

Sistema Universitario
Ana G. Méndez

Vice-Presidency for Financial Affairs
Sponsored Program Office

COST TRANSFER POLICY

POLICY No. VPAF-16-005-05

Approved: Vice - President for Financial Affairs
Issued: August 10, 2016
Refer questions to: Carmelo Torres Reyes, Controller / (787) 751-0178 ext. 7231 / ctorresr@suagm.edu

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I. PURPOSE

Sistema Universitario Ana G. Méndez, Incorporado must adhere to the Cost Principles requirements set forth in the 2 CFR Part 200: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). All cost transfers to/from a sponsored program must be appropriately justified, documented and completed in a timely manner to support its allowability and allocability in accordance with federal requirements.

II. POLICY STATEMENT

Sistema Universitario Ana G. Méndez, Incorporado has established the following policy and procedures for the processing of cost transfers to comply with the requirements of the Uniform Guidance and federal agency policies.

III. DEFINITIONS

A. AUTHORIZED SPFM REPRESENTATIVES

1. Controller
2. Director SPFM
3. Compliance Director SPFM

B. COST TRANSFER – an adjustment or transfer of expenditures to/from an externally funded project recorded within a 90-calendar day period after the original transaction date, such as: correct clerical entry errors, reallocate payroll expenses and fringe benefits to reflect actual effort, reallocate shared services charged elsewhere, among others.

C. PI/PD – acronym for Project Investigator/Project Director.

D. SPFM – acronym for the Sponsored Programs Financial Management office.

E. SPONSORED PROGRAMS – projects financed through an external funding source including federal, state, municipal, or local government and/or private agencies and organizations which involve the performance of work in the form of instruction, research, service and/or support, among others.

- F. SUAGM – acronym for Sistema Universitario Ana G. Méndez, Incorporado. SUAGM operates four higher education institutions (Universidad del Este, Universidad Metropolitana, Universidad del Turabo and Universidad Ana G. Mendez–Campus Virtual) and a public television station (Sistema TV).
- G. Uniform Guidance – 2 CFR Part 200: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

IV. OVERVIEW

Uniform Guidance – Section 200.405(c) states:

“Any cost allocable to a particular Federal award under the principles for in this part may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by Federal Statutes, regulations, or terms and conditions of the Federal awards, or for other reasons. However, this prohibition would not preclude the non-Federal entity from shifting costs that are allowable under two or more Federal awards in accordance with existing Federal statutes, regulations, or the terms and conditions of the Federal awards”.

The administration of cost transfers is extremely important and sensitive when federal funding is involved. Federal agencies are especially concerned that costs can be specifically identified with the funded activity they benefit.

A cost transfer is accounted by means of either of the following: (1) personnel action form (“Informe de Cambio”) or (2) journal entry form. A personnel action form is used to adjust an allocation of effort and/or salary charges that was processed; while a journal entry is used to adjust any non-salary charges that have been previously recorded in a general ledger account (e.g., travel, materials, etc.).

When sponsored program records are reviewed, sponsoring agencies can question inappropriate or poorly documented cost transfers charges and deem them ineligible for reimbursement or impose sanctions on SUAGM, such as withdrawal of Expanded Authorities. It is extremely important to provide detailed documentation to justify all cost transfers. Salaries, wages, goods and services that do not benefit another agreement may not be transferred to that agreement.

V. PROCEDURES

A. COST TRANSFER WITHIN 90 DAYS

Cost transfers to all sponsored projects (including payroll reallocations) should be completed within 90 calendar days from the original transaction date. Transfers must be supported by documentation, including but not limited to e-mails, which fully explains the transaction and must be approved by the corresponding PI/PD and SPFM office representative.

B. COST TRANSFERS OVER 90 DAYS

Only transfers or adjustments of expenditures to/from an externally funded project to correct errors could be made after the 90 calendar days after the original transaction date. All transfers will be made to correct errors in the original charges, regardless of the timing. If a transfer is required after the 90 calendar days from the original transaction date, rigorous explanations must be provided to satisfy the sponsor program regulations. Documentation must include a detailed explanation of the original charge and the reason for the cost transfer to be processed after the 90 calendar days. Moreover, the transfer will require the completion of a “Cost Transfer Justification Form”. This form should be approved by the corresponding PI/PD and the authorized SPFM representative.

C. COST TRANSFER CONSIDERATIONS

In general, cost transfers will result from one of the situations detailed below. In any of these cases, it is critical that the specific situation require the transfer be fully documented and supported by relevant information. Relevant information would include, but not limited to, a copy of the original accounting report expenditure and a written justification of why the transfer is appropriate.

1. **Clerical error correction:** Correction of clerical errors is required and must be accompanied by and explanation of how the error occurred. The correcting entry must include a statement certifying that the adjusted charge/credit is correct and appropriate. Any explanation that merely states that the transfer is made "to transfer to correct project" is not sufficient.
2. **Transfer between continuation years for the same award number:** It is possible that if a continuation project number is not established promptly, continuation grant charges that have been incurred on or after the start date of the continuation award may have been temporarily charged to the prior year's account. These should be processed as a cost transfer with an explanation that the projects are related to the same award.
3. **Pertinent information is received subsequent to the date of original entry.**
4. **It is impractical or impossible to allocate charges at the time of the original entry.**
5. **An award fails to materialize and charges have been incurred on the risk project:** Costs incurred subsequent to the anticipated effective date of the award will need to be transferred to a discretionary or operating account(s).
6. **Pre-award costs:** Pre-award costs in SUAGM are not allowable. In the event that the extraordinary circumstance arises, it would require a thorough evaluation and recommendation from an authorized SPFM representative and the Institution's Chancellor approval, before the expense is incurred.
7. **Closeout of a Sponsored Project Account:** Generally, costs incurred after the project end-date and not committed are not allowable. Expenses incorrectly charged should be reclassified once identified.
8. **Unexpended Balances:** Cost transfer for the purpose of expending available funds still remaining on a project are not allowable.

VI. RESPONSIBILITIES

The SPFM is responsible for ensuring that SUAGM's institutions and operational units abide by this policy and accompanying procedures when processing cost transfers. SPFM is responsible for updating the policy and answering related questions.

It is the responsibility of each SUAGM's institution or operating unit to:

- A. Request a cost transfer to the SPFM's office, as soon as it is identified.
- B. Retain copies of all related documentation, in accordance with SUAGM record retention policy (VPFA-14-005-002).
- C. Ensure that all personnel involved in the financial administration of sponsored program are familiar with this Policy.

VII. CONTACT

SPFM

Telephone: (787) 751-0178 ext. 7655

Facsimile: (787) 753-1624

VIII. APPLICABILITY

This policy applies to all SUAGM officers, employees, associates and agents involved in the administration of sponsored programs.

IX. EFFECTIVE DATE

This policy is effective as of the date of issuance and rescinds all previous policies pertaining to sponsored programs.

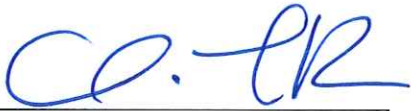
X. APPROVALS



Alfonso L. Dávila Silva
Vice-President for Financial Affairs

August 10, 2016

Date



Carmelo Torres Reyes
Controller

August 10, 2016

Date