

 <p>Category: Financial</p> <p>Policy applicable for: Faculty/Staff</p>	<p><i>Policy Title:</i> Cost Transfers on Sponsored Projects</p> <p>Effective Date: 09/28/2017</p> <p>Prior Effective Date: 07/01/2009</p> <p>Enabling Acts: Code of Federal Regulations Title 2, part 200 University Rules 10-5-04, 10-5-07 and 10-5-10</p>	<p><i>Policy Number:</i> 2.1.23</p> <p>Policy Owner(s): Sr. VP for Administration and Finance Vice President for Finance Vice President for Research</p> <p>Responsible Office(s): Sponsored Research Services Government Cost Compliance</p>
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Background

In accepting a grant or contract from a governmental agency, private foundation, industry, or other sponsor, the University of Cincinnati is obliged to comply with a number of regulations set forth by that sponsor. Among those obligations is the requirement that expenditures related to sponsored projects are properly allocated and documented. Costs must be allocated to a sponsored award in proportion to the actual benefit received by the award and correctly charged at inception.

However, it is unreasonable to expect 100% accuracy for all transactions, and therefore when errors are discovered, the university is committed to correcting them promptly. Frequent, late, or poorly explained cost transfers can raise serious questions about the accuracy of the transfers, the university's accounting system, and the university's internal financial controls.

This policy addresses the conditions and procedures under which corrections or cost transfers on sponsored projects are allowed.

Definitions

Cost Transfer A cost transfer is the reassignment of an expense to or from a sponsored project after the expense was initially charged elsewhere. Cost transfers include reassignments of salary, wages and other direct costs.

Policy

The University of Cincinnati is committed to ensuring that all cost transfers are legitimate and are conducted in accordance with sponsor terms and conditions, government regulations and university policy.

The appropriate sponsored account shall be charged when an expense is initiated in the university's accounting system. Additionally, costs directly charged to federally

sponsored awards shall comply with the cost principles outlined in the Title 2, Part 200 of the Code of Federal Regulations (CFR) which indicates costs must be:

- allowable (the cost is allowed by federal regulations, sponsor terms and conditions, including program specific requirements and university policy);
- reasonable (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); and
- treated consistently (like costs in similar instances are treated consistently throughout the university).

Goods and services shall be charged or allocated among awards at the time of the original purchase to avoid unnecessary cost transfers. The Principal Investigator (PI) and the appropriate business office shall make personnel and corresponding payroll distribution determinations before any individual devotes effort to the project.

Departments shall utilize advance accounts (Letters of Guarantee) where appropriate, ensuring costs are charged correctly and avoiding unnecessary cost transfers.

At no time shall other sponsored awards be used as holding accounts for expenses that will subsequently be transferred elsewhere, including competing or non-competing continuations of the same project for which the notice of award has not yet been received.

PIs and their Business Managers are responsible for ensuring that transfers of costs to sponsored projects are made promptly. The PI and Business Manager shall review monthly sponsored project expenses to identify legitimate errors and submit required changes within 30 days of discovery to Sponsored Research Services.

Cost transfers shall be supported by documentation that contains a full explanation of how the error occurred and a correlation of the charge to the project to which the transfer is being made.

Transfers of costs to any sponsored project account are allowable only if there is direct benefit to the project account being charged. An overdraft or any direct cost item incurred in the conduct of one sponsored project shall not be transferred to another sponsored project account merely for the sake of resolving (1) an overrun, (2) an unexpended balance, (3) a disallowance. Cost transfers shall not be used as a means of managing awards.

Cost transfers must be prepared and submitted within 90 days from the university's month end close in which the transaction appears on the award. Cost transfers made after this period require additional scrutiny and will only be permitted under extenuating

circumstances and only with the approval of the Vice President and/or Associate Vice President of Research.

Related Links:

[Government Cost Compliance](#)
[Sponsored Research Services](#)
[Researcher's Gateway](#)
[University \(Board\) Rules](#)
[University of Cincinnati Policies](#)
[2 CFR part 200](#)

Phone Contacts:

Sponsored Research Services	556-4817
Accounting Division	
Government Cost Compliance	556-4815