and it is the responsibility of the individual RAS unit to assign each step to the position.
PERSONNEL COST TRANSFER

The following procedure should be used when requesting a cost transfer to or from a sponsored project for personnel costs.

1. Personnel Cost Transfer / Retroactive Salary Transfer within 90 days (within 90 days of the end of the effort period in which the original expenditure posted to the ledger)
   a. PI, with support from Post-Award Administrator, determines that a Retroactive Salary Transfer (RST) is necessary during consistent review of the expenses charged to the project or during the Effort Reporting Process (See Effort Reporting Management and Certification SOP # 2016 and Emory Effort Reporting Policy - http://policies.emory.edu/7.17). When completed, the transfer would reflect the costs of the actual effort devoted to a project.
   b. Post-Award Administrator verifies that the project receiving the expenses has an active budget period and the award is not in deficit. If project receiving expenses does not have an active budget period or is in deficit, Post-Award Administrator verifies the correct receiving project with PI.
      i. If salary is being transferred to a departmental or non-sponsored SmartKey Post-Award Administrator must obtain approval from department via email.
      ii. In all cases, Post-Award Administrator obtains approval from account administrator or “owner” of SmartKey prior to transfer.
   c. Post-Award Administrator verifies that the RST is in compliance with the Emory Cost Transfer and Payroll Reallocations Policy. (See Emory Cost Transfers and Payroll Reallocations Policy - http://policies.emory.edu/7.19)
   d. Post-Award Administrator submits a RST.
      i. Requests must be made online in the Compass financial system and should include comments that explain the rationale behind the requested change
         1) The request should only include the salary amount (excluding fringe); the fringe amount is automatically calculated once the request is processed
         2) Online transfer requests should be entered into workflow for review by designated approvers maintained by the Central Office
         3) The effort form automatically updates in ERS when the RST posts in the Compass financial system.
         4) The Post-Award Administrator must complete the pre-review in ERS to ensure the accuracy of the newly created RST form. Effort forms are usually available in ERS on a semi-annual basis for exempt and non-exempt employees
   e. If the request exceeds the School/Unit threshold, then additional approvals would be required prior to submitting to FGC Cost Studies; refer to School/Unit for specific requirements.
   f. In order to meet the 90 day deadline the RAS unit will have to complete its pre-review within 60 days of the period end so that the PI has 30 days in which to review and agree to the RST.
   g. The Emory Cost Transfer Policy, (http://policies.emory.edu/7.19), mandates additional approval steps for cost transfers above designated limits or beyond the 90 day period.

2. Personnel Cost Transfer / Retroactive Salary Transfer after 90 days (after 90 days of the end
of the effort period in which the original expenditure posted to the ledger)
If the personnel cost transfer is after the 90 day period, then the RST may be rejected for
compliance reasons. A thorough description must be provided when requesting the transfer.

a. PI works with Post-Award Administrator to complete processes associated with
personnel cost transfer within 90 days (provided above in part 1). Additional details
regarding submission are included in section f. below.

b. PI, with support from Post-Award Administrator, completes and signs a 90-day Cost
Transfer Justification Form (See Associated Document 2. Sample Cost Transfer
Justification Form) that addresses all of the following:
   i. A description of the transfer being made including why and when the original
      charge(s) occurred
   ii. The reason why the receiving award was not originally charged; and
   iii. A description of why it is appropriate to charge the receiving award and how
      the expense is allocable to that award
   iv. Mechanisms in place to prevent occurrences in the future

Note: An explanation merely stating that the transfer was made “to correct an error” or “to
transfer to the correct project” is not sufficient.

- Post-Award Administrator ensures that the justification stated on the 90-day Cost
  Transfer Justification Form is included in the comments section of the online RST
  form.
- Post-Award Administrator ensures that the signed 90-day Cost Transfer Justification
  Form is attached to the online RST when it is submitted or includes stated justification
  in RST submitters comments section of online RST.
- Post-Award Administrator reviews the RST and 90-day Cost Transfer Justification
  Form for accuracy, adequate justification for the transfer, and compliance with the
  Emory Cost Transfer Policy.

Notes:
- If the cost transfer affects a previously certified effort period, an updated and certified effort
  report for the period in question should also be submitted (See Emory Effort Reporting
  Policy - http://policies.emory.edu/7.17).
- If the appropriate documentation (e.g. 90-day Cost Transfer Justification Form) for a 90
day retroactive transfer is not provided by PI within 5 business days of the receipt of the
RST, the Post-Award Administrator will follow up with the PI, Department Administrator
(DA) and appropriate Human Resources representative. Failure to procure proper
documentation could lead to denial of the requested changes.
- School/Unit will review transfer and justification for accuracy, adequacy and implications
  on personnel benefits and/or hiring agreements, if applicable.

