I. PURPOSE

To comply with the federal Office of Management and Budget (OMB) Circular A-21 "Cost Principles for Educational Institutions" which establishes principles for determining costs applicable to grants, contracts and other agreements with educational institutions as well as the proper documentation required to explain and justify transfers of costs from one account to another.

II. POLICY

A cost transfer is an after-the-fact reallocation of a cost from or to a sponsored project. Cost transfers must meet conditions for allocability, allowability, reasonableness and consistency established under federal guidelines. Cost transfers must normally be made within 90 days of the incurred expenditure. Cost transfers must be timely, fully documented and must have appropriate authorization. In order to maintain consistency in the treatment of cost transfers, the University of Delaware applies this policy to all federal and non-federal sponsored projects.

It is the primary responsibility of the Principal Investigator, with support of the department research administrator and the department chair, to determine if all costs are allowable and allocated on the project properly.

1. TIMING

Cost Transfers within 90 Days
The 90 day threshold is calculated from the last day of the month in which the charge first posted in the general ledger. For example: A charge first posted in the general ledger on May 2nd would begin its 90 day period on May 31 and end its 90 day period on August 28.

Cost Transfers after 90 Days
In addition to the procedures for cost transfers within 90 days, originators are required to answer a series of questions when processing a cost transfer for an expense that is over 90 days:

- Why the expense was originally charged to the project from which it is now being transferred?
- Why should the expense be transferred to the proposed receiving project?
- Why is the cost transfer being requested more than 90 days after the original transaction date?
- What steps will be taken to prevent this type of error from happening in the future?
2. **DOCUMENTATION**

   Documentation must include an indication that the Principal Investigator has approved or directed the transaction. Email, meeting notes or other appropriate filings are suitable. Sufficient documentation related to the transfer should be kept on file within the department until notified by Research Office that the records retention requirement has been satisfied.

3. **APPROVAL**

   All cost transfers will be routed electronically to an account code administrator other than the originator for approval and the Principal Investigator will be copied.

III. **PROCEDURE**

   *(Cost Transfer Procedure)* for processing cost transfers must be followed and can be reviewed on the research office website.

Submitted by: Research Office

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Please direct questions to the Executive VP office.