



Cost Transfers and Cost Allocations Administrative Procedure

Approved By: Associate Provost for Research
Associate Vice President for Finance & Controller

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Finance Procedure Number: 3.12.02

Responsible Official: Associate Provost for Research
Associate Vice President for Finance & Controller

Related Policies: Cost Principles, Audit and Administrative Requirement

Review Cycle: Annually

Last Review Date: N/A

Administrative Policy Statement

The University conducts research that is sponsored by the federal and state government as well as private sponsors. Sponsored research grants and contracts are an essential element in creating a collegiate university and providing outside funding to support the academic mission and research function of the University. As a recipient of federal, state and privately sponsored grants and contracts, the University is required to comply with all policies and regulations set forth by the federal and state government and private sponsors, including compliance with the Office of Management and Budget (OMB) Uniform Guidance (Uniform Guidance). Uniform Guidance identifies the costs principles, audit and administrative requirements for Sponsored Research.

All University faculty, staff, and students who are responsible for administering federal and state sponsored grants should be familiar with these principles as well as other requirements of a granting agency or authority to mitigate risk associated with noncompliance.

Purpose

To establish a consistent procedure and provide guidelines to support the University’s cost transfers and cost allocations procedures for federally and state sponsored research funds in accordance with overarching federal / sponsoring agency guidelines, and U.S. Generally Accepted Accounting Principles (GAAP).

Responsibilities

University Office or Officer:

- Associate Provost for Research
- Associate Vice President for Finance & Controller

Areas that are governed by this Administrative Procedure:

- University Office of Sponsored Research
- Finance Division
- Campus Community

Areas who should know this Administrative Procedure:

- Research and Sponsored Programs Division
- Finance Division administrators and staff
- Campus Community

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Overview:

Wake Forest applies, consistent with the Uniform Guidance, the cost principles based on the following fundamental premises:

- (a) Non-Federal entities are responsible for the efficient and effective administration of Federal awards through the application of sound management practices.
- (b) Non-Federal entities assume responsibility for administering Federal funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the Federal award.
- (c) Non-Federal entities, in recognition of their own unique combination of staff, facilities, and experience, will have the primary responsibility for employing whatever form of organization and management techniques may be necessary to assure proper and efficient administration of Federal awards.
- (d) The application of these cost principles should require no significant changes in the internal accounting policies and practices of non-Federal entities. However, the accounting practices must support the accumulation of costs as required by the principles, and must provide for adequate documentation to support costs charged to Federal awards.
- (e) Cognizant agencies involved in negotiating indirect (or facilities and administrative (F&A)) cost rates and auditing should assure that non-Federal entities are generally applying these cost accounting principles on a consistent basis during their review and negotiation of indirect cost proposals. Where wide variations exist in the treatment of a given cost item among non-Federal entities, the reasonableness and equity of such treatments should be fully considered during rate negotiations and audits.

Cost Transfers

In addition to the overarching Uniform Guidance, the University applies the National Institute of Health (NIH) grants Policy Statement, Release 3/31/15, for all federal and state sponsored research cost transfers, overruns, and accelerated and delayed expenditures.

Cost transfers to federal and state grants that represent corrections of clerical or bookkeeping errors should be accomplished within 90 days of when the error was discovered. The transfers must be supported by documentation that fully explains how the error occurred and a certification of the correctness of the new charge by the responsible faculty member, or designee. Transfers of costs from one project to another or from one competitive segment to the next solely to cover cost overruns are not allowable. See the Cost Transfers and Allocations Forms must be completed by the department with any supporting documentation attached for Financial Services (FS) processing. See the Related Forms Section for the Cost Transfers and Allocations Form.

The University maintains documentation of cost transfers, pursuant to 45 CFR 75.364, and makes the documentation available for audit or other review. The responsible faculty member, or designee, is responsible for reviewing the monthly statements to detect such errors within a reasonable time frame. If a department has frequent errors, FS will evaluate the need for

improvements and to make whatever improvements are deemed necessary to prevent reoccurrence.

Cost Allocations

The University may have salaries or other activities that are supported by two or more sources. Issues may arise as to how the direct costs should be allocated among the sources of support. In general, a cost that benefits two or more projects or activities in proportions that can be determined without undue effort or cost should be allocated to the projects on the basis of the proportional benefit. A cost that benefits two or more projects or activities in proportions that cannot be determined because of the inter-relationship of the work involved may be allocated or transferred to the benefiting projects on any reasonable basis as long as the costs charged are allowable, allocable, and reasonable under the applicable cost principles and within the University's financial system ensuring adequate internal controls.

Applicable Credit Application

Consistent with NIH Grants Policy Statement, the University applies applicable credits to direct charges made to federal or state grants. The credits are treated as an adjustment directly to the federal or state grant, whether those credits accrue during or after the period of grant support.

Contact(s)

For any questions please contact the following individuals:

Lori Messer, Director, Office of Sponsored Research, messlerlj@wfu.edu

Debbie Hellman, Manager, Financial Services, grants@wfu.edu

Web Address for Policy

<http://finance.wfu.edu/policies-and-procedures>

Related Documents and Forms

Account Code Dictionary (<http://finance.wfu.edu/faculty-staff/financial-reporting>)

Business Expense Policy (<http://finance.wfu.edu/policies-and-procedures>)

Unallowable Costs Administrative Policy (<http://finance.wfu.edu/policies-and-procedures>)

Unallowable Costs Administrative Procedure (<http://finance.wfu.edu/policies-and-procedures>)

Cost Transfer Explanation Form (<http://finance.wfu.edu/forms>)

Expenditure Voucher Form (<http://finance.wfu.edu/forms>)

Travel, Meals and Entertainment Policy (<http://finance.wfu.edu/policies-and-procedures>)

Federal Guidance

Uniform Guidance

www.whitehouse.gov/sites/default/files/omb/financial/grant_reform/proposed-omb-uniform-guidance-for

NIH Grants Policy Statement

<http://grants.nih.gov/grants/policy/nihgps/index.htm>

Debit Chartfield: _____

Credit Chartfield: _____

Cost Transfer Explanation & Justification Form For Use with Sponsored and Special Funds Only

If transfer is made within 90 days of the original charge, answer questions 1 and 2; if over 90 days, answer all 4 questions.

1. Why was the expense originally charged to the account from which it is now being transferred? Include detailed information (date, account charged, amount, etc). *Include a copy of Detail statement or other documentation of original charge.*

2. Why should this charge be transferred to the proposed receiving account? Include the account number to charge.

3. Why is this cost transfer being requested more than 90 calendar days after the original charge? Attach any necessary supporting documentation.

4. What action is being taken to eliminate the need for additional cost transfers of this type?

Requestor's signature: _____ (PI or cognizant administrator)

Printed name, title, and phone #: _____

Date: _____

NOTE: By signing above, requestor certifies that the cost to be transferred is an appropriate expenditure for the grant or contract charged and that the expenditure complies with the terms and restrictions governing that grant or contract.

Business Manager or Department Chair

Signature: _____ Date: _____

Printed name, title, and phone #: _____

Controller's Office

Signature: _____ Date: _____