NON-PERSONNEL COST TRANSFER

The following procedure should be used when requesting a cost transfer to or from a sponsored project
for non-personnel costs.

1. Non-Personnel Cost Transfer within 90 days (within 90 days of the end of the month in which
the original expenditure posted to the ledger)
   a. PI determines that a cost transfer is necessary during the monthly review of the
      expenses charged to the project in order to align non-personnel costs with the actual
benefit received by the project.

b. Post-Award Administrator verifies that the project receiving the expenses has an active budget period and is not in deficit.
   i. If expense is being transferred to a departmental or non-sponsored SmartKey, Post-Award Administrator must obtain approval from department via email.
   ii. In all cases, Post-Award Administrator obtains approval from account administrator or “owner” of SmartKey prior to transfer.

c. Post-Award Administrator reviews the Acceptable / Unacceptable Reasons for a cost transfer when completing the request. See below:

Acceptable Reasons for a Cost Transfer
The following examples illustrate acceptable reasons for non-personnel cost transfers: (This is not an exhaustive list. If you have questions about what is an acceptable reason for a Cost Transfer, contact FGC for clarification.)

   i. To correct an error (e.g. departmental or bookkeeping) on the original transaction forms such as a transposition of numbers or allocation of expense to the wrong project by staff
   ii. To move expenses charged from a department discretionary account to a sponsored project account when a PAN account was not established. (PLEASE NOTE: Adequate and substantial justification is strongly recommended when moving costs from a non-sponsored project to a sponsored project. PAN accounts are expected to be established to enable pre-spending on grant awards (See PAN SOP #2002))
   iii. Charges for the use of Service Center or Core services
   iv. Error in setting up original account / SmartKey distribution
   v. Bulk Purchases of lab supplies charged to a Departmental or other non-sponsored account, then allocated to appropriate research projects

Note: In addition to the reasons above, the explanation will require additional detail that specifically relates to the cost transfer.

Unacceptable Reasons for a Cost Transfer
The following examples illustrate unacceptable reasons for non-personnel cost transfers:

   i. To transfer costs from a sponsored project in deficit to another sponsored project for the sole purpose of eliminating a deficit
   ii. To transfer costs to a sponsored project to spend the remaining funds
   iii. Charging another sponsored project in anticipation of future funding for a new project
   iv. Charging a sponsored project for a bulk purchase then moving costs to the appropriate project(s)

d. Post-Award Administrator verifies that the cost transfer is in compliance with the Emory Cost Transfer policy (See Emory Cost Transfers and Payroll Reallocations Policy - http://policies.emory.edu/7.19)

e. In order to meet the 90 day deadline the RAS unit will have to complete its pre-review within 60 days of the period end so that the PI has 30 days in which to review and agree to the Non Personnel Cost Transfer.
f. Post-Award Administrator submits a journal entry in the Compass Financial system; comments must be included that explain the rationale behind the requested cost transfer as well as any necessary supporting documentation (e.g. copy of invoice, ledger detail etc.)

2. Non-Personnel Cost Transfer after the 90 day retroactive period (after 90 days of the end of the month in which the original expenditure posted to the ledger):

   a. PI works with Post-Award Administrator to complete processes associated with cost transfer within 3-months (provided above in part 1)

   b. PI, with support from Post-Award Administrator, completes and signs 90 day Cost Transfer Justification Form or includes in the comments section within the eJournal (See Associated Document 2. Sample Cost Transfer Justification Form) that addresses all of the following:

      i. A description of the expenses being transferred, including why and when the original charge(s) occurred
      ii. The reason why the receiving award was not originally charged and the reason for delay in initiating cost transfer; and
      iii. A description of why it is appropriate to charge the receiving award and how the expense is allocable to that award
      iv. Mechanisms are in place to prevent occurrences in the future

   c. Post-Award Administrator submits a journal entry in the Compass system; comments must be included that explain the rationale behind the requested cost transfer and signed 3-month Cost Transfer Justification Form needs to be attached when the journal entry is submitted.

