

Policy on Cost Transfers	Effective Date: July 15, 2014
Related Policies and Procedures:	

I. GENERAL STATEMENT

This Policy establishes general guidelines on the allowability of cost transfers on to sponsored projects. The Policy applies to all Principal Investigators (PIs), co-PIs, and any other person with a role or responsibility in the application for, receipt of, or administration of sponsored projects.

II. DEFINITIONS

- A. OMB Circular A-21: The document published by the federal government's Office of Management and Budget that sets forth the governing cost principles for educational institutions.
- B. OMB Circular A-110: The document published by the federal government's Office of Management and Budget establishing uniform administrative requirements for grants to and agreements with institutions of higher education, hospitals, and other non-profit organizations.
- C. Cost Transfer: Re-allocation of an expense (either labor or non-labor) to a sponsored project after the expense was initially charged to another sponsored or non-sponsored account, but not including those scenarios described in Section III(A) of this Policy.
- D. Principal Investigator: The individual designated by the University as responsible for the scientific or technical direction of the sponsored project. The Principal Investigator is also part of the University team responsible for a sponsored project's financial and administrative compliance.

III. PROCEDURE

A. Transfers of Costs Not Subject to Cost Transfer Policy

Not all movement of costs onto a sponsored agreement constitutes a cost transfer within the scope of this Policy. This Policy applies to all cost transfers onto a sponsored agreement, except in the following scenarios:

1. A redistribution of salary charges that results from a change in effort allocations made before or during the effort certification process. In unusual circumstances it may be necessary to effect a payroll cost transfer after effort certification. Any such request is subject to the requirements of this policy.
2. Movement of salary or non-salary costs from a University at-risk account (See At-Risk Account Policy).
3. Other movement of costs as identified on a case-by-case basis.

All subsequent references in this Policy to cost transfers shall be deemed to refer only to cost transfers within the scope of this Policy.

B. Need for Cost Transfers

Cost transfers are appropriate when they are allowable direct costs of the sponsored project (see Allowable Costs Policy to determine whether the costs are allowable), and their purpose is to correct clerical or bookkeeping errors in processing the original charges. There may be other permissible reasons to transfer a cost onto a sponsored project; the appropriateness of such transfers should be determined on a case-by-case basis. Allowability of a cost transfer onto a sponsored project shall be determined on the basis of federal laws and regulations, as well as sponsor requirements.

Inappropriate circumstances for cost transfers include, but are not limited to the following:

1. A cost transfer solely for the purpose of utilizing unexpended funds of a sponsored project;
2. A cost transfer for the purpose of eliminating or reducing a cost overrun by charging another, unrelated sponsored project; or
3. A cost transfer for any other reason of convenience not related to the benefit received by the sponsored project.

C. Timely Accomplishment of Cost Transfers

Except in cases where the sponsor's terms and conditions are stricter than this Policy, cost transfers generally must be effectuated within ninety (90) days after the date when the need to execute a cost transfer is initially discovered. In order to timely complete the cost transfer process within the ninety (90) day timeframe, initiation of the cost transfer process should begin as soon as possible after the need for the cost transfer is discovered. Further, whenever possible, cost transfers should be completed in the same fiscal year in which the charging error or other reason for the transfer occurred.

D. Cost Transfers Within 90 Days

If the cost transfer is initiated within ninety (90) days of the date when the need to execute the cost transfer is initially discovered, the request must be submitted to the responsible division's VP or CEO for review and approval. The request must be submitted on the "UDC Cost Transfer Form" and should clearly identify the charge to be transferred, the sub-ledger numbers and account numbers where the charge should be transferred to and from. Each UDC Cost Transfer Form should be accompanied by supporting documentation (original invoice, effort report, etc.) and include a written explanation as to how the error occurred, or why the transfer is necessary, when and how it was discovered, and how the cost benefits the sponsored project to which it is being transferred. An explanation merely stating that the transfer was made 'to correct error' or 'to transfer to correct project' is not sufficient. The request must be signed by the PI or responsible administrative staff in that area and must contain the following certification:

"I certify to the best of my knowledge that this cost transfer is correct and complete and that the costs transferred are allowable charges to the sponsored project to be charged."

Once approved by the responsible division's VP or CEO, each cost transfer request will then be forwarded to the Office of the CFO for entry into the University's accounting system. Documentation of each cost transfer will be maintained in the Office of the CFO and the Office of Sponsored Programs in accordance with applicable record retention requirements.

E. Cost Transfers After 90 Days

If more than ninety (90) days have passed from the date of initial discovery of the need to execute a cost transfer, an explanation for the delay is required in addition to the information and documentation required by Section C of this Policy. Approval for cost transfers submitted after ninety (90) days will only be granted in extenuating circumstances. Absence of the PI or responsible administrator, staff shortage or lack of staff experience are not acceptable reasons for a late cost transfer. It is the responsibility of the PI to ensure the availability of qualified staff to administer and exercise stewardship over sponsored projects in accordance with appropriate policies and regulations, including those relating to regular monitoring of expenditures and timely correction of errors.

A non-exhaustive list of examples of acceptable extenuating circumstances includes:

1. Full execution of a subcontract after the start of the budget period; or
2. Failure of another department to take appropriate action to charge or correct a charge after notification to do so.

F. Removing Costs from Sponsored Projects

Cost transfers removing expenditures from sponsored projects are not subject to the foregoing timeliness policies; any unallowable charges to sponsored projects must be removed upon discovery.

G. Failure to Comply with Cost Transfers Policy

Failure to comply with the Policy set forth above may result in disciplinary action up to and including termination of employment.

IV. EMPLOYEES OF OTHER DISTRICT OF COLUMBIA AGENCIES

To the extent the foregoing Policy is relevant to employees of District of Columbia agencies over whom the University lacks personnel authority, the University will work in good faith with those employees to effectuate adherence to the Policy.

V. CONTACTS

University Office of the Chief Financial Officer
University Office of Sponsored Programs

VI. COMMITTEES REVIEWING/APPROVING PROCEDURE:

Sponsored Programs Policy Committee
Audit, Administration and Governance Committee of the Board of Trustees
Board of Trustees of the University of the District of Columbia

HISTORY/REVISION DATES

Last Amended Date: July 10, 2014

Next Review Date: