



# Policy and Procedure

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## COST TRANSFERS ON SPONSORED AGREEMENTS

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Origination Date: March 31, 2007

Effective Date: March 31, 2007

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### Policy Statement

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In its capacity as the fiscal and administrative agent for Old Dominion University's sponsored program activities, it is the policy of Old Dominion University Research Foundation that errors in the allocation of direct costs to sponsored agreements must be identified, corrected, and documented in a timely and consistent manner. This policy applies to all agreements with both federal (including federal flow-through projects) and non-federal sponsors. If an individual sponsored agreement has more stringent requirements than ODU/ODURF policy, the requirements of that agreement shall govern.

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### Reason for Policy/Purpose

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This policy aligns ODU/ODURF policy and procedures with the requirements of the cost accounting standards imposed on universities by Office of Management and Budget (OMB) Circular A-21, Cost Principles for Educational Institutions.

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### Who Needs to Know This Policy

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Principal Investigators (PI's), Co-Investigators (Co-PI's), Faculty and Staff Responsible for Sponsored Research

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### Policy/Procedures

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#### Policy Summary

Specific fiscal regulations govern transactions on grants and contracts awarded to ODURF by the federal government. OMB Circular A-21 has defined what costs are allowed on grants, contracts and other agreements. The Federal Cost Accounting Standards Board has established criteria for the process and documentation of charging allowable costs to sponsored agreements. The resulting federal requirements make it necessary for ODURF to identify and correct errors in allocating direct charges to sponsored agreements in a timely and consistent manner and to provide proper documentation of these transfers. Because cost transfers are an area of concern to federal auditors, it is critical that all department staff and Principal Investigators, as well as staff in ODURF, understand and follow the guidelines in a consistent manner.

An error in charging costs to a sponsored agreement must be identified and the appropriate correction initiated within 90 days of the error or within 30 days after the end of the grant period, whichever date occurs first. For corrections initiated after the deadlines above, a written explanation as to the cause of the error and a plan to prevent the recurrence of similar errors must be submitted to the ODURF Grant and Contract Administrator (GCA) . Cost transfers to reimburse a sponsored agreement must be processed as soon as an error is discovered, regardless of when the error occurred. The principle of consistency in cost accounting periods requires that costs be transferred within the same fiscal year as that in which the error occurred; every effort should be made to correct an error within the same fiscal year as it was made.

An error in charging costs to a sponsored agreement can be moved or transferred only once. It is not appropriate to move a previously transferred cost to another sponsored agreement except in the most extraordinary circumstances. Transferring a cost more than once requires a written explanation that must be submitted to ODURF.

If an adjustment must be made to a sponsored agreement that has ended and the final financial report has been filed with the sponsor, ODURF will determine whether the adjustment will be permitted. If the adjustment is not permitted, the cost will be charged to the department in which the sponsored agreement was housed.

#### Reasons for Transfer

A cost must be both allowable and directly related to a sponsored agreement to be transferred to that agreement. **Transfers based on funding considerations (i.e., funds remaining at the close of the agreement) are prohibited.**

#### Additional Requirements for Payroll Cost Transfers

## **COST TRANSFERS ON SPONSORED AGREEMENTS**

Special consideration must be given to the timeliness of payroll cost transfers in relation to effort certification. ODURF policy requires that the payroll distribution match effort percentages certified on the effort certification report. Payroll cost transfers, accompanied by appropriate explanations, are allowable prior to the certification of effort. Should a payroll cost transfer be required to correct a material error after effort certification has been made, the request must include a written justification, must be submitted within 180 days of the period being certified, and must be signed and approved by the appropriate department head and the Executive Director of ODURF.

### **Responsibility for Compliance**

The primary responsibility for recording charges to the correct sponsored agreement is with the Principal Investigator. Suitable fiscal practices at ODURF should permit identification of any clerical or bookkeeping errors in a timely manner, allowing cost transfers to be processed within the required time limits. The Principal Investigator's signature is required on all cost transfers. Therefore, responsibility for following these guidelines lies with Principal Investigators, Department Chairs, departmental fiscal personnel and ODURF Grant and Contract Administrators (GCA). ODURF is responsible for review and approval of cost transfers. ODURF staff will review the backup documentation and specific sponsored agreement to verify the allowability of a cost transfer.

### **Procedures for Non-Payroll Cost Transfers**

Requests for non-payroll cost transfers are initiated by the PI or Co-PI in writing to the ODURF GCA. The request must respond to the following questions:

Why was the expense erroneously charged originally?  
How was the error discovered?

Transfers should be processed through the proper signature authority and submitted to ODURF accounting for final approval. The ODURF GCA reviews each cost transfer for funds availability and to ensure that the transfers and their explanations meet the allowability and allocability requirements of A-21.

### **Procedures for Payroll Cost Transfers**

Requests for payroll cost transfers are initiated by the PI or Co-PI in writing to the ODURF GCA. The request must respond to the following questions:

Why was the expense erroneously charged originally?  
How was the error discovered?

Transfers should be processed through the proper signature authority and submitted to ODURF accounting for final approval. The ODURF GCA reviews each cost transfer for funds availability and to ensure that the transfers and their explanations meet the allowability and allocability requirements of A-21.

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## **Forms**

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Standard Journal Entry with appropriate documentation.

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### Website Addresses for This Policy

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<http://www.researchfoundation@odu.edu>

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### Contacts

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For more information on this policy, please contact Julian F. Facenda, ODURF Director of Finance at 757-683-4293 Ext. 602.

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### Definitions

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### Related Information

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[Circular A-21](#)

[Circular A-110](#)

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### Appendices

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N/A

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### Who Approved This Policy

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Old Dominion University Research Foundation Board of Trustees

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### History/Revision Dates

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