   d. FGC approval

      i. FGC reviews the cost transfer for accuracy, adequate justification, and compliance with Emory policy and federal regulations
      ii. If adequate justification is not provided in the comments section of the journal entry, the journal entry will be denied
      iii. FGC will review the additional documentation required for 3-month retroactive transfers
      iv. If the cost transfer is not appropriate, it will be returned to the Post-Award Administrator indicating the reason and where additional information is necessary
      v. If cost transfer is deemed appropriate, transfer will be approved by FGC

COST TRANSFERS RELATING TO A FINAL FINANCIAL REPORT

The Emory Cost Transfer Policy, (http://policies.emory.edu/7.19) stipulates that cost transfers related to a final financial reporting period should be processed at least 60 days prior to the end of the reporting period (both salary adjustments and non-salary transfers). With most sponsored agreements having a 90-day report receipt cycle, cost transfers should normally be processed within 60 days of the budget period end date in order to be included in the final financial report. For agreements with shorter final reporting/invoicing cycles, transfers will need to be submitted earlier.
Important Notes on Cost Transfers

Note: If personnel or non-personnel cost transfers are needed after Financial Status Report (FSR) or final invoice has been submitted to sponsor, FGC Director approval is required prior to submitting cost transfers for processing. If cost transfers are submitted for processing after the associated project(s) FSR or final invoice has been submitted to sponsor without FGC Director prior approval, the Department may be liable for any expenses charged to an award that were not included in the final FSR or final invoice.

Note: An expense item (personnel or non-personnel) should only be transferred once, unless under unique or exceptional circumstances.

Note: If a cost transfer is not approved, it will be returned to the Post-Award Administrator and PI indicating the reason and guidance for additional information or documentation, if necessary. Post-Award Administrator will contact PI to determine if a new cost transfer request needs to be submitted.

Retention of Cost Transfers

Cost transfer documentation should be maintained according to the University’s record retention policy. Reconciliation records should be kept for a minimum of three years, or as per Federal guidelines. All grant documentation related to cost transfers should be maintained for three years after close of grant. Cost transfer requests should be saved on the RAS shared network drive.

IV. ROLES AND RESPONSIBILITIES

Principal Investigator (PI):

- Primary responsibility for identifying need for cost transfers and requesting accordingly
- Reviews award balances and transactions on a consistent basis to validate the expenses posted to the award during the previous period as well as all costs incurred to date on the project
- Identifies expenses posted to the project in error
- Initiates the transfer of expenses from the project, provides the appropriate justification for the cost transfer, and identifies the destination project or SmartKey for the cost transfer
- Reviews award balances and transactions on a consistent basis to verify that the cost transfer took place

Post-Award Administrator:

- Primarily responsible for preparing and completing cost transfers
- Assists PI in the review of projects on a consistent basis and the identification of erroneous charges
- Assists PI in collecting and providing necessary justification documentation required to accompany the cost transfer request
- Assists PI in the identification of appropriate destination project or SmartKey for cost transfers
- Assists PI in the execution and submission of the request for a cost transfer
- Reviews cost transfers for compliance with the Emory Cost Transfer policy
- Monitors progress of cost transfers to ensure they are processed
- Verifies that cost transfer took place during review of award balances and transactions

Finance, Grants and Contracts (FGC):
• Reviews and approves all non-personnel cost transfers greater than $50,000 or 90 days
• Provides training for technical and administrative personnel regarding appropriate cost transfer procedures and institutional, government and sponsor mandated guidelines
• Provides appropriate guidance and feedback in a timely manner when reviewing, processing, or declining cost transfers submitted by the PI, RAS and/or department

The Controller’s Office, Financial Analysis and Cost Studies (FACS):

• Reviews and approves all online personnel cost transfers in Compass financial system.
• Provides training for technical and administrative personnel regarding ERS procedures
• Provides appropriate guidance and feedback in a timely manner when reviewing, processing, or declining personnel cost transfers submitted by the PI, RAS and/or department

School-level Official (or Unit/Other official, as assigned)

• Reviews and approves online personnel cost transfers in Compass financial system.

**************************************************************************END OF SOP**************************************************************************
This checklist is a supporting document for SOP #2009, Cost Transfers and should be considered a guide. The steps outlined below are a list of the procedures. Please review the SOP prior to completing this checklist for further information and clarification on this process.

**Personnel Cost Transfer Checklist**

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<td>3. Work with the PI to make necessary transfers to reflect the costs of the actual effort devoted to the project</td>
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<td>5. If transfer is after the 90-day period, work with PI to complete and sign a 90-day cost transfer justification form</td>
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