

OKLAHOMA STATE UNIVERSITY INSTITUTE OF TECHNOLOGY
POLICY & PROCEDURES LETTER

**Retroactive Cost Transfers Relating to Sponsored
Agreements, Grants and/or Contracts**

**3-036
FISCAL SERVICES
July 2009**

GENERAL STATEMENT

- 1.01 At times, it is necessary to make correcting journal entries (retroactive cost transfers) to ensure that original charges and/or credits are recorded in the proper account, fund group, department, project, and expenditure code. A "Retroactive Cost Transfer" form should be completed and submitted to Oklahoma State University-Stillwater's Grants & Contracts Financial Administration for final approval and processing.

POLICY

- 2.01 Individuals responsible for sponsored agreement administration may request necessary reclassification of accounting data. Since the original entry is presumed to have been approved after adequate review, any change should be fully justified. The unit must ensure that funds are available to permit any transfer of charges/credits. Documented explanation and justification should be provided in order to permit subsequent reviewers (Oklahoma State University Institute of Technology's Office of Fiscal Services) to evaluate the appropriateness of the cost transfer.
- 2.02 For sponsored agreements, retroactive cost transfers for the purpose of expending available funds still remaining on a project are not allowable. Other unacceptable purposes for retroactive cost transfers include circumventing award restrictions, avoiding a cost overrun by charging another unrelated agreement, or transferring an item which applies to a closed fiscal year.

Regulations governing cost transfers are specified in OMB Circular A-21 and in certain federal sponsors' regulations:

"Any costs allocatable to a particular research (sponsored) agreement...may not be shifted to other research (sponsored) agreements in order to meet deficiencies caused by overruns or other fund considerations, to avoid restrictions imposed by law or by terms of the research agreement, or for other reasons of convenience." (Re: Circular A-21, C.4.b.)

"...frequent, tardy, and unexplained (or inadequately explained) transfers, particularly where they involve projects with significant cost overruns or unexpended fund balances, raise serious questions about the propriety of the transfers themselves as well as the overall reliability of the institution's accounting system and internal controls." (PHS Grants Administration Manual)

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PROCEDURES

- 2.01 As a subsidiary/branch campus of the Oklahoma State University System, primary functions related to such efforts are managed and performed on behalf of Oklahoma State University Institute of Technology, by the parent-campus, Oklahoma State University-Stillwater. For details related to this activity, refer to Oklahoma State University-Stillwater Policy and Procedures ***4-0136, Retroactive Cost Transfers Relating to Sponsored Agreements.***