

BEFORE THE BOARD OF COUNTY COMMISSIONERS

FOR COLUMBIA COUNTY, OREGON

In the Matter of Establishing a Cost Transfer )  
Policy For Federal Grant Awards ) Order No. 27-2016

WHEREAS, the County is required to assure the integrity and timeliness of the County's accounting for purposes of federally funded projects; and


WHEREAS, cost transfers, including the transfer of payroll and other direct costs associated with federally funded projects must be carefully monitored; and

WHEREAS, it is in the best interest of the County to establish a policy for managing cost transfers;

NOW, THEREFORE, IT IS HEREBY ORDERED, that all federally funded grants shall be managed in accordance with the Cost Transfer Policy which is attached hereto as Attachment "1" and is incorporated herein by this reference.

Dated this 22<sup>nd</sup> day of June, 2016.

BOARD OF COUNTY COMMISSIONERS  
FOR COLUMBIA COUNTY, OREGON

By:   
Anthony Hyde, Chair

By:   
Henry Heimuller, Commissioner

By:   
Earl Fisher, Commissioner

Approved as to form

By:   
Office of County Counsel

# Attachment "1"

## Cost Transfers Policy: Federally Funded Awards

Policy Adoption Date: \_\_\_\_\_ Last Revision: \_\_\_\_\_

### Principle

Cost transfers are typically appropriate when their purpose is to correct posting or bookkeeping errors in the original charges, to reallocate resources between accounts, or to transfer pre-award costs in accordance with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the Uniform Guidance) as implemented by the applicable federal agencies.

### Purpose

This policy seeks to assure the integrity and timeliness of the County's accounting for salaries, wages, goods and services on federally funded projects in the County's general ledger. Proper management of federally funded awards is essential to meet the fiduciary responsibilities of the County. The federal government continues to place special emphasis on cost transfers, when auditing federal awards.

Both the federal government and the County recognize that cost transfers from one project to another are occasionally necessary to correct bookkeeping or clerical errors in the original charges. They also recognize that closely related work may be supported by more than one funding source, necessitating the occasional transfer of costs. However, frequent, late and inadequately explained transfers, especially those that involve projects with overruns or unspent balances, raise serious questions about the propriety of the transfers. In addition, the reliability of the County's accounting systems and internal controls are questioned when there are frequent transfers. Therefore, cost transfers must be monitored carefully in order to ensure compliance with federal regulations.

### Scope and Responsibilities

This document applies to all cost transfers, including the transfer of payroll and other direct costs associated with federally funded projects.

### Definitions

**Cost Transfer:** The reassignment of an expense to or from a federally funded project after the expense was initially charged to a different federal or non-federal project in

the entity's general ledger.

### **Policy Statement**

The County expects that all costs charged to a federally funded project are correctly charged at the outset, following these standards:

**Allowable:** the cost is allowed by Federal regulations, federal award terms and conditions.

**Reasonable:** the cost reflects whether or not the individuals concerned acted with due prudence in the circumstances.

**Allocable:** the cost has a direct benefit to the account being charged.

**Consistent:** the treatment is the same as similar expenses in the County.

Goods and services should be charged or allocated among awards at the time of the original purchase whenever possible and practical to avoid unnecessary cost transfers. The Grant Manager (GM) is expected to make personnel and corresponding payroll distribution determinations before any individual devotes effort to the project and to monitor his or her staff's time record-keeping throughout the federally funded project.

All cost transfers, either in the form of a salary/wage/fringe distribution adjustment or direct expense journal entry, will be legitimate and conducted in accordance with the federal award terms and conditions, regulations and County policies.

All GMs will ensure that cost transfers to federally funded projects correcting errors are made promptly. The GM shall review monthly financial reports to identify legitimate errors in a timely manner and communicate required changes to the Finance Department.

All cost transfers involving federal project funds, whether for salaries/wages or goods and services, require preparation and approval to ensure that no one person has complete control over all aspects of a financial transaction.

The Finance Department is responsible for ensuring that requested transfers are made promptly and that all required documentation is on file. Documentation related to each cost transfer must be retained in the master grant files, according to the County's Record Retention Policy. The cost transfer request and accompanying documentation will be available for verification during the course of an audit or other review.

Cost transfers will be supported by documentation. The documentation will contain a full explanation of how the error occurred, the correlation of the charge to the grant department to/from which the transfer is being made. Explanations such as "to correct an error" or "to transfer to correct project" will be unacceptable.

Transfers of costs to any federally funded award account will be allowable only where there is a direct benefit to the federal grant account being charged. For example, an overdraft of any

direct cost item incurred in the conduct of one sponsored project may not be transferred to another sponsored project account merely for the sake of resolving a deficit or an allowability issue. Cost transfers will not be used as a means of managing awards.

Cost transfers to correct an error must be completed regardless of timeframe if the correction benefits the grantor.

All federally funded awards received by the County will comply with the cost principles outlined in Subpart E of the Uniform Guidance.