

Regulations Library

The University of Utah

Policy: 3-021 Rev: 2
Date: October 11, 2005

Policy 3-021: Cost Transfers Affecting Federal Sponsored Agreements

I. 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.

II. General Administrative Responsibilities

- A. 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.
- B. 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.
- C. 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:
 1. 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.
 2. Reviewing the monthly accounting statements on a timely basis to ascertain the propriety of all entries made to each sponsored agreement.
 3. Initiating any necessary corrections and/or appropriate transfers, consistent with this policy and Procedure statement.
- D. The Grants and Contracts Accounting office is designated as the administrative department responsible for reviewing and approving all requests for cost transfers.

III. Definitions

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.

IV. Policy

A. 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 (PAR's) 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.

B. Cost Transfers of Other Expenditures

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 written approval of the Associate Director of Compliance Accounting and Reporting.

C. Documentation Requirements

Documentation substantiating any cost transfer authorized by this policy must include the following information and approval:

1. Specific identification with respect to the period covered and the amount transferred.
2. Adequate documentation supporting the request for transfer.
3. Authorizations of (a) the appropriate account executive/principal investigator, (b) the cognizant department chair or director, and (c) the cognizant dean.

D. Review Procedures

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 Associate Director of Compliance Accounting and Reporting 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 his/her 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.

V. Questions Regarding This Policy

The Office of the Associate Vice President for Financial and Business Services is responsible for answering questions regarding the application of this policy.

Approved: Board of Trustees 5/15/00

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