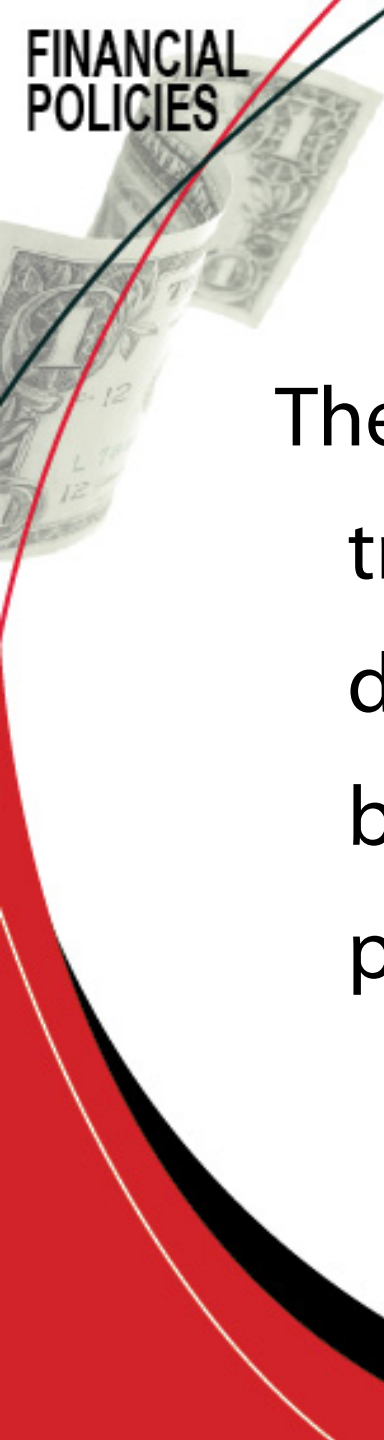




Financial Policies Training:

***Cost Transfers***  
***on***  
***Sponsored Projects***  
***(2.1.23)***

*Effective Date: July 1, 2009*



These PowerPoint slides are intended for training purposes. In the event of any discrepancy or interpretation difference between the policy and the slides, the policy dictates.



# Cost Transfers on Sponsored Projects

- **Agenda**
  - ▶ *Background Information*
  - ▶ *Cost Transfer Definition*
  - ▶ *Cost Transfers at UC*
    - Fiscal Fundamentals
    - Avoiding the Need for a Cost Transfer
    - Cost Transfer Requirements
    - Cost Transfer Approval Process
    - Late Cost Transfers
  - ▶ *Additional Training and Resources*



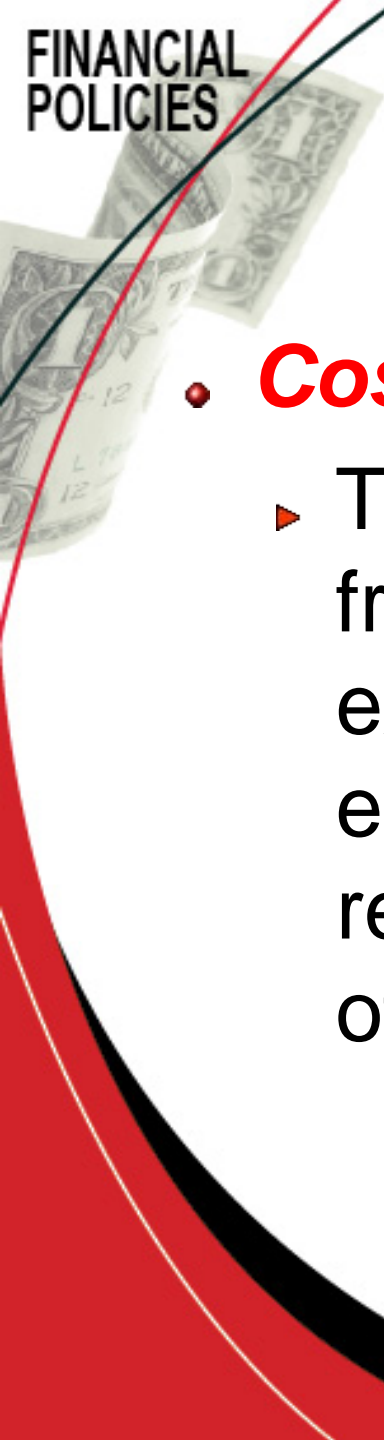
# Background Information

- ◆ **Sponsor regulations and general accounting principles require the following:**
  - ▶ *Ensure expenditures related to sponsored projects are properly **allocated and documented***
  - ▶ *Ensure **prompt correction** of any error that is discovered*
  - ▶ *Ensure **effective internal controls**, i.e., “effective control over and accountability for all funds, property and other assets. Recipients shall adequately safeguard all such of the above and assure they are used solely for authorized purposes” (OMB Circular A-110 C.21 (b) (3))*



# Background Information

- **Policy 2.1.23 (Cost Transfers on Sponsored Projects)**
  - ▶ *Addresses how faculty and staff will **correct any expenditure allocation errors** on sponsored accounts*
  
  - ▶ *Applies to all individuals who are **responsible for expenditures on***
    - ▶ *sponsored projects (in whole or in part)* **OR**
    - ▶ *cost share*



# Cost Transfer Definition

- **Cost Transfer**
  - ▶ The reassignment of an expense to or from a sponsored project after the expense was initially charged elsewhere. Cost transfers include the reassignments of salary, wages and other direct costs.



