

EASTERN MICHIGAN UNIVERSITY

Grant Cost Transfer/Redistribution Guidelines

Purpose

The purpose of this policy is to provide clear guidance for when cost transfers and/redistributions pertaining to restricted funds or agreements are appropriate. Sponsored Research Accounting will utilize the following guidelines to determine which cost transfers/redistributions are accepted as charges to restricted funds or agreements. These guidelines comply with federal regulations pertaining to cost transfers/redistributions.

Applicability

These guidelines apply to all cost transfers/redistributions pertaining to restricted funds for sponsored activity. Personnel within Eastern Michigan University departments who are responsible for the financial activity, including principal investigators, project directors, and Sponsored Research Accounting (SRA) will adhere to these guidelines.

Policy

Transfers of cost to or from grants/contracts must be made within 90 days of the transaction date. The transfer/redistribution must be supported with documentation that gives a complete and full explanation of how the error occurred. Without appropriate documentation, transfers and redistributions can be a red-flag for audits. Timeliness and completeness of transfers are important factors in supporting allowability, allocability, and cost compliance. Due to the restrictions placed on grant funds, such as A-133 and A-21, Grant Accounting must approve all cost transfers on restricted funds. This will allow Sponsored Research Accounting to ensure the transaction is a reasonable and appropriate expense according to the sponsor's guidelines.

Procedure

- **Types of Transfer or Corrections**

1. Correction of errors: Correction of clerical errors must be made within **90 days** of the original transaction. Transfers must be supported by explanation of how the error occurred. SRA will review and approve the transfer on restricted funds.
2. Closely Related Work: When related work is supported by more than one funding source, a cost transfer can be made between the funds, as long as it is appropriate, an allowable charge, and the transfer is supported by the explanation. Expenses can also be allocated between closely related restricted funds as long as the expense is charged proportionally (based on the benefit received by each project) between funds.

- **Back-up Documentation**

1. Documentation is the key element in providing support for the cost transfer. The documentation should explain the purpose of the cost transfer and why it is being done. Documentation, outlined below, is required for Eastern Michigan University external auditors, internal auditors, Federal, State and Private granting agencies.

- **Acceptable Types of Approval**

1. Inter-Department transfer form signed by authorized personal. i.e. (PI, project directors or other authorized personnel); and
2. Detailed report signed by the financial manager or PI, which includes the correction and explanation. An e-mail correspondence will also be acceptable for approving a transfer on restricted funds.

- **Record Retention**

1. Depending on the type of grant funding source Eastern Michigan will retain records 7 years after project is closed.
2. Retention may exceed 7 years if the grant is being audited by an outside agency.