POLICY NUMBER 2002-07
October 8, 2013

POLICY: COST TRANSFERS AND PAYROLL REALLOCATIONS
(RESEARCH/SPONSORED PROJECTS)

PURPOSE:
To ensure the allowability of transfers of incurred costs, both payroll and other direct costs, to federally-funded and other sponsored projects and to comply with federal and other sponsored project requirements.

DEFINITION:
A Cost Transfer is defined as the transfer of costs to or from a sponsored project where the costs were initially charged to another account. A Cost Transfer of salary charges transferred through payroll reallocations is known as Labor Distribution Change Authorizations (LDCAs).

POLICY STATEMENT:
1. The Principal Investigator (PI) or his/her designee is responsible for ensuring that transfers of costs to or from sponsored projects are made promptly. Transfers must be supported by documentation that contains a detailed explanation of how the error occurred and a certification of the correctness of the charge to or from the project account to or from which the transfer is being made. Explanations such as “to correct an error,” or “to transfer to correct project” are unacceptable.

2. Transfers of costs to any sponsored project account are allowable only where there is direct benefit to the project account being charged. The transfers of an overdraft or any direct cost item incurred in the conduct of one sponsored project may not be transferred to another sponsored project account merely for the sake of resolving a deficit or an allowability issue.

3. Cost Transfers may be made, provided the following conditions are met:
   a. The cost is a proper and allowable charge to the project, and
   b. The PI certifies to the correctness of this charge; and
   c. The Cost Transfer is a direct benefit to the project, and
   d. The transfer is supported by adequate documentation, as described in #1 above.

4. Cost Transfers are managed by the type of costs being transferred. Transfer of labor costs are referred to as labor redistributions and are managed through the Labor Distribution Change Authorization (LDCA) procedure. Transfers of non-labor costs are referred to as expense transfers and are managed through the Transfer Voucher procedure.
5. All Cost Transfers:
   a. Must be received within 90 days of the end of the calendar quarter in which the costs are incurred.
   b. Are not permitted where the costs have been reported to the agency or the corresponding effort has been certified to by the PI.

6. When a final or interim report of expenditures is due to the sponsor, Cost Transfer requests must be received 15 days prior to the report due date. Cost Transfers will not be allowed after the Report of Expenditure or Final Report of Expenditure has been submitted to a sponsor.

7. In the event that a Cost Transfer is denied, the decision may be appealed to the Associate Vice President of Research Administration and Finance, or designee, within 10 business days of the denial. PIs may request consideration at the time of submission of the Cost Transfer for an exception.

8. Procedures to ensure the appropriateness and allowability of cost transfers are incorporated by reference to this policy. Cost Transfer procedures are maintained and amended as needed by Research Administration and Finance.

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Jeffrey Small (Signed) 10/24/13

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Jeffrey Small
Associate Vice President

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Jeffrey P. Geoghegan (Signed) 10/24/13

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Jeffrey P. Geoghegan
Interim Chief Financial Officer

Frank M. Torti (Signed) 11/25/13

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Frank M. Torti, M.D., M.P.H.
Executive Vice President for Health Affairs

New Policy: 2/25/02
Policy Revised: 06/15/05, 06/09/09, 10/8/13

LINKS:
Cost Transfer Procedures