



Campus Administrative Policy

Policy Title: Cost Transfers on Sponsored Projects, 4-12

Policy Number: 2018 Functional Area: Finance

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Applies to: CU Anschutz
CU Denver

A. INTRODUCTION

The purpose of this policy is to establish guidelines and procedures for the transfer of costs between or to sponsored projects and to prescribe the conditions under which cost transfers may be accepted as charges to sponsored projects. This policy applies to all cost transfers from any source of University of Colorado Denver | Anschutz Medical Campus (“university”) funding to sponsored projects.

Each university department is responsible for complying with and enforcing the following policies and procedures. Any penalties, disallowances, or losses of funding caused by non-compliance with this policy will be assessed against the department in violation of the policy.

B. DEFINITIONS

1. Allocable costs are costs that can be charged to a university program/project, in reasonable and realistic proportion to the benefit provided relatively easily with a high degree of accuracy. If the transfer contains a partial allocation of costs, the method used to allocate the costs must be consistently applied and the department should maintain documentation on allocation method.
2. Cost Transfer is the transfer of a cost incurred initially on one university program/project and subsequently transferred to a sponsored project. A cost transfer does not include items posted to a suspense account or program that are cleared to the appropriate project on a timely basis.
3. Sponsored Projects are research, instructional, or public service activities that are related to the mission of the university and sponsored by external agencies or entities. If an award meets at least one of the following criteria, it is likely a Sponsored Project. However, the existence of any one of the criteria may not be determinative.
 - a. The award is a grant or contract from a governmental entity, unless exempted under 2 CFR 200: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) or any superseding document.
 - b. The proposal responds to a Request for Application (RFA), Request for Proposal (RFP), or other formal solicitation, and the project is initiated by notice of award. Certain RFPs issued by private charitable foundations may not qualify as a Sponsored Project.
 - c. The award includes terms that bind the university to a list of scholarly or scientific inquiry.
 - d. The Statement of Work specifies programmatic objectives mutually agreed upon by the university and the sponsor, which are to be accomplished within a specific period of time or within a detailed budget framework.
 - e. The sponsor is entitled to receive the following types of deliverables: a detailed technical report of research results, milestone reports, or a required report of allowable expenditures. Certain reporting requirements of private charitable foundations that are stewardship- or accountability-oriented may not qualify as Sponsored Projects.
 - f. The award requires separate accounting procedures and detailed financial reports.
 - g. The sponsor requires the return of unexpended funds or only reimburses for incurred costs (expenditure-driven).
 - h. The award provides for compliance audits by or on behalf of the sponsor, which may or may not include a financial audit.
 - i. The award is for a project requiring compliance oversight including, but not limited to: human subjects, animal use, biohazards, or bio-safety.
 - j. The award terms include publication or data restrictions or monitoring.
 - k. The sponsor requests intellectual property rights or controls the disposition of capital equipment.
 - l. The award is by a sponsor who has licensing rights to inventions from the same lab/researcher benefiting from the award.
 - m. The sponsor designates a sponsor employee (agent) as project technical

monitor (as opposed to designating a contact person to improve communications).

- n. The award is for a sub-award project under a federal award.
- o. The award requires a matching or cost sharing commitment on the part of the university.
- p. The award generates program income to a federal award.
- q. The award from the sponsor is for membership fees to centers and affiliate programs. The university may receive membership fees for its centers and affiliate programs, as characterized by any one of the following examples:
 - 1) The member agreement imparts “Center Member” status to the sponsor.
 - 2) The member receives the right to exert any type of control over the operation of the institute, center, or program.
 - 3) The member receives special or discounted access to laboratories or other university facilities for its use.
 - 4) The member receives patent, licensing rights, or other intellectual property rights provisions benefiting the sponsor.

D. POLICY STATEMENT

1. General

Any project direct expense should be charged to the project(s) that is benefited by the expense, so long as this type of expenditure is allowable by the Sponsor, and/or by Uniform Guidance and Cost Accounting Standards (if federally sponsored). In addition, the amount of the expense must be reasonable. If a project is not directly benefited by the expenditure, then the expense cannot be charged to that project.

If a direct expense has been charged to an incorrect project number, this error should be corrected via a Journal Entry (JE) or Payroll Expense Transfer (PET).

