

PRESENTED @ RAC
4113106 by

RHONDA
KLESS
and
JEFF
MORECI

Carnegie Mellon

Research Administrators Council

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Cost Transfers for Sponsored Awards

Carnegie Mellon Cost Transfer Policy for Sponsored Awards

Cost Transfer Requirements

- [SPA] is responsible for reviewing and approving all cost transfers, payroll or non-payroll, before they can be processed into the accounting records. To be considered allowable, cost transfers must be timely, documented and explained in detail, adhere to the sponsor's standards, and have all appropriate authorizing signatures. Cost transfers should be prepared and submitted as soon as the need for the transfer is identified, but under most circumstances, not later than 90 days from the original transaction date or the original date of labor certification.
- Cost transfers involving sponsored research projects (including payroll reallocations) that are processed within 90 days of the original transaction require approval signatures from the principal investigator (PI), the departmental administrator (DA), and [SPA].

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Carnegie Mellon Cost Transfer Policy for Sponsored Awards

Cost Transfers over 90 Days

- Only in the case of exceptional circumstances will cost transfers (including payroll reallocations) be permitted more than 90 days after the original charge or effort certification. The reasons for a cost transfer over 90 days after the original charge must be documented in detail and will require the signature of the principal investigator(s), the departmental business administrator, the associate dean of the college, [SPA], and the associate provost for research and academic administration/Director of SPA.

Carnegie Mellon Cost Transfer Policy

<http://www.cmu.edu/policies/documents/CostTrans.html>

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What is an acceptable justification for a cost transfer?

Justifications for cost transfers on or off of a sponsored award should answer the following questions:

1. Why is it appropriate/inappropriate to charge the cost to the award?
2. Why was the cost not correctly charged originally?
3. If the cost is > 90 days, why is the cost just now being moved?

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NIH Grants Policy Statement (12/03)

http://grants1.nih.gov/grants/policy/nihgps_2003/index.htm

Cost Transfers, Overruns, and Accelerated and Delayed Expenditures

- Cost transfers to NIH grants by grantees, consortium participants, or contractors under grants that represent corrections of clerical or bookkeeping errors should be accomplished within 90 days of when the error was discovered. The transfers must be supported by documentation that fully explains how the error occurred and a certification of the correctness of the new charge by a responsible organizational official of the grantee, consortium participant, or contractor. An explanation merely stating that the transfer was made "to correct error" or "to transfer to correct project" is not sufficient. Transfers of costs from one project to another or from one competitive segment to the next solely to cover cost overruns are not allowable.

- Grantees must maintain documentation of cost transfers, pursuant to 45 CFR 74.53 or 92.42, and must make it available for audit or other review (see "Administrative Requirements—Monitoring—Record Retention and Access"). The grantee should have systems in place to detect such errors within a reasonable time frame; untimely discovery of errors could be an indication of poor internal controls. Frequent errors in recording costs may indicate the need for accounting system improvements, enhanced internal controls, or both. If such errors occur, grantees are encouraged to evaluate the need for improvements and to make whatever improvements are deemed necessary to prevent recurrence. NIH also may require a grantee to take corrective action by imposing additional terms and conditions on an award(s).

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Examples of Inappropriate or Incomplete Justifications

<u>Inappropriate/Incomplete Justification</u>	<u>Possible Alternative Justification</u>
<ul style="list-style-type: none"> ▪ Clear suspense ▪ Charge was placed on wrong account ▪ Working on xxx project ▪ Per PI request 	Due to administrative miscommunication, LD was not adjusted in time to correctly reflect the effort for John Doe.
Incorrect Award Set up	The original Oracle award established for this award was set up incorrectly and consequently needed to be closed. A new award was set up and all charges are being moved to it. Both Oracle awards relate to the same sponsored award.
Department covering costs	Project charges are being cost shared to cover cost overrun. NOTE: These charges must be moved to a 2xxxxx award and linked to the same project number. They cannot be moved to a GL string or a discretionary account.

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CIRCULAR A-21 (Revised 05/10/04)

http://www.whitehouse.gov/omb/circulars/a021/a21_2004.html

- Any costs allocable to a particular sponsored agreement under the standards provided in this Circular may not be shifted to other sponsored agreements in order to meet deficiencies caused by overruns or other fund considerations, to avoid restrictions imposed by law or by terms of the sponsored agreement, or for other reasons of convenience.

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Factors Affecting Allowability of Costs

- Reasonable
- Allocable
- Consistently Treated
- Conform to Sponsor Agreement and Policy

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Reasonable?

- Recognized as Necessary
- “Arm’s Length” bargaining
- Acted w/due prudence
- Actions taken w/respect of the cost are consistent with University Policy

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Allocable Cost?

- Chargeable to cost objective
- Cannot transfer overruns to other sponsored agreements
- Cannot transfer costs sponsored by non-fed agencies to fed agencies

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Consistency?

- Uniformity of successive costs

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Conformity?

- Limitations or exclusions set by the sponsored agreement (OMB A-110)
- Policies set forth by the University

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Best Practices

- Be Proactive
- Forecast
- Control
- Set Time

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Conclusion

- Reasonable
- Allocable
- Consistently Treated
- Conform to Sponsor Agreement and Policy
- Discussion, Questions, and Suggestions...

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