

Cost Transfer Procedures

A cost transfer is an after the fact reallocation of the cost associated with a transaction from one fund/cost center to another. Cost transfers include, but are not limited to, the transfer of expenses related to retroactive salary transfers, payments for goods or services, interdepartmental charges from core facilities, and travel reimbursements.

Institutions receiving NIH or other Federal grants, or grants from other external sponsors are expected to maintain accurate and timely accounting records with the proper classification of expenditures. To accomplish this requirement, department administrators should review transactions on funds and cost centers at least monthly and coordinate with the Principal Investigator.

1. Cost Transfer Standards:

To be allowable, corrections of clerical or bookkeeping errors to or from sponsored grants, contracts, and cooperative agreements should be made promptly, be fully documented, conform to sponsor guidelines and have the appropriate authorizing signatures.

Sponsors' guidelines on cost transfers vary; department administrators and Principal Investigators should consult with the Assistant Director of Fund Accounting or the Director of Sponsored Research Projects when in doubt concerning the allowability of a proposed cost transfer. Cost transfers under the following circumstances are generally allowable:

- Error correction
- Pre-award costs when allowed by the sponsor
- Allocation of costs benefiting more than one project
- When the work supported by one sponsored project is determined to represent work closely related to another project
- Retroactive Staff Change Notices

A retroactive transfer can be approved based upon the circumstances and the amount of time that has past since the expenses posted to the cost center/fund.

2. Cost Transfers involving expenses less than 90 days old

If the cost transfer is made (transacted) within 90 days of receiving the Fund Report in which the original charge was recorded, typically the 15th of the month following the month of the original charge.

The expense is transferred by journal entry prepared at the department level

accompanied by a Cost Transfer Explanation & Justification Form (Attachment A) with questions 1 and 2 answered and signed as indicated on form.

- Explanation for journal entry should read "See related Cost Transfer Explanation & Justification Form."
- Journal entry, Form and supporting documentation are sent to Fund Accounting for review, approval and entry.

3. Cost Transfers of expenses greater than 90 days old

In addition to the above, transfers more than 90 days past the month originally recorded in the fund, an explanation for the lateness of the cost transfer and actions to be taken to eliminate future late transfers (question 3 on the Cost Transfer Explanation & Justification Form) is required. Cost Transfers after the 90-day period need the approval of the Principal Investigator Senior Research Administrator and the Assistant Director of Fund Accounting.

Documentation Supporting a Cost Transfer

Any supporting documentation justifying the lateness of the cost transfer should be attached to the Form.

Approval for cost transfers submitted later than 90 days (as defined above) will only be granted in extraordinary circumstances.

Examples of Unacceptable cost transfers over 90 days:

- To correct an error
- Transfer to the correct cost center
- Absence of Principal Investigator or Research Administrator, or lack of experience of staff

At no time should a fund established for a grant from the NIH or other Federal agency or from other external sponsors be used as a holding account for expenses, which will subsequently be transferred elsewhere because an unrelated award, federal or non-federal, has not been received yet and/or fund has not been set up. Only related and allowable costs should be charged to these funds/cost centers. Fund reports should be reviewed monthly and errors corrected immediately, regardless of the funding source.

Requestors are advised to submit explanations for lateness (over 90 days) to the Senior Research Administrator for review before completing the journal entry and assembling backup documentation. The Assistant Director of Fund Accounting and the Director of Sponsored Research Projects are available to assist departments in all aspects of cost transfer explanation and preparation of

documentation, both for transfers within the 90-day time limit and for those greater than 90 days.

Roles and Responsibilities

It is the responsibility of each department to:

- Ensure compliance with this policy.
- Prepare cost transfer journal entries, complete Cost Transfer Explanation and Justification Form and supply supporting documentation.
- Retain hard copies of all related documentation in accordance with applicable record retention regulations.
- Ensure personnel engaged in the administration of federally funded awards are familiar with this policy.

The Senior Research Administrator and Assistant Director of Fund Accounting have review and approval responsibility for cost transfers. The Senior Research Administrator is available to assist in the interpretation and implementation of the policy, including prior review of explanations for transfers crossing the 90-day lateness threshold, and training in the application of the policy.

Attachment A

RUSH UNIVERSITY MEDICAL CENTER

COST TRANSFER EXPLANATION & JUSTIFICATION FORM

If transfer is made within 90 days, answer questions 1 and 2, if over 90 days, answer all 3 questions.

1. Why is this cost transfer being proposed?
2. If an error is being corrected, what action is being taken to prevent this type of error from occurring in the future?
3. If the costs being transferred posted to the Fund more than 90 days ago, please explain why this transfer was not done in a more timely manner.

I certify to the best of my knowledge that this cost transfer is correct and complete and the fund being charged received a direct benefit from the charge for the purposes set forth in the award document.

Requestor's signature: _____ Date _____
Printed name, title and phone # _____

Principal Investigator signature _____ Date _____

If question 3 is applicable, the following approvals are required:

Senior Research Administrator: _____ Date: _____

Assistant Director, Fund Accounting: _____ Date _____