



Policy Chapter: Chapter 13 Research and Innovation

Policy Number and Title: 13.017 Cost Transfers for Sponsored Projects

I. Policy Statement

The University of North Texas strives to ensure that those involved in sponsored project activities appropriately charge costs associated with a sponsored project to the correct account from the outset. However, UNT recognizes that cost transfers are sometimes necessary to correct keypunch or clerical errors, allocate costs of closely related work that may support more than one project or to clear a cost overrun or disallowed cost. It may also be necessary to reimburse costs paid from departmental or discretionary resources prior to receipt of a fully executed award if those costs were incurred within the period of performance set in the award.

When cost transfers occur, they are required to be handled and accounted for in a manner that is in accordance with best practices, is well documented and that is in compliance with the cost allowable and allocable requirements of OMB Circular A-21, as relocated to the Uniform Guidance, 2 CFR, Part 200. This policy establishes requirements and responsibilities for all cost transfers related to sponsored projects at UNT.

II. Application of Policy

This policy applies to all faculty and staff engaged in sponsored project activities and applies to all sponsored project funding, regardless as to whether received from a federal, state, private, or other sponsor.

III. Policy Definitions

A. Allocable

“Allocable,” in this policy, means a cost incurred that advances the work of a sponsored project and is chargeable to a particular cost objective.

B. Allowable

“Allowable,” in this policy, means a cost incurred that is reasonable, allocable, consistent, and conforms to any limitations or exclusions of the sponsor.

C. Award

“Award,” in this policy, means a grant, contract, sub-contract, sub-grant, or cooperative agreement that provides funding from an external sponsor of a sponsored project and is entered into between the sponsor and UNT.

D. Committed Effort or Effort Commitment

“Committed Effort” and “Effort Commitment,” in this policy, mean the amount of effort identified in a sponsored project award agreement or in a sponsored project proposal that is submitted and accepted by the sponsor for funding regardless of whether or not salary support is requested in support of that effort.

E. Cost

“Cost,” in this policy, means an expense that has been incurred by UNT and recorded to the financial accounting system of UNT.

F. Cost Transfer

“Cost Transfer,” in this policy, means the reassignment of a cost to a sponsored project account after the cost was initially charged to another sponsored project account or to a non-sponsored project account in the financial accounting system or official records of UNT. Cost transfers include reassignments of salary, wages, and other direct costs. Reassignment of salaries and wages affecting a sponsored project are covered by Policy 13.015, Effort Reporting.

G. Effort

“Effort,” in this policy, means the amount of time spent on any activity for which an Individual is compensated by UNT. Effort is expressed as a percentage of the Individual’s total institutional activities, which typically includes work on sponsored projects, teaching and instruction, service, or other duties for UNT.

H. OMB Circular A-21

“OMB Circular A-21,” in this policy, means United States Office of Management and Budget (OMB) Circular A-21, “Cost Principles for Educational Institutions,” relocated to 2CFR, Part 220, as revised or superseded.

I. Principal Investigator (PI)

“Principal Investigator” and “PI,” in this policy, mean a single individual who, in the event of an award from an external funding agency, shall have the full and final responsibility for the conduct of the project as proposed and as set forth in the award.

J. Sponsor

“Sponsor,” in this policy, means any external entity that provides funding to UNT for sponsored projects. Sponsors may be (i) governmental agencies (for example, federal, state, or local governments or their administrative organizations); (ii) nonprofit organizations (for example, universities, nonprofit corporations, foundations, or associations); (iii) for profit organizations (for example, corporations, partnerships, sole proprietorships, and other business entities); or (iv) individuals. Governmental, nonprofit, and for profit sponsors are sometimes referred to by themselves and others as “agencies.”

K. Sponsored Project

“Sponsored Project,” in this policy, means a project funded by an external sponsor through an award with UNT, where one or more of the following obligations apply (examples of sponsored projects include but are not limited to instruction projects, public service projects, or research projects):

1. Financial Obligation – UNT is required to comply with conditions imposed when a sponsor awards funding for the performance of services or delivery of products described in a statement of work.
2. Regulatory Obligation – UNT is required to comply with sponsor regulations, which may include federal or state regulations.
3. Reporting Obligation – UNT is required to provide to the sponsor technical performance reports or regulatory or administrative reports.
4. Performance Obligation – UNT is required to perform within a certain period and may be required to meet other specified requirements related to performance.
5. Accounting Obligation – UNT is required to establish a separate accounting record of project accountability, to provide financial reports to the sponsor, and to preserve appropriate records for audit purposes.

L. Total Institutional Activities

All activities for which an Individual is compensated by UNT as a result of his or her employment, including but not limited to, service on UNT committees, teaching, performing duties associated with committee-work or teaching, public service, continuous administrative duties (Unit Administrator, dean, etc.), and research (which may or may not be pursuant to a sponsored project).

M. Uniform Guidance

“Uniform Guidance” means *OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 2 CFR Part 200, et al.* The Office of Management and Budget (OMB) issued *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* in the *Federal Register*. The Uniform Guidance replaces the administrative, accounting, and audit rules and principles promulgated in the OMB Circulars, including A-21, A-110, and A-133.

IV. Policy Responsibilities

A. Generally

Grants and Contracts Administration is responsible for overseeing and approving all cost transfers related to sponsored projects.

