

**FROSTBURG STATE UNIVERSITY
COST TRANSFER POLICY**

Approved November 18, 2009; amended December 12, 2012

I. POLICY

Although it is preferable to charge costs to the correct project/department when they are incurred, cost transfers may occasionally be necessary. These transfers must be properly documented and processed within a reasonable time, normally within sixty (60) days of the original entry.

II. DEFINITIONS

Date of Original Transaction: For non-payroll cost transfers, the date of the original transaction for purposes of this policy is the posting date of the initial charge in PeopleSoft financials. For payroll cost transfers, the date of the original transaction for purposes of this policy is the begin date of the initial pay period for the payroll charges being transferred.

III. PURPOSE

The purpose of this policy is to ensure the timely adjustment or correction of financial records and the proper documentation of those adjustments and corrections.

IV. SCOPE

A cost transfer is the movement of costs from one project/department to another to correct an error or to align payroll distribution with the after-the-fact effort certifications. All attempts should be made to charge costs correctly with the original posting. However, when cost transfers are necessary, they must be adequately documented and performed timely. Non-payroll cost transfers are accomplished through a journal entry. Payroll cost transfers are accomplished through a direct retro, reverse/adjust off-cycle, or direct table updates in the PeopleSoft system.

V. PROCEDURES

- A. All cost transfer requests must be made by completing a “Request for Cost Transfer” form and forwarding it to the Office for Research and Sponsored Projects. If the cost transfer involves more than one department or project, the department/project being charged should initiate the transfer request.

- B. It is required that all requests contain an explanation as to why the cost transfer is necessary. If the cost transfer is necessary to correct an error, the explanation must fully explain how the error occurred. An explanation merely stating that the transfer was made “to correct error” or “to transfer to the correct project” is not sufficient. Transfers requested within sixty (60) days of the occurrence require that questions one through three be answered on page two of the “Request for Cost Transfer” form. Transfers requested more than sixty (60) days after occurrence require that all five questions be answered.

- C. Under no circumstance should project directors submit cost transfer requests less than fifteen (15) days prior to the due date of the projects final financial report.