

HEALTH SCIENCE CENTER HANDBOOK OF OPERATING PROCEDURES

Chapter 7	Research and Sponsored Programs	Effective:	September 2007
Section 7.1	Office of Sponsored Programs	Revised:	
Policy 7.1.5	Cost Transfers to Restricted Fund Groups 41002 – 44999	Responsibility:	Vice President for Research

COST TRANSFERS TO RESTRICTED FUND GROUPS 41002 – 44999

Overview

It is the responsibility of the Principal Investigator/Project Director (PI) and his or her administering unit to ensure that only allowable and allocable costs are expensed against a grant or contract project/grant ID. After the fact transfers of costs into grant and contract projects should be minimized. Examples of after the fact cost transfers include: transfer pre-award costs from a departmental project/grant, correction of clerical errors, reallocation of salary costs to reflect actual expended effort, routine allocation of shared services, and service center charges.

Monthly monitoring of project/grant ledgers should be made to assure that all charges have been applied correctly. If errors are made, they should be corrected promptly and procedures implemented that minimize future occurrences.

To comply with the cost allowability and allocability requirements of federal cost and non-federal regulations and guidelines, it is necessary to explain, justify, and document transfers of charges into grants and contract projects from other funding sources. Timeliness and completeness of explanation of transfer are important factors in supporting allowability and allocability in accordance with federal and non-federal cost principles.

The Office of Sponsored Programs (OSP) is responsible for reviewing all cost transfers greater than sixty (60) days after the end of the month in that the original charge was recorded, payroll or non-payroll, before they can be processed into the accounting records.

Policy

It is the policy of the Health Science Center that cost transfers within the restricted fund groups 41002 – 44999 be timely, documented and explained in detail, adhere to the sponsor’s standards, and have the appropriate authorizing approvals. This policy applies to all after the fact cost transfers into project/grant ID’s in restricted fund groups 41002 – 44999, including both federal and non-federal projects.

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Salary Cost Transfers After Effort Certification

No salary cost transfers are permitted after effort certification reports have been certified by the individual unless it benefits the sponsor.

Cost Transfer Prohibitions

The following cost transfers are prohibited:

- Use of cost transfers for the purpose of using unexpended funds that are ending.
- Transfer of cost from project to another or from one competitive segment to the next solely to cover cost overruns.
- Transfer of cost allocable to activities of sponsored program by industry or other sponsors to federally sponsored projects.

Procedures

Cost transfers are processed as follows:

Within sixty (60) days after the month the cost was recorded:

For cost transfers made within sixty (60) days after the end of the month in that the original charge was recorded (i.e., charge posted in October, transfer requested by end of December) no OSP review is required for either salary or non-salary transfers. However, the following steps should be made to insure proper processing of these cost transfers:

- Salary transfers should be requested directly to the Payroll Services Office via an e-mail to payadmin@uthscsa.edu with a copy to report-effort@exchange.uthscsa.edu (OSP). Should a paper request be submitted, it must be reviewed by OSP before being processed by the Payroll Services Office. The Payroll Services Office will then make the required salary journal entry.
- Non-Salary transfers can be requested directly to the Accounting Office using their [Expenditure/Deposit Transfer and Transaction Correction](#) form via email to acctg-admin@uthscsa.edu or through campus mail. OSP does not need a copy of this request for review.

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More than sixty (60) days but less than ninety (90) days after the month the cost was recorded:

- If more than sixty (60) days have passed since the month in which the original charge was recorded (i.e., charge posted in October, transfer requested in January), a further explanation for the lateness of the cost transfer is required, as well as a description of procedures implemented that will prevent the need for future transfers.
- Request for transfer is prepared by completing and signing either an OSP [Cost Transfer Request “Non-Salary”](#) or [Cost Transfer Request “Salary”](#) form depending on the expenditure type being transferred.
- Upon review and approval, the appropriate OSP staff member will e-mail the approval to the Accounting Office and/or Payroll Services Office with a copy to the departmental contact identified on the appropriate cost transfer request form. The original documentation will be kept in the appropriate award file in OSP.
- The Accounting Office and/or Payroll Services Office will make the required journal entries.

More than ninety (90) days after the month the cost was recorded:

Approval for cost transfers submitted later than ninety (90) days are not allowed (i.e., charge posted in October, transfer requested in February). An exception to this policy will be granted only in extenuating circumstances; examples are given below. Note that neither absence of the PI nor the responsible administrator nor the shortage nor lack of experienced staff are appropriate reasons.

Examples of acceptable extenuating circumstances for cost transfers over ninety (90) days are:

- Late issuance of the Health Science Center Project/Grant Activation Notice (PGA) for reasons beyond the control of the requestor (NOTE: charges must be transferred within forty-five (45) days of issuance of the PGA notice);

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- Late issuance of a notice or grant award or full execution of a subcontract subsequent to the start of the budget year or other period of performance; and,
 - Failure of another department/administering unit to take action.

Should an extenuating circumstance be applicable, follow the same procedures as above for sixty (60) days cost transfers. Make sure you identify and justify your extenuating circumstance on the appropriate cost transfer request form.

Roles and Responsibilities

It is the responsibility of the Principal Investigator/Project Director and his or her administering unit to ensure that only allowable and allocable costs are expensed against a project/grant ID.

It is the responsibility of the administering unit (department, institute, center, and the like) to:

1. Ensure compliance with this policy.
2. Ensure that all personnel engaged in the financial administration of grant and contract projects are familiar with this policy.

The OSP has review and approval responsibility for cost transfers and is available to assist in interpretation and implementation of the policy, including prior review of explanations for transfers exceeding the sixty (60) day lateness threshold, and training in the application of the policy.

Examples of Justifications for Cost Transfers

It is the responsibility of the Principal Investigator/Project Director and his or her administering unit to ensure that only allowable and allocable costs are expensed against a project/grant ID.

It is the responsibility of the administering unit (department, institute, center, and the like) to:

1. Ensure compliance with this policy.
2. Ensure that all personnel engaged in the financial administration of grant and contract projects are familiar with this policy.

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Keys to Policy Compliance

Keys to ensuring compliance with this policy are:

- Use the correct project/grant ID at the time of the original charge.
- If no current project/grant ID is available and an award is anticipated, request an advance project/grant ID from OSP.
- Review and reconcile charges monthly.
- Correct incorrect charges immediately and determine how to prevent future occurrences.
- If in doubt about an expenditure, contact OSP for advice.

Forms

The [Cost Transfer Request “Non-Salary”](#) form, as well as the [Cost Transfer Request “Salary”](#) form are available on the OSP Health Science Center forms web page in Microsoft Excel at: http://research.uthscsa.edu/osp/forms_ut.htm

References

Federal Office of Management and Budget

OMB Circular A-21, Cost Principles for Educational Institutions
(http://www.whitehouse.gov/omb/circulars/a021/a21_2004.html)

OMB Circular A-110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations
(<http://www.whitehouse.gov/omb/fedreg/a-110.html>)

NIH Grants Policy Statement

(http://grants.nih.gov/grants/policy/nihgps_2003/NIHGPs_Part5.htm#_Toc54600120)

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The University of Texas System, UTS163, “Guidance on Effort Reporting Policies” (<http://www.utsystem.edu/policy/ov/uts163.html>)

The Health Science Center *Handbook of Operating Procedures* (HOP), [Section 7.1.4](#), “Managing Effort Commitments On and Payroll Charges to Sponsored Programs”
