

Macalester College Form
Cost Transfer Policy
For Federal Grants and Contracts



Business Services

Policy Statement

Proper management of funds is an essential fiduciary responsibility of the College. It is the policy of the College that costs be charged to the appropriate sponsored project when first incurred. However, there may be circumstances in which it is necessary to transfer expenditures to a sponsored project after the initial recording of the charge.

Such transactions require monitoring for compliance with College policy, Federal regulations, sponsor-specific guidelines, and the cost principles that guide fiscal activities on sponsored projects.

This cost transfer policy is intended to meet these requirements.

Definition

A cost transfer is more commonly known as a Journal Entry or Payroll Redistribution which specifically reallocates an expense to a federally sponsored fund after the expense was initially charged to another fund. Cost transfers can include reallocations of salary, wages, or other direct costs. These transactions require completion of a Cost Transfer Form along with a Journal Entry Form, to which relevant documentation must be attached. Each form requires proper approval.

In the following instances, a Cost Transfer Form is not needed; only a Journal Entry or Payroll Redistribution is required:

- Transfers made within the same month as the original charge.
- Transfers of original expenses less than \$500.
- Transfers to correct an Account Code.
- Transfers to add or correct an Activity Code.

Allowability and Timeliness

To be permissible, cost transfers must meet the criteria established for both timeliness and appropriateness.

Cost Transfers less than 120 Days

Cost transfers must be timely. They should occur as soon as possible after the original transaction and be processed within 120 calendar days of the date of the original transaction. A cost transfer can only be made under appropriate circumstances when the expense qualifies as an allowable direct cost of the sponsored project being charged.

Typically, cost transfers are appropriate when their purpose is to:

- Correct errors in processing the original charges.
- Move costs between funds for closely related work (as defined by the project scope) that is supported by more than one funding source.
- Transfer pre-award expenses in accordance with the provisions of OMB Circular A-110, Section c.25.
- Retroactively adjust salary costs between projects to reflect an individual's actual effort on the projects.

Inappropriate circumstances include, but are not limited to, the following:

- Transfers solely for the purpose of utilizing an unexpended balance.
- Transfers for the purpose of avoiding a cost overrun by charging another, unrelated sponsored project.
- Transfers that circumvent pre- and/or post-award restrictions.

Cost Transfers exceeding 120 Days

Approval for cost transfers submitted later than 120 calendar days after the date of the original transaction will be granted in limited circumstances. Transfers that would result in the revision of a final financial report or invoice will generally not be approved.

For more information, contact the Grants Accountant at (651) 696-6354 or www.macalester.edu/grantsaccounting/