



UTAH VALLEY UNIVERSITY Policies and Procedures

POLICY TITLE	Cost Transfers for Sponsored Programs	Policy Number	141
Section	Governance, Organization, and General Information	Approval Date	September 27, 2023
Subsection	Publications, Reports, Research, and Records	Effective Date	September 27, 2023
Responsible Office	Vice President of Finance and Auxiliary Services		

1.0 PURPOSE

1.1 Proper management of sponsored programs/external funds is essential to uphold the fiduciary responsibilities of the University. Frequent, late, and inadequately documented and/or unexplained cost transfers, especially those involving sponsored projects with overruns or unexpended balances, raise serious questions about the propriety of the cost transfer. Questioned cost transfers may result in disallowances of expenses and/or reduction in funding. Knowledge of award and policy requirements and ongoing monitoring will improve the quality of financial reporting, improve compliance with regulatory requirements, and reduce the administrative burden and risks inherent in document corrections.

2.0 REFERENCES

- 2.1** *Uniform Administrative Guidance*, 2 C.F.R. § 200
- 2.2** *The False Claims Act*, 31 U.S.C. § 3729 to 33
- 2.3** UVU Policy 114 *Conflict of Interest and Commitment*
- 2.4** UVU Policy 139 *Cost Sharing for Sponsored Programs*
- 2.5** UVU Policy 204 *Appropriateness of Expenditures*

3.0 DEFINITIONS

3.1 Adequate documentation: For the purposes of this policy, full explanation of how an error occurred, reasons why the original charge was incorrect, and/or justification for making the retroactive charge, together with appropriate supporting documents to the extent available.

3.2 Allocable: A cost is allocable to a particular cost objective (i.e., specific function, project, sponsored agreement, department, or the like) if the goods or services involved are chargeable or



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assignable to such cost objective in accordance with relative benefits received or other equitable relationship.

3.3 Allowable: Costs directly related to the performance of a sponsored award and permitted under its terms and The Office of Management and Budget (OMB) guidance that must be reasonable, necessary, allocable, and treated consistently with generally accepted accounting principles.

3.4 Award: A written agreement between Utah Valley University and a sponsor in which the sponsor commits funding to the University.

3.5 Cost overrun: A cost that is recorded in a sponsored project index in excess of the approved project budget.

3.6 Cost transfer: A reassignment of expenses to or from a sponsored project(s) after initially being charged to a separate funding source; a transfer of costs from one project's index to another project's index.

3.7 Direct cost: Those costs that can be identified specifically with a particular final cost objective, such as a federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy.

3.8 Facilities and Administrative (F&A) costs ("indirect costs"): Those costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. To facilitate equitable distribution of indirect expenses to the cost objectives served.

3.9 Index: A place to record financial activity in the general ledger. Each index has specific characteristics (attributes) that govern its use and presentation in financial reports.

3.10 Late cost transfer: A cost transfer that is requested to be made after the three-month period beginning on the first day of the month following posting to the finance system.

3.11 Reasonable: A cost is reasonable if, in its nature and 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 cost.

3.12 Sponsoring Organization: An organization external to the University that provides or awards sponsored programs.

3.13 Sponsored Program: A potentially revocable transfer of monetary funds, or personal or real property, made to the University by a sponsoring organization for a specified purpose designated by the sponsoring organization, or for a specific benefit or intended beneficial outcome in return for the award, and usually made by an enforceable contract. Sponsored



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programs do not include institutional procurement or charitable gifts from private sources. Funds appropriated by the State of Utah for the purpose of funding non-contractual university activities are not considered sponsored programs.

3.14 Sponsored project: A project supported by a sponsored program. Activities include but are not limited to research, scholarship, creative activities, educational or training activities, or a program of service.

3.15 Timely: For the purposes of this policy, timely is considered three months beginning from the first of the month following the posting date of a transaction to the financial system.

4.0 POLICY

4.1 Administration of sponsored agreements is a joint undertaking of the University and the principal investigator/project director (PI/PD). The University and the PI/PD share responsibility for the fiscal and administrative management and for using the funds prudently for the purposes for which the award was made. PI/PDs and department administrators must ensure charges to sponsored projects are accurate and in accordance with federal guidance and university policy. Funding agency requirements concerning the management of awards made to institutions may limit the circumstances under which cost transfers are allowed.

4.2 Salary and non-salary cost transfers within a sponsored project index are generally allowable if they are initiated to correct an error, if they are made on a timely basis, if they are not restricted or limited by the sponsor's policy, and if they include appropriate justification and adequate documentation.

4.3 All sponsored project index activity must include charges that are reasonable, allowable, allocable, and consistently treated. Transfer requests must also be timely, adequately documented, conform to university and sponsor standards, and have proper authorization.

4.4 An after-the-fact reallocation or transfer of costs, either salary or non-salary costs, to a sponsored project should occur within a three-month period beginning on the first day of the month following posting to the finance system. Late cost transfers require authorization by the Office of Sponsored Programs.

4.5 The University's records must contain adequate documentation supporting an evaluation of the transfer. Frequent, tardy, or inadequately explained transfers, especially when they involve indexes with cost overruns must be avoided and may result in a change of PI/PD or termination of the sponsored agreement.

4.6 Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect (F&A) costs.



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5.0 PROCEDURES

5.1 Financial reports for sponsored projects (e.g., non-appropriated funding) should be reviewed monthly to identify and facilitate the timely submission of any required cost transfer.

5.2 Cost transfer forms should be completed and returned to Finance and Business Services within the cost transfer period or before the grant closeout period, whichever comes first.

5.2.1 Late cost transfers will require additional justification and approval of the Office of Sponsored Programs.

5.3 When the need for a cost transfer arises, a request should be made to Finance and Business Services using the appropriate form.

5.4 All cost transfers must include the following documentation:

- 1) An explanation for the transfer –The explanation must be sufficient for an independent reviewer (i.e., a federal auditor) to understand the transfer and conclude that it is appropriate. An explanation that merely states that the transfer was made to correct an error or to transfer to the correct project is not sufficient;
- 2) A reference identifying the original transaction (i.e., finance system document number); and
- 3) A written approval – Transfers moving costs on to a sponsored project must be reviewed and approved by the PI/PD.

5.5 Cost transfer forms with inaccurate or incomplete information, or forms with insufficient and/or inadequate explanations, will be returned to the department and/or the PI/PD.

5.6 Cost transfers may be appropriate

- 1) To correct clerical and data entry errors;
- 2) For costs incurred in connection with an anticipated award that fails to materialize;
- 3) When charges directly benefit more than one program therefore justifying a distribution of the costs based on the benefits received;
- 4) When subsequent information is received indicating the charges have had material benefit to the grant or contract and are not otherwise prohibited by the terms of the award;
- 5) To move expenses off an index that are outside of the budget period and/or project period of the award; or



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6) For a clearly justified and authorized business necessity.

5.7 Cost transfers are not appropriate

- 1) For utilizing unexpended funds of another award;
- 2) For circumventing award restrictions;
- 3) To avoid cost overruns; or
- 4) For reasons of convenience to the department and/or PI/PD.

5.8 Cost transfers involving payroll may require a new certification of the time and effort report to be completed.

POLICY HISTORY		
Date of Last Action	Action Taken	Authorizing Entity
December 4, 2014	Approved.	UVU Board of Trustees
September 27, 2023	Revised policy approved	UVU Board of Trustees