B. Frequent, Late and/or Inadequately Explained Cost Transfers

Frequent, late and/or inadequately explained cost transfers, especially those made near or after the end of the performance period and relating to sponsored projects with cost overruns or unexpended balances, raise serious questions about the propriety of the cost transfers and internal fiduciary controls.

C. Suspicious Cost Transfer Characteristics

1. Sponsors and auditors regard suspicious cost transfers with the following characteristics:
 - a. Frequent cost transfers;
 - b. Costs transferred long after the original charges were recorded;
 - c. Cost transfers supported by inadequate documentation or justification;
 - d. Cost transfers made at the end of a sponsored project that relieve overruns or that spends a sponsored project balance.
2. It is the policy of UNT that a cost must be applied to the account associated with the sponsored project that has benefitted from the cost incurred and that this application must be posted into official records found in the financial accounting system of UNT. After the initial posting of a cost, Grants and Contracts Administration will only approve and post a cost transfer if allowable and allocable under the Uniform Guidance and if the cost transfer is in accordance with best practices as determined by Grants and Contracts Administration through this policy.

D. Monitoring of Costs

The Principal Investigator is responsible for monitoring sponsored project expenditures on a regular and timely basis to ensure that all costs are reasonable and have been reported and applied correctly and that costs are allowable and allocable and comply with federal, state, and UNT System and UNT rules, regulations, policies, and procedures. In addition, the Principal Investigator should check to ensure that salary costs comport with effort commitment. In the event it is necessary to request a cost transfer, the Principal Investigator will complete a Cost Transfer Request Form and submit it to Grants and Contracts Administration with supporting documentation. The principal investigator, and department administrators shall ensure completeness, accuracy, and timeliness of requested cost transfers. The request for a transfer must be initiated promptly (within 90 days of the end of the month of the original transaction date or within 30 days of the sponsored project end date, whichever is earlier). After this period, cost transfers will only be permitted under extenuating circumstances, and will require an additional written justification and detailed documentation of the reason for the transfer, and the Cost Transfer Request Form will require signature by the Principal Investigator, and by the appropriate Unit Administrator or Dean in the case of a Unit Administrator submitting the transfer. When a correction will benefit a sponsor, then a cost transfer must be initiated to correct errors regardless of the timeframe, unless the sponsor deems the dollar amount to be immaterial.

E. GA Responsibilities

1. Grants and Contracts Administration provides fiscally sound management of sponsored project costs and ensures that cost transfers to or from sponsored projects are made promptly and in accordance with this policy, the Uniform Guidance and applicable law.

2. Grants and Contracts Administration is responsible for the following:
 - a. Reviewing Cost Transfer Request Forms and approving or denying all cost transfers, ensuring the requested cost adjustments or changes comply with appropriate policies, rules and regulations;
 - b. For cost transfers related to effort and effort commitment, notifying and obtaining the approval of the Provost and Vice President for Academic Affairs or his or her designee prior to making any cost adjustments;
 - c. Posting cost transfers associated with sponsored projects in the official records of the financial accounting system for UNT; and
 - d. Maintaining official records related to cost transfers made to sponsored projects, in accordance with the terms of the grant or contract, UNT Policy 4.008 Records Management and Retention, and applicable federal and state regulations; and continuing to do so until conclusion of the sponsor audit or audit vulnerability period and the conclusion of the record retention period also set out in UNT Policy 4.008 Records Management and Retention.

F. Salary Adjustments & Prohibition on Commingling of Funds

Under no circumstances will Grants and Contracts Administration allow costs that benefit one sponsored project to be charged temporarily to another sponsored project (equivalent to a loan). This results in improper financial reporting and inappropriate reimbursement from the sponsor(s). Typically, a cost transfer for salaries that is related to changes in effort is not permitted after effort certification statements are completed and signed by the faculty or staff member or after the sponsored project closeout date unless it benefits the sponsor (i.e., a salary transaction is removed from a sponsored project account). In rare circumstances if it is necessary to adjust salary charges for a previously certified effort period, documentation must provide a detailed explanation of the need for salary adjustment, be approved by the Unit Administrator, and/or Dean and Assistant Vice President of GCA along with subsequent recertification.

G. Management of Inappropriate Charges & Disallowances

If Grants and Contracts Administration becomes aware of an inappropriate charge to a sponsored project or a disallowance is required for a charge to a sponsored project, the principal investigator, and the department and/or school will be notified to initiate a transfer to a non-sponsored project account. If this transfer is not initiated within five (5) working days from the date of notification, then Grants and Contracts Administration may transfer the charge to an appropriate departmental or school account, with appropriate documentation.

H. Abuse of Cost Transfers

Abuse of cost transfers may result in disallowances and/or subsequent reduction in funding by the sponsor. Abuse may also result in more severe sanctions, fines, penalties, and audit criticisms applied against UNT and/or the individuals involved. Violation of this policy can lead to disciplinary action and limitations in the ability to participate in research activities at UNT.

V. Resources/Forms/Tools

Cost Transfer Request Form
Principal Investigator Handbook

VI. References and Cross-References

[2 C.F.R., Part 200, previously OMB Circular A-21](#)
[UNT Policy 13.007, Sponsored Projects](#)
[UNT Policy 13.015, Effort Reporting](#)

VII. Revision History

Policy Contact:	Asst VP, Grants and Contracts Administration
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