

SEATTLE CHILDREN'S HOSPITAL RESEARCH INSTITUTE
Seattle, Washington

OPERATING POLICIES / PROCEDURES

DEPARTMENT: Office of Sponsored Research

POLICY NUMBER: OSR-018

REPLACES: N/A

EFFECTIVE DATE: 3/03/08

REVISION DATE: N/A

POLICY TITLE: Cost Transfers on Sponsored Awards

POLICY:

The Seattle Children's Hospital Research Institute is committed to ensuring that all costs charged to sponsored projects are allowable, allocable, and reasonable. As such, any cost transfer submitted to correct an employee's labor distribution or adjust a non-salary item must be handled in accordance with sponsor terms and conditions, as well as Children's policies.

The Federal Government is the largest sponsor of externally funded activity at the Hospital or Research Institute. The cost principles relating to expenditures on federal awards are contained in 45 CFR Part 74 Appendix E "Uniform Administrative Requirements for Awards and Subawards for Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations," which can be found at the following web address:

http://research.seattlechildrens.org/assets/docs/appendix_e_to_part_74.pdf. In addition, these cost principles require that any expense charged to a federally sponsored project be reasonable and necessary, allocable, consistently treated, and conform to any limits or exclusions set forth in 45 CFR Part 74 Appendix E or the terms and conditions of the award. Individual awards may include special terms and conditions, which must be considered before allocating certain costs to the award.

Why are Cost Transfers Necessary?

A cost transfer is required to correct any discrepancies identified on a funding source or activity. This may include clerical and transposition errors, as well as those that are detected during the monthly review of expenditure reports(see OSR-17, *Award Management Policy*), such as labor charges that have not been updated to reflect an individual's redirected effort or a purchase that has been charged to an activity different from that which ultimately benefited from the use of the items purchased. All errors should be corrected as soon as they are detected.

Who Needs to Know This Policy?

Any employee who is involved with the administration of sponsored agreements should be familiar with this policy. This includes center business managers, center directors, principal investigators

(PIs), individuals from the Office of Sponsored Research, Research Finance, and other personnel who are involved with sponsored awards.

Responsibilities of the Principal Investigator and the Center Business Manager

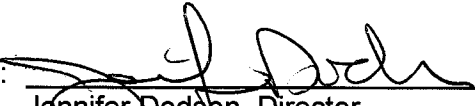
It is the responsibility of the Principal Investigator and the Center Business Manager to correctly review, process, and approve expenditures to sponsored awards, including the appropriate classification by expenditure type, allowability, and to ensure budget amounts are not exceeded. Based upon this review, if an item is determined not be reasonable or allocable to the particular research project, it is the responsibility of the Principal Investigator and Center Business Manager to produce a timely and accurate cost transfer. While the PI may delegate authority to execute activity to the CBM, the PI remains ultimately responsible and accountable for all transactions

PROCEDURE:

- 1.0 Once the month end fiscal reports close, the CBM and PI review expenditures and determine if any adjustments are necessary (see policy OSR-17, *Award Management Policy*).
 - 1.1 If no adjustments are required, then a cost transfer will not take place.
 - 1.2 If an adjustment is required, then the CBM prepares and submits the applicable Payroll Hours Adjustment or Non-Payroll Cost Transfer Form.
 - 1.2.1 A Payroll Hours Adjustment (PHA) form (Exhibit A) is used solely to transfer salary and the associated fringe benefit expenditures from one activity to another.
 - 1.2.2 A Non-Payroll Cost Transfer form (Exhibit B) is used to transfer operations, travel, and capital expenditures from one activity to another.
 - 1.2.3 If the expense is less than 90 days old, the CBM will forward the cost transfer form with supporting documentation to ORF.
 - 1.2.4 If the expense item is more than 90 days old, the CBM must prepare and sign the Additional Justification Form (Exhibit C) and obtain the Center Director's approval. The following additional steps must be followed:
 - 1.2.4.1 CBM forwards the Additional Justification Form the appropriate cost transfer request form and the supporting documentation to the OSR Director to approve.
 - 1.2.4.2 OSR Director signs the Additional Justification Form and forwards the documents to the ORF Director to approve.
 - 1.2.4.3 OSR Director also makes copies of all approved cost transfers and maintains a file, forwarding the copies to the VP, Research Operations and Logistics on a quarterly basis.
 - 1.2.4.4 ORF Director reviews and approves the Additional Justification Form and forwards the form and cost transfer to the ORF accountant to process.

Submitting Office:

Approved by:


Jennifer Dodson, Director
Office of Sponsored Research
Seattle Children's Hospital Research Institute

3/5/08
Date


Patrick Bassett, Director
Office of Research Finance
Seattle Children's Hospital Research Institute

3/5/08
Date

DEFINITIONS:


Cost Transfer

A Cost transfer is defined as any retroactive expense transfer or reallocation of costs from one source of funding or activity to another. To be allowable, cost transfers must be submitted timely, have appropriate justification and documentation, and have appropriate authorizing signatures. In addition, the items being transferred must be reasonable, necessary, and allocable to the new funding source or activity.

Calculating the 90 Day Period for Late Cost Transfers

The 90 days begins at the end of the accounting month that the original transaction is posted in the general ledger. The timer continues to run until the transfer has been prepared and all required signatures have been obtained from the Center. Processing time at the ORF or OSR is not included in the determination of whether a transfer has met the 90 day criteria. For example, if an expense is posted on 9/18, the accounting date would be 9/30. Transfers completed and signed by 12/31 would fall within the 90 day period. Transfers completed and signed after 12/31 would be considered late cost transfers and require the Additional Justification Form.

Exhibit B: Non-Payroll Cost Transfer form

		<p>NON-PAYROLL COST TRANSFER FORM</p> <p>SEE BELOW FOR EXAMPLES OF NEW CODING</p>	
DEBIT (TO)	GL	ACTIVITY	AMOUNT
Account Unit	Account Code	Activity	Account Category
CREDIT (FROM)	GL	ACTIVITY	AMOUNT
Account Unit	Account Code	Activity	Account Category
EXPLANATION			\$
<p><u>State/Federal Requirement (for Grants/contracts): If service or charge is more than 90-days old, further explanation is required.</u></p> <p>Supporting Documentation (REQUIRED) <u>To ensure your request is being processed in a timely manner, please attach one of the following to this Cost Transfer Form:</u></p> <ol style="list-style-type: none"> 1. Copy of purchase order or invoice. 2. Copy of Department AP Detail Report. 3. Copy of Detail of Revenue and Expense report. <p>Certification (REQUIRED) The following Certification is required for all cost transfer requests in order to satisfy State and/or Federal Audit requirements: "I certify that the transfer requested above reflects a true and accurate representation of actual costs incurred by the project and that these costs are proper and allowable charges to the project receiving them."</p> <p style="text-align: center;">PRINCIPAL INVESTIGATORS, PROJECT MANAGERS OR COST CENTER MANAGERS MUST SIGN. FOR ELECTRONIC REQUESTS, EMAIL MUST BE FROM BOTH AUTHORIZERS (VIA ROUTING PROCESS).</p>			
Authorized Signature - Transfer "To"		Authorized Signature - Transfer "From"	
Print Name	Position/Title	Print Name	Position/Title
Department	Date	Department	Date
Prepared by:		Phone No.	Date
<p>FOR NON-RESEARCH COST TRANSFERS PLEASE RETURN TO FINANCE MAIL STOP /S-216 FOR RESEARCH COST TRANSFERS PLEASE RETURN TO RESEARCH FINANCE MAIL ST OP MPW5-1</p>			

