

Cost Transfers on Cost Reimbursable Grants and Contracts

SPA-11-003



About This Policy

Effective Date:

03-01-2011

Last Updated:

09-21-2016

Responsible University Office:

Office of Research Administration

Responsible University Administrator:

Associate Vice President for Research

Policy Contact:

Steve Martin, Associate Vice President for Research Administration

stemarti@iu.edu

Related Information

- * [OMB Uniform Guidance 2 CFR part 200](#)
- * [NIH Grants Policy Statement](#)
- * [NSF Policies](#)
- * [IU Policy: FIN-ACC-I-1 Role of Fiscal Officer, Account Manager and Account Supervisor](#)
- * [IU Policy: SPA-11-017 Requests for Advances Accounts](#)
- * [Guide for Cost Transfer Exception Request Form](#)

Related Forms

- * [Cost Transfer Exception Request Form](#)

[Scope](#)[Policy Statement](#)[Reason For Policy](#)[Procedure](#)[Definitions](#)[Sanctions](#)[History](#)[Back to top ↗](#)[Scope](#)

This policy applies to all Indiana University faculty and staff with fiscal oversight responsibility for cost reimbursable sponsored project accounts and involved with processing non-salary cost corrections (i.e. cost transfers).

[Back to top ↗](#)

Policy Statement

It is the policy of Indiana University that Fiscal Officers reconcile accounts on a monthly basis (FIN-ACC-I-1) and any required non-salary cost transfers (i.e. corrections) be completed within three months following the month in which the cost was incurred. Salary cost transfers should be prepared prior to issuance of effort certification documents or corrected during the certification process. Cost transfers should be appropriately justified and include an explanation of the error and justification of how the expenditures benefited the sponsored project. Costs incurred prior to the receipt of an anticipated grant or contract award should be charged to an Advanced Account as stipulated in University Policy SPA-11-017.

[Back to top ↗](#)

Reason For Policy

This policy provides guidance to ensure best practices in the fiscal management of cost-reimbursable grants and contracts conducted at Indiana University and to meet internal control requirements of Office of Management and Budget (OMB) federal regulation 2 CFR part 200 “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” and other sponsoring agencies. The federal government and other sponsors of IU research have established policies concerning the assignment of costs to a project. Costs transfers must be accomplished in a timely manner as well as properly justified in order to ensure their allowability and allocability.

[Back to top ↗](#)

Procedure

All non-salary cost transfers to cost reimbursable grants and contracts:

- Complete a General Error Correction (GEC) form including the following supporting documentation:
 - Prior transaction numbers and dates
 - Explanation and justification of
 - Why expense was originally charged to account from which it is being transferred?
 - Why should this expense be transferred to the proposed receiving account? In other words, how does this expense benefit or otherwise relate to scope of work of receiving account.
- With prior approval from ORA, a Distribution of Income/Expense (DI) form may be used but the same information is required.
- For non-salary cost transfers to federal (including federal-pass-through) cost reimbursable grants and contracts that are initiated later than three months following the month in which the original cost was incurred, the following additional steps are required:
 - Complete and submit the Cost Transfer Exception Request Form.
 - The Cost Transfer Exception Request will be submitted to the Office of Research Administration Cost Exception Committee for consideration and the requester will be notified of the Committee’s decision. Only late corrections consisting of costs greater than \$500 will be considered for approval.
 - In the event the Cost Transfer Exception Request is not approved by the Committee and the Request involves transferring costs off of a grant or contract account, the identified costs must be transferred to a non-sponsored programs account in a timely manner.

Appeal Process. Rejected cost transfers may be appealed to the Cost Exception Committee if the requester has additional pertinent information to present to the Committee.

[Back to top ↗](#)

Definitions

Cost Reimbursable Award: An award in which the sponsor agrees to fund all approved project costs incurred within a grant or contract.

Cost Transfer: Transferring an expenditure from one source to another – from one account to another.

[Back to top ↗](#)

Sanctions

Failure to adhere to the principles and processes in this policy may result in the disallowance of costs and cost transfers.

[Back to top ↗](#)

History

Replaces:

- Important Notice 03-2 “Justification/Documentation of Cost Transfers”

Updates previous version of this policy dated 03-01-2011