

FLORIDA INSTITUTE OF TECHNOLOGY  
POLICY ON  
COST TRANSFERS ON SPONSORED PROJECTS

### 1. Purpose

The purpose of this policy statement is to set forth the university's policy with regard to the transfer of expenditures on and off sponsored projects.

Every effort must be made to correctly record charges to the appropriate sponsored projects when the original entry is made in the accounting records. Occasionally, however, it may be necessary to transfer a cost to another project or fund to correct posting errors, or to transfer a cost to a closely related sponsored project. The university is required to maintain records supporting charges to all sponsored projects in accordance with the applicable Federal regulations and in accordance with the terms and conditions of the sponsored agreement.

### 2. Policy

All expenditure transfers to or from a sponsored project must be recorded in the receiving fund within 90 days after the initial charge was recorded or prior to the submission of the final expenditure report to the sponsor, or the final request for reimbursement from the sponsor, whichever occurs first.

### 3. Procedures

Costs on sponsored projects to be transferred can be separated into two general categories: "salary" expenses (salaries of faculty and staff and wages of graduate assistants) and "operating" expenses (lab supplies, other miscellaneous wages, etc.). Cost transfers for these two categories are processed on different forms as shown below:

#### a. Cost Transfers to Correct Errors:

Cost transfers to correct clerical or bookkeeping errors made in recording "operating" expenditures must be processed using the "Journal Entry (Transfer)" form supplied by the Controller's Office, available on line on the FIT web site. Cost transfers to correct errors made in recording salaries paid to faculty and staff, and wages paid to graduate assistants, must be made using the "Salary Adjustment Form" available on line at the Human Resources web site.

The cost transfer documentation must contain a full explanation of the reasons leading to the cost transfer, justification for the cost transfer, and a certification of the propriety of the cost transfer by the principal investigator. In addition, the applicable department head must approve the cost transfer. The explanation "to correct error" or "to transfer to correct project" is not sufficient explanation or justification.

#### b. Cost transfers to Closely Related Projects:

Transfers of expenditures to closely related projects occur when two or more funding sources support the same technical effort and the expenditure could be assigned to any of the supporting sources of funds.

Transfers of "operating" costs to closely related projects must be processed using the "Journal Entry (Transfer)" form supplied. Transfers of salaries paid to faculty and staff, and wages paid to graduate assistants, must be made using the "Salary Adjustment Form".

When closely related work is supported by more than one funding source, a cost transfer may be made provided the transfer meets ALL of the following conditions:

- The cost to be transferred is a proper and allowable direct charge to the receiving project.
- The cost transfer contains a full explanation and justification for the transfer to the closely related project and a certification of the propriety of the transfer by the principal investigator.
- The cost transfer is reviewed and approved by the department head responsible for the organization managing the project.

All requests to transfer expenditures to correct errors or to transfer expenditures to closely related projects must be reviewed and approved by the Office of Sponsored Programs and the Controller's Office when the general fund is used.

justify transferring the costs to another closely related sponsored project, the amount of the cost overrun must be transferred to a Departmental Fund. Transfers to remove cost overruns must be clearly identified and approved by the Dean, Department Head and PI responsible for the project and the Office of Sponsored Programs prior to submitting action to the Controller's Office for processing when the general fund is used to make the transfer.

**d. Transfers to remove "operating" expenditures:**

- Must be processed using the "Journal Entry (Transfer)" form supplied by the Controller's Office.
- Complete the form in the following manner:

**e. Transfers to remove salaries:**

Faculty Salaries/Post Docs/Students:

- Once the problem is identified the Salary Adjustment Form will be prepared.
- This document is used to transfer labor charges.
- Payroll adjustment form will be filled out, signed by the PI and forwarded for review and approval to OSP. The will write a justification as to why the error took place or to remove a cost overrun on a sponsored project.
- OSP will check the time sheets in banner, review both grants where the transfer is taking place and review the justification forwarded by the PI.

**4. References**

Office of Management and Budgets (OMB) Circular A-21, "Cost Principles for Educational Institutions."

Office of Management and Budgets (OMB) Circular A-110, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-profit Organizations."