

UF Policy on Cost Transfers Involving Sponsored Awards

Responsible Office: Office of Contracts & Grants Accounting

Effective Date: July 1, 2010

Revisions dated: October 4, 2013

Purpose

The purpose of this policy is to ensure that transfers of costs on to sponsored awards are appropriate and timely.

Policy

Costs should be charged to the appropriate sponsored project when first incurred. There are circumstances, however, in which it may be necessary to transfer costs on to a sponsored project after the initial recording of the cost. These “cost transfers” require monitoring for compliance with UF policy, Federal regulations, sponsor requirements and applicable cost principles.

Costs can only be charged to a sponsored project if they are:

- Reasonable - A prudent person would have purchased the item and paid that price.
- Allocable – Charges must support the sponsored project and must be at a rate that reflects the documented proportional use by the sponsored project.
- Consistently Treated - Expenses for similar purposes must be treated the same way (throughout the university) under like circumstances.
- Allowable - The expense must not be specifically excluded by government regulations (see OMB Circular A-21) or by the sponsor’s requirements.

Transfers based on funding availability are prohibited. Therefore, costs cannot be transferred to use up remaining funds or to correct overruns from a different award. PI’s are expected to periodically review charges throughout the life of a sponsored project to identify any errors and make necessary corrections in a timely manner.

Timeliness

- Only in the case of exceptional circumstances will cost transfers (including payroll reallocations) be permitted more than 90 days after the original charge or, for labor charges, 90 days after effort certification. Exceptional circumstances include late awards with retroactive start dates. The reasons for a cost transfer over 90 days after the original charge must be documented in detail and will be reviewed by the Chief Financial Officer or his/her designee.
- A salary cost transfer after effort certification will typically require recertification of an effort statement.
- Cost transfers to correct an error that benefit the Sponsor and cost transfers to remove unallowable charges must be processed as soon as discovered, regardless of timeframe.

Adequate documentation

All cost transfer requests require written justification. All corrections of errors must be accompanied by an explanation of how the error occurred and how the costs being charged benefit the sponsored project. For non-salary transactions, the appropriateness of the correction to the receiving project must be certified by the principal investigator. For salary transactions, the appropriateness to the receiving project will be certified through the effort certification process.