

# HARVEY MUDD

## C O L L E G E

### Business Affairs Office Policy and Procedures for Federal Grant Cost Transfers

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When the need for transferring costs between accounts is necessary, care should be taken that any transfer of costs into or out of federally funded accounts are handled appropriately. Cost transfers have been and continue to be the subject of federal audit scrutiny. The guidelines for cost transfers are as follows unless otherwise specified by a granting agency:

- Corrections of clerical or bookkeeping errors should be accomplished within 90 days of the discovery of errors.
- Transfers must be supported by documentation that fully explains how the error occurred and a certification by the Principal Investigator that the new charge is correct.
- Explanations such as “to correct error” or “to transfer funds to correct project,” are not sufficient.
- Transfers of costs from one project to another or from one competitive segment to the next are not allowable if they are made solely to correct cost overruns.
- Cost transfer documentation must be maintained pursuant to 45 CFR 74.53 or 92.42 and make it available for audit or other reviews.

The procedures to process cost transfers are as follows:

#### For Non-payroll Expenditures

- The P.I. will prepare a journal voucher, attach supporting documentation, clearly explain the need for the transfer, sign the journal voucher and send it to the Grants Accountant for approval.
- The Grants Accountant will review the cost transfer request for reasonableness, compliance and accuracy. If the cost transfer is acceptable, the Grants Accountant will approve the journal voucher; make a copy for the file and forward to CUC Financial Services for processing.

#### For Payroll Expenditures

- The P.I. will request, from the Grants Accountant, an earnings report from the payroll system for the error in question. The P.I. will write the correct account number on the earnings report, clearly explain the need for the transfer, attach supporting documentation, sign the earnings report and forward to the Grants Accountant.
- The Grants Accountant will review the cost transfer request for reasonableness, compliance and accuracy. If the cost transfer is acceptable, the Grants Accountant will prepare and sign a correcting Special Payment Authorization (SPA) form, make a copy for the file and forward to the Payroll Specialist at CUC Financial Services for processing.