**Sponsored Program Services continues a five part mini-course on Cost Transfers.**

With nearly $300 million of sponsored research expenditures annually charged to the federal government, Purdue has the obligation of ensuring that expenses are charged appropriately. To assist staff with being mindful of this fiscal responsibility, SPS has created a five part mini-course focused on Cost Transfers. Continue reading for Part 3.

PART 3:

Cost Transfer Requirements:

Anytime a correction is initiated, an assumption is formed that the original transaction was not handled properly. If expenses are being transferred from one sponsored project to another, there will be considerable scrutiny of the reasons for the transfer and justification for moving the charges.

If a project has an overdraft, there is an assumption that any proposed correction is occurring to alleviate the overrun. This correction may not be transferred to another sponsored project merely for the sake of resolving a deficit or correcting an allowability issue.

Cost Transfers must:

1. Conform to University and sponsor policies.
   * Is the charge allowable?
   * Is the charge allocable (Does the charge benefit the project)?
   * Is the charge reasonable?
   * Is this charge applied consistently?
2. Be Timely
   * Cost Transfers should be prepared and submitted as soon as the need for the transfer is identified, but no later than 90 days from the end of the calendar month in which the initial transaction occurred. A shorter period may be necessary near the project end date.
   * Cost Transfers exceeding this time frame require additional documentation supporting why the transfer request was not made in a timely fashion.
3. Fully Documented. Cost Transfers must contain a justification that clearly shows:
   * Allowability and allocability to the new sponsored project.
   * Reason for the correction.
   * Reason for any delay in timely processing of the transfer if the transfer date exceeds the time frame as described above.
   * System generated errors that created a need for the correction have been addressed so that they will not reoccur in the future.
   * It was reviewed by an individual with first-hand knowledge of the charge for the use of the service or item being corrected.
4. Be supported by appropriate approvals.

**A proper justification will allow anyone reviewing the correction to understand how the expense benefits the sponsored project. It should address all points listed above. It should be easily understood by anyone who does not have prior knowledge of the issue.**

Tips:

* Utilize the Correcting Document Template (<https://www.purdue.edu/business/sps/postaward/accountmgmt/Correcting%20Doc%20Template.xlsx>)
* If an S&E charge is allowable to the project but exceeds available funds and is being moved to an unrestricted source, use S&E GL’s #527010 (Research), 527020 (Instruction/Department), or 527030 (Extension & Public Service) for voluntary cost sharing.
* PI certification is necessary for specific situation outlined in the Correcting Document Guide.
* Explanation should include the document number, transaction date(s), amount, pay period, etc. of original transaction.
* Print or type the name below or next to the signature line of the PI or person that is signing the certification and the pre-auditor if not listed on the correcting document template.

In the next installment of this series, we will review cost transfer conditions.

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