# Cost Transfers at UC

## *Fiscal Fundamentals*

- ▶ Make every effort to **appropriately charge** the sponsored account as expenses are **initiated** in the university's payroll and accounting system
- ▶ Federally sponsored awards shall comply with the **cost principles** outlined in the Office of Management and Budget (OMB) Circular A-21 which further states costs must be:
  - *Allowable*
  - *Reasonable*
  - *Allocable*
  - *Treated consistently at the awarding institution*



# Cost Transfers at UC

- ***What Does Allowable Mean?  
Reasonable? Allocable?***

see [Policy 2.1.22 - Allowability, Reasonableness and Allocability of Costs for Sponsored Projects](#)





# Avoiding the Need for Cost Transfers

- ***Letters of Guarantee***
  - ▶ Use advance accounts (Letters of Guarantee) where appropriate
  - ▶ Will ensure costs are charged to the right account initially
  - ▶ Will deter the need for cost transfers

# Cost Transfer Requirements

- ◆ ***Timing***
  - ▶ Must be requested within 30 days of discovery
  - ▶ Must be prepared and submitted within 90 days from month end close in which transaction appears on detail ledger
- ◆ ***Documentation***
  - ▶ Cost transfer form
  - ▶ Backup documentation
    - ◆ How error occurred
    - ◆ Correlation to project transferring to
  - ▶ Payroll cost transfers require more
- ◆ ***Must also meet the tests of allowability***

More information at: <http://srs.uc.edu/Home.aspx>)



# Cost Transfer Approval

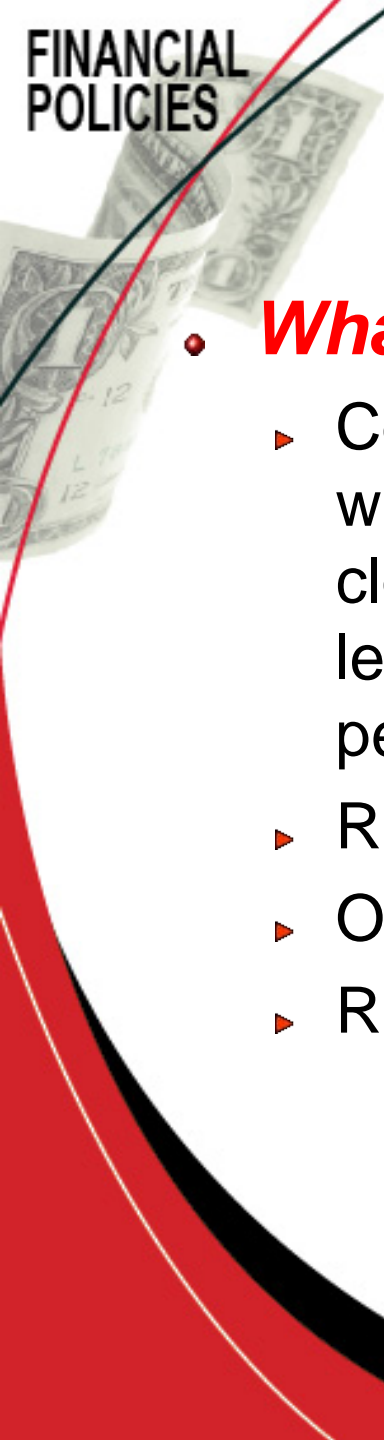
- **Process**

- ▶ A cost transfer is
  - *prepared by the department business staff (PCR or FB50)*
  - *approved by the Principal Investigator of the project*
- ▶ The accounting division of Sponsored Research Services
  - *reviews and approves the cost transfer (PCR or FB50)*
- ▶ Payroll cost transfers require
  - *additional approval and processing from Government Cost Compliance*



# Cost Transfer Approval

- **Reminders**
  - ▶ Cost transfers to a sponsored project are allowable only if there is a **direct benefit** to the project being charged
  - ▶ Not allowed for resolving
    - *An overrun*
    - *An unexpended balance or*
    - *A disallowed cost*
  - ▶ Cost transfers are not a means of managing sponsored awards



# Late Cost Transfers

- ◆ ***What are they?***
  - ▶ Cost transfers must be prepared and submitted within 90 days from the university's month end close in which the transaction appears on the detail ledger of a project. Cost transfers made after this period are considered late
  - ▶ Require high scrutiny
  - ▶ Only permitted under extenuating circumstances
  - ▶ Require AVP or VP of Research approval



# Additional Training

- ***Detailed training on cost transfers***
  - ▶ Presented by accounting division of SRS
  - ▶ All individuals who process cost transfers **must attend** the detailed training session

# Resources

- **Cost Transfers on Sponsored Projects (2.1.23)**  
([www.uc.edu/af/policies](http://www.uc.edu/af/policies) )
- **Related policies** ([www.uc.edu/af/policies](http://www.uc.edu/af/policies) )
  - ▶ *Effort Commitment on Sponsored Projects (2.1.20)*
  - ▶ *Effort Reporting on Sponsored Projects (2.1.21)*
  - ▶ *Allowability, Reasonableness and Allocability of Costs for Sponsored Projects (2.1.22)*
- **SRS website** <http://srs.uc.edu/>
- **Questions?**
  - ▶ *Contact your SRS representative*  
<http://srs.uc.edu/Divisions.aspx>
  - ▶ *Government Cost Compliance 556-0184 or 556-3108*