

Cost Transfers Policy

Sponsored Project Cost Transfers: Policy & Operational Procedure

Policy Sections

Last Revised: April 2014

- **Policy Statement**
 - **Reason for Policy**
 - **Who Should Know This Policy**
 - **Contacts**
 - **Applicable ACP Policies**
 - **Cost Transfer Operations at ACP**
 - **Roles & Responsibilities**
 - **Appendix: Applicable Federal Regulations & Criteria**
-

Policy Statement

ACP is committed to ensuring that all cost transfers (either in the form of a labor or non-labor adjustment) are effected only for appropriate purposes and are conducted in accordance with sponsor terms and conditions, regulations and this policy. Costs to any sponsored project account must be allowable and benefit the sponsored project being charged.

Cost transfers must be supported by documentation reflecting a full explanation of why the transfer is necessary and a correlation of the charge to the project to which the transfer is being made.

Cost transfers should be processed in a timely manner. Delayed cost transfers (those processed more than 90 days after the need for transfer was identified) require extra review and approval. Cost transfers to correct an error must be completed regardless of timeframe if the correction benefits the sponsor.

Reason for Policy

To assure that charges for salaries, wages, and goods and services transferred onto or between sponsored projects are in compliance and consistent with Office of Management & Budget (OMB) Circular A-122, sponsor policies, and award terms and conditions.



Who Should Know This Policy

- Principal Investigators
- Administrative Staff
- Winter Conference/Summer Program Organizers
- Proposal Committee
- Officers
- Trustees
- General Members
- Other: _____

Contacts

Subject	Contact
Policy Questions	Corporate Secretary
Finance Procedure Questions	Administrative Vice President Finance Manager

Applicable ACP Policies

- Participant Support Costs: Policy & Operational Procedure
 - Sponsored Project Program Income: Policy & Operational Procedure
 - Direct & Indirect Charging of Sponsored Projects: Policy & Operational Procedure
 - Allowable Costs on Sponsored Projects: Policy & Operational Procedure
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Cost Transfer Operations at ACP

Introduction and Definition:

A cost transfer is the reassignment of an expense (labor and non-labor) to or from a sponsored project after the expense was initially charged to another sponsored project or non-sponsored project.

This Policy and Operational Procedure defines how sponsored project cost transfers must be identified, processed, approved and documented at ACP. For purposes of this Policy and Operational Procedure, ACP defines a sponsored project as any grant, contract, or other agreement



between ACP and the Federal government or other grantor agency. (This does not include donations or gifts from individuals or corporations.)

Appropriate Initial Charging:

ACP should use due care to ensure that all costs are accurately charged to sponsored projects in the first instance so as to avoid unnecessary cost transfers.

Account Review and the Timely Identification of Errors:

As described in ACP's Account Reconciliation and Review procedure, Administrative Staff and Principal Investigators must review sponsored award reconciliation reports at least quarterly to identify inadvertent errors in a timely manner. If errors or necessary corrections are identified during this review, the Administrative Staff is responsible for preparing and documenting the necessary correcting cost transfer.

Unacceptable Cost Transfer Practices:

The following practices are inappropriate for cost transfers involving sponsored projects:

- Shifting costs to another to meet budget or funding deficiencies.
 - Shifting costs from one sponsored project to another to avoid sponsor restrictions.
 - Assigning costs to sponsored projects based on remaining balance, such as:
 - Assigning large equipment expenditures at the end of a project.
 - Increasing salary expenses on a project with an available balance when it is not consistent with the actual effort expended/proportional benefit.
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Roles & Responsibilities

Principal Investigator: Responsible for reviewing sponsored project accounts on a regular basis and identifying when cost transfers are required.

Administrative Staff: Responsible for reconciling sponsored project accounts on a regular basis and identifying when cost transfers are required. Responsible for documenting cost transfers in compliance with this policy and for retaining documentation, justification and back-up for transfers. This documentation should include an explicit explanation as to how the cost benefited the sponsored project being debited.



Designated Officers: Responsible for supervising the Administrative Staff and reviewing and approving late cost transfers for appropriate charging and compliance with sponsor regulations and ACP policy.

Appendix: Applicable Federal Regulations & Criteria

ACP must comply with the OMB Circular A-122, Cost Principles for Non-Profit Organizations, as it pertains to direct and indirect costs charged to Federal awards. Compliance with A-122 is implicit in this policy. (Current version revised May 10, 2004.)

GENERAL PRINCIPLES

A. Basic Considerations

2. Factors affecting allowability of costs. To be allowable under an award, costs must meet the following general criteria:

- a. Be reasonable for the performance of the award and be allocable thereto under these principles.
- b. Conform to any limitations or exclusions set forth in these principles or in the award as to types or amount of cost items.
- c. Be consistent with policies and procedures that apply uniformly to both Federally financed and other activities of the organization.
- d. Be accorded consistent treatment.
- e. Be determined in accordance with generally accepted accounting principles

(GAAP).

f. Not be included as a cost or used to meet cost sharing or matching requirements of any other Federally financed program in either the current or a prior period.

g. Be adequately documented.

3. Reasonable costs. A cost is reasonable if, in its nature or amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the costs. The question of the reasonableness of specific costs must be scrutinized with particular care in connection with organizations or separate divisions thereof which receive the preponderance of their support from awards made by Federal agencies. In determining the reasonableness of a given cost, consideration shall be given to:

- a. Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the organization or the performance of the award.
- b. The restraints or requirements imposed by such factors as generally accepted sound business practices, arms length bargaining, Federal and State laws and regulations, and terms and conditions of the award.
- c. Whether the individuals concerned acted with prudence in the circumstances, considering their responsibilities to the organization, its members, employees, and clients, the public at large, and the Federal Government.
- d. Significant deviations from the established practices of the organization which may unjustifiably increase the award costs.

4. Allocable costs.



a. A cost is allocable to a particular cost objective, such as a grant, contract, project, service, or other activity, in accordance with the relative benefits received. A cost is allocable to a Federal award if it is treated consistently with other costs incurred for the same purpose in like circumstances and if it:

(1) Is incurred specifically for the award.

(2) Benefits both the award and other work and can be distributed in reasonable proportion to the benefits received, or

(3) Is necessary to the overall operation of the organization, although a direct relationship to any particular cost objective cannot be shown.

b. Any cost allocable to a particular award or other cost objective under these principles may not be shifted to other Federal awards to overcome funding deficiencies, or to avoid restrictions imposed by law or by the terms of the award.

Further, ACP policies regarding direct and indirect charges on NSF awards adhere to the guidelines in the NSF Award and Administration Guide, Section V.D. (Current version revised February 2014):

A. Chapter V - Allowability of Costs

Basic Considerations

Expenditures under NSF cost reimbursement grants are governed by the Federal cost principles and must conform with NSF policies, grant special provisions and grantee internal policies. ... it is the grantee organization that is ultimately responsible for ensuring that all costs charged to NSF awards meet the requirements of the applicable cost principles, grant general terms and conditions, and any other specific requirements of both the award notice and the applicable program solicitation.....

