

Policy 3-021: Cost Transfers Affecting Federal Sponsored Agreements**Revision #3.** Effective date: May 15, 2000

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I. Purpose and Scope**A. Purpose.**

To establish a policy and Procedure used for administering the transfer of expenditures from/to projects or activities used for recording costs of sponsored agreements.

B. Scope.

[reserved]

II. Definitions

The following definitions apply for the limited purposes of this policy and any associated regulations.

- A. Cost Transfer: An adjustment made sometime after an event has occurred which transfers costs from University projects or activities where the charges had been originally recorded to other projects or activities.
- B. Payroll Corrections: Corrections made to assure that payroll records accurately report services actually performed, including changes that reflect differences which result when the preliminary estimates of the percent of effort preprinted on the time and effort report do not agree with the actual effort of the employees during the reporting period.
- C. Adequate Documentation: Full explanation of how the error occurred, reasons why the original charge was incorrect and justification for making the retroactive charge, together with appropriate supporting documents to the extent available

III. Policy

A. General Administrative Responsibilities

- 1. Administration of sponsored agreements is a joint undertaking of the university and the account executive/principal investigator. The university and the account executive/principal investigator share responsibility for the fiscal and administrative management and for using the funds prudently for the purposes for which the award was made.
- 2. All expenditures or charges to a sponsored agreement are subject to later review by audit agencies to determine if the cost is an allowable expenditure.
- 3. The account executive/principal investigator is designated as the individual who is fully responsible for the proper management of each sponsored

agreement. The account executive/principal investigator is expected to fulfill this responsibility by:

- a. Approving charges to projects or activities used for recording the expenditures or designating an authorized alternate with responsible person with authority to approve all such charges.
 - b. Reviewing the monthly accounting statements on a timely basis to ascertain the propriety of all entries made to each sponsored agreement.
 - c. Initiating any necessary corrections and/or appropriate transfers, consistent with this policy and Procedure statement.
4. The Grants and Contracts Accounting office is designated as the administrative department responsible for reviewing and approving all requests for cost transfers.

B. Cost Transfers of Payroll Expenditures (including benefits)

1. Requests for correction of payroll errors must be made as soon as possible after the error is detected. An excessive delay in recognizing and reporting errors results in inaccurate accounting statements and reports to granting agencies. Therefore, accounting statements must be reviewed and errors reported immediately.
2. Salary charges to federal sponsored agreements must be distributed to the sponsored agreements that benefited from the services for which such payments were made.
3. Payroll correction requests submitted within 120 days after the original cost was incurred may be honored only if the approvals and documentation required under section IV, paragraph C are met. The cognizant vice president must also approve if the payroll correction requests are submitted more than 120 days after the original cost was incurred.
4. Payroll correction requests submitted after the Personal Activity Reports (PARs) have been certified as correct will ordinarily not be allowed except

when in addition to the approvals and documentation required under section IV, paragraph C, the request is approved by the cognizant vice president.

C. Cost Transfers of Other Expenditures

1. Requests for cost transfers to correct errors in charging expenditures, other than payroll, to a sponsored agreement must be promptly brought to the attention of the Grants and Contracts Accounting Office after the account/executive principal investigator's review of the monthly accounting statements. Adequate documentation for such errors must be provided. Normally, corrections or transfers will not be allowed unless requested within 120 days after the date of the original transaction. In unusual cases, if the facts and circumstances dictate, transfers requested after 120 days may be made with the approval of the associate vice president for financial services.

D. Documentation Requirements

1. Documentation substantiating any cost transfer authorized by this policy must include the following information and approval:
 - a. Specific identification with respect to the period covered and the amount transferred.
 - b. Adequate documentation supporting the request for transfer.
 - c. Authorizations of (a) the appropriate account executive/principal investigator, (b) the cognizant department chair or director, and (c) the cognizant dean.

E. Review Procedures

1. The written authorizations of the cognizant vice president, shall be provided where required by this policy and Procedure. Cost transfer documentation as required by this policy and Procedure must be submitted on cost transfer forms, unless the cost transfer involves non-personal costs on a private clinical testing project then a journal entry may be used. These forms are reviewed and approved by the Grants and Contracts Accounting Office and,

if necessary, the controller before the transfer request will be honored. Any subsequent disallowances made by the auditors and sustained by the awarding agency will ordinarily be the responsibility of the account executive/principal investigator or their department and must be absorbed using nonfederal funds, subject to such exceptions as the president may authorize on recommendation by the cognizant vice president. Exceptions to this policy may only be authorized by the cognizant vice president.

Sections IV- VII are for user information and are not subject to the approval of the Academic Senate or the Board of Trustees. The Institutional Policy Committee, the Policy Owner, or the Policy Officer may update these sections at any time.

IV. Policies/ Rules, Procedures, Guidelines, Forms and other Related Resources

- A. Policies/ Rules. [reserved]
- B. Procedures, Guidelines, and Forms. [reserved]
- C. Other Related Resources. [reserved]

V. References

[reserved]

VI. Contacts

The designated contact officials for this regulation are

- A. Policy Owner(s) (primary contact person for questions and advice): Associate Vice President for Financial Services
- B. Policy Officer(s): Chief Financial Officer

See Rule 1-001 for information about the roles and authority of policy owners and policy officers.

VII. History

- A. Current version. Revision 3.

1. Approved by Board of Trustees May 15, 2000 with Effective Date of May 15, 2000.
2. Editorial Revisions
 - a. Editorially revised October 16, 2024 to remove gender-specific pronouns and replace references to "Director of Research Management and Compliance" with appropriate positions.
 - b. Editorially revised August 15, 2022 to move to current template
 - c. Editorial Changes June 30, 2016.
- B. Earlier Versions:
 1. Revision 2 Effective October 11, 2005
 2. Revision 1 Effective May 15, 2000
 3. Revision 0 Effective April 30, 1976
- C. Renumbering
 1. Previously numbered as Policy and Procedures Manual 3-20.