The university recognizes that transfers of costs from one project to another are occasionally necessary to correct bookkeeping or clerical errors in the original charges. The university also recognizes that closely related work may be supported by more than one funding source and that in such cases a cost transfer may be completed to split the expense between projects. Again, all projects receiving a portion of the expense must directly benefit from this expense.

Frequent, tardy, unexplained, or inadequately explained transfers, particularly where they involve projects with significant cost overruns or unexpended fund balances, raise serious questions about the propriety of the transfers themselves.

As a result, any cost transfer involving a program/project that is in a deficit status, has unexpended funds at the end of the project or is being requested more than 90 days after the transaction date requires extra explanation addressing these issues as part of the cost transfer’s supporting documentation.

2. Cost Transfer Requests and Required Certification

The transfer of costs to a sponsored project requires the JE/PET preparer to electronically certify that all expenses contained on the JE/PET are true and correct, that costs transferred to a sponsored project (Fund 30 31 FOPPS) are reasonable, allowable, and allocable, and in accordance with award terms. This is completed by submitting a JE/PET.

a. Reasons for Requesting Cost Transfers

Expenses transferred to sponsored projects are very prone to audit and must be clearly supported.

1) Correction of Errors

The transfer of costs to sponsored projects to correct clerical or bookkeeping errors must be made promptly after the errors are discovered within 90 days of discovery of the error per federal policy and generally best practices for non-federal sponsored projects. If not discovered prior to the submission of a grant expenditure report or final invoice, sponsor approval may be required to determine if we will be able to report or invoice the expense, before approving the transfer.

No time limit exists for *removing* expenditures from a sponsored project account. If inappropriate expenditures are discovered on sponsored project accounts, they must be moved to a non-sponsored departmental account without regard to time limits.

The transfer should be supported by documentation that contains an explanation of how the error occurred and a certification of the correctness of the new charge by a responsible university organizational official. An explanation that merely states that the transfer was made "to correct error" or "to transfer to correct project" is not sufficient.

Departmental review of financial reports should be completed on a regular basis to support identify and correct all errors within a reasonable amount of time. A recommended cadence would be monthly.

Errors not discovered within 90 days of the expense, additional information should be provided in the payroll expense transfer or journal entry on why the correction was delayed and how the delay will be avoided in the future.

2) Closely Related Work

If the criteria of closely related work is the reason used to authorize a transfer and a proportional allocation method cannot be determined, a JE/PET may need to be completed to split the expense between two or more projects that are directly benefited by this expense. Additional information may be requested based on the sponsor's definition of closely related work.

b. Unallowable Reasons for Cost Transfer

Costs cannot be transferred to a sponsored project account solely based upon up on funding availability or to relieve an over expenditure or non-compliance situation on another sponsored project. Charging costs to one sponsored project with the intention of repaying the sponsored project when an award is received is also not appropriate. The transfer must be a proper and allowable charge to the receiving account. The cost must benefit the project/program/award and adhere to all other University policies, sponsor policies, and the terms of the sponsored agreement.

3. Retention of Documentation

The JE or PET with the supporting documentation attached will be retained within the PeopleSoft Finance system. This will be the “official” document. As a result, it will be retained in accordance with its record retention policy and will be made available for verification during the course of an audit or other review made by, or on behalf of, a sponsoring agency.

Notes

1. Dates of official enactment and amendments:
January 21, 2010: Adopted by the Vice Chancellor for Research
February 1, 2011: Revised
February 13, 2019: Formatting Updated
January 25, 2021: Revised, adopted by both Chancellors
2. History:
February 13, 2019: Modified to reflect a campus-wide effort to recast and revitalize Campus policy sites into a standardized and more coherent set of chaptered policy statements organized around the several operational divisions of the university.
January 25, 2021: Process removed to comply with Campus Policy 3000 and to align policy with new Elevate process that was rolled-out in 2018.
3. Initial Policy Effective Date: January 21, 2010
4. Cross References/Appendix:
 - Office of Management and Budget, Title 2 – Grants and Agreements, Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
 - National Institutes of Health Grants Policy Statement, , Cost Transfers, Overruns, and Accelerated and Delayed Expenditures
 - National Science Foundation Grant Policy Manual, Chapter VI, Allowability of Costs
 - Health and Human Services Grants Policy Statement, Cost Transfers
 - Title 45, Code of Federal Regulations Part 74, subpart D
 - [University of Colorado Administrative Policy Statement 4014, Fiscal Roles and Responsibilities](#)