I. PURPOSE

Federal regulations restrict the movement of expenditures into and between sponsored grants, contracts and agreements. Those regulations state that all cost transfers must be completed promptly after discovering the original erroneous expense and must provide adequate justification for the transfer or reallocation.

The objective of this policy is to establish a uniform institutional control for all Sponsored Programs accounts. Therefore, to ensure that all cost transfers are documented and in compliance with Federal audit guidelines, Villanova University maintains a cost transfer policy and Cost Transfer Form that applies to both federal and non-federal sponsored awards.

II. SCOPE

This policy applies to all sponsored programs funds.

III. DEFINITIONS

IV. POLICY STATEMENT

All cost transfers must be supported by documentation that contains a full explanation of how the error occurred and a certification of the correctness of the new charge. Federal guidance states that an explanation which merely claims that the transfer was made to "correct an error" or "to transfer to correct project" is not sufficient.
To ensure that all transfers are completed on a timely basis, all requests for cost transfers must be received by the Office of Research Administration within 90 days of availability of the monthly report where the charge first appeared (generally the 15th of the month following the original charge). Cost transfers not completed within these limits may be processed only if extenuating circumstances warrant.

Examples of extenuating circumstances may include the late execution of a subcontract agreement or transfer of expenses related to patient enrollment. If guidance is required to define extenuating circumstances, contact the Office of Research Administration.

In order to allow for the timely close-out of sponsored agreements and/or preparation of financial reports to the sponsoring agency, all cost transfers must be processed at least three weeks prior to the due date for submission of the final reports to the sponsor. This will allow ORA to review and approve the transfer, and the Controller’s Office to meet sponsors' final reporting requirements.

All cost transfers generated and certified by the Principal Investigator must be routed through the respective Department or College, and the Office of Research Administration for financial and programmatic review and approval. The Office of Research Administration will then forward the approved requests to the Controller’s Office for initiation of accounting entries into the institution’s financial records. The Controller’s Office may generate cost transfers from one budget period to another budget period of the same project to ensure the timely close-out of a sponsored agreement. The Office of Research Administration may generate cost transfers to remove an unallowable cost, as defined in the Costing Guidelines for Sponsored Programs Policy, a deficit, or any transaction required to close account or match final report. Principal Investigators and administrators will be informed when such cost transfers are processed. The original Cost Transfer Forms and supporting documentation will be maintained in the financial records in the Controller’s Office.
Failure to process timely cost transfers may result in administrative actions being taken by the Office of Research Administration. These actions may include, but are not limited to, rescinding the grant and returning unexpended balances to the granting agency or restricting the ability of the investigator to apply for funding for sponsored projects.

V. PROCEDURE (if applicable)

Complete the Cost Transfers form located on the ORA website. Attach any supporting documentation. Route for required approvals.

VI. RELATED POLICIES/FORMS

Costing Guidelines for Sponsored Programs

VII. HISTORY

VIII. RESPONSIBLE UNIVERSITY DIVISION/DEPARTMENT

Office of Research Administration

IX. RESPONSIBLE ADMINISTRATIVE OVERSIGHT

Office of Research Administration

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