

LOYOLA MARYMOUNT UNIVERSITY
POLICIES & PROCEDURES

DEPARTMENT: CONTROLLER'S OFFICE	
SUBJECT: Cost Transfer Policy	Page 1 of 4
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1 Purpose of Policy

It is the policy of Loyola Marymount University that all 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 or from a sponsored project subsequent to the initial recording of the charge. The purpose of this policy is to set forth specific requirements for the timely identification and consistent treatment of these transactions in order to adhere to regulatory guidelines and the University's fiduciary duties with respect to sponsored project funding.

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2 Definitions

Cost Transfer	A request to move a previously recorded charge for a salary or non-salary expense to or from a sponsored project.
Uniform Guidance – 2 CFR 200	“Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” found in the Code of Federal Regulations, Title 2: Grants and Agreements, Part 200. This Part sets forth the rules governing all aspects of activities regarding federally sponsored projects.
Original Charge	The first posting of a cost to the general ledger. It can be initiated by payroll position requisitions, personnel action forms, invoices, requisitions, travel expense reports, P-card transactions, etc.
Principal Investigator/ Program Director (PI/PD)	The individual with the authority and responsibility to direct the sponsored project. The PI/PD is responsible and accountable to the University and the funding agency for the proper conduct of the sponsored project including the submission of all required reports.
Sponsored Project	A project funded by an award from a grant, contract or cooperative agreement under which the University agrees to perform a certain scope of work, according to specified terms and conditions. Sponsored projects are established in the University accounting system as a separate group of accounts to accumulate funds provided from the outside source, either federal or non-federal, and to account for the expenditure of those funds toward the accomplishment of the project.

3 Criteria for Cost Transfers

In order to transfer a cost to or from a sponsored project the Controller’s Office must receive the transfer request within 90 days of the original charge. Accurate and timely reporting of expenditures impacts the production of financial reports and invoices in meeting University and funding agency requirements.

Unallowable costs, mistakenly charged to an award, must be promptly transferred to the PI’s overhead cost recovery account, unless the PI obtains Budget Manager approval to charge an alternate account. Any questions on this requirement can be directed to GrantAccounting@lmu.edu.

3.1 Documentation

Adequate documentation is required for all cost transfers. This includes specific documentation of the original charge and justification for the transfer of the charge to or from the sponsored project. If an adjustment is requested after 90 days due to extenuating circumstances, a full written explanation for the lateness of the request must be documented.

3.2 Unallowable Cost Transfers

Title 2 of the Code of Federal Regulations Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200: “Uniform Guidance”)* specifically describes transactions that would be improper cost transfers. While it is not appropriate to transfer improper costs between sponsored

projects as described in the regulation, it may be possible to request a cost transfer from a sponsored project to a non-sponsored project account (i.e. departmental account). The following examples illustrate improper and unallowable cost transfers between or to sponsored projects:

- When the transfer is for the purpose of utilizing unexpended funds.
- When the transfer is for the purpose of avoiding or alleviating overexpenditure.
- When the transfer is for the purpose of moving a cost that is unallowable on one project to another project.
- When the transfer is for the purpose of circumventing award restrictions.

3.3 Responsibility and Approval

It is the responsibility of the Principal Investigator or Project Director to ensure that all charges to a sponsored project meet the criteria of the Uniform Guidance and are reasonable, allocable and allowable. The Post Award Administration and Accounting department of the Controller's Office is available to answer any questions and provide guidance on how to apply Uniform Guidance regulations. Careful consideration must be given to personnel allocations to ensure that sponsored projects that benefit from effort are charged properly at the outset and that adjustments are not required. Continued necessity of cost transfers is indicative of poor planning and insufficient internal control. Therefore the proactive allocation of costs, whether labor or non-labor related, is critical in the management of sponsored projects.

The Post Award Administration and Accounting department approves all cost transfers and may request additional documentation from the department when considering these requests.