

UF Policy on Cost Transfers

Revisions dated March 31, 2010

Purpose of Policy

The purpose of this policy is to provide information about cost transfers and the requirements of Federal guidelines found in OMB Circular A-21, Cost Accounting Standards (CAS) 502 and 506 to which the University of Florida must adhere.

Cost transfers are defined as moving a direct cost to a sponsored award (this can be an inter- or intra-departmental transfer).

According to these Federal guidelines, expenses can only be transferred if they are:

- Reasonable - a prudent person would have purchased the item and paid that price.
- Allocable – charged at a rate that reflects the documented proportional use by the sponsored award.
- Consistently Treated - expenses for similar purposes must be treated the same way (throughout the University) under like circumstances.
- Allowable - the expense must be allowable or not specifically excluded as specified by government regulations (see Federal guidelines for unallowable costs for clarification) or by the sponsored agreement requirements.

Agency guidelines prohibit transfers based on funding availability. Therefore, costs cannot be transferred to use up remaining funds and/or to correct overruns from a different project. Additionally, the transfer of costs to an unrestricted source due to legitimate cost overruns should be reported as cost sharing in the accounting system.

If an expense cannot meet the above criteria, it is NOT eligible to be charged against the sponsored award.

Timeliness

- An error in charging of costs must be identified and corrected **within 90 days of the occurrence**; all cost transfer requests must be made within 30 days of the expiration of the project.
- Costs transfers that result in a refund to the sponsored award must be processed as soon as the error is discovered, regardless of the date the error occurred.
- Consistency in Cost Accounting Standards (CAS) requires that costs be transferred within the same fiscal year; therefore every effort must be made to correct errors within the same fiscal year.
- Cost transfers of salaries and wages covering periods where related effort has been certified will generally not be approved.

Responsibility for Compliance

- Responsibility for following these guidelines lies primarily with the Principal Investigator (PI).
- The PI should coordinate with their fiscal personnel to ensure charges are assigned to the sponsored award.
- The appropriate contracts and grants office is responsible for the final review of cost transfers involving sponsored awards.

Adequate documentation

A cost transfer must always be accompanied by:

- A written explanation of how the costs being charged benefit the sponsored award as well as the cause of the error and certification of accuracy. In order to meet this guideline, the University of Florida has designated this responsibility to the PI (or the Departmental Chair).
- Appropriate cost transfer form.

Frequent errors in the recording of costs may indicate a need for improvements in the department's accounting system and/or internal controls. A plan to correct the cause of the recurring error must be implemented. If necessary, internal reviews from UF's Office of Audit and Compliance Review (OACR) may be requested.

References (to be included on UF Policy Website)

Office of Management and Budget (OMB) Circular A-21 (Including CAS) Online at:
<http://www.whitehouse.gov/omb/circulars/>

Office of Management and Budget (OMB) Circular A-110 Online at:
<http://www.whitehouse.gov/omb/circulars/>

NIH Grants Policy Statement (12/03)-Part II Terms and Conditions...found at:
http://grants.nih.gov/grants/policy/nihgps_2003?NIHGPS_Part5.htm