

## **GUIDELINES FOR COST TRANSFERS TO SPONSORED PROJECTS**

### **Purpose**

These guidelines promote the use of cost transfers in a manner consistent with DePaul's stewardship responsibility for all of its sponsored funds.

### **Definition**

A cost transfer is an after-the-fact reallocation of costs to a sponsored project. It occurs when a cost is moved to the grant account for a sponsored project after initially being charged elsewhere. A cost transfer may involve moving costs from one grant account to another, or from another type of DePaul account to a grant account.

### **Some Key Considerations in the Use of Cost Transfers**

- Cost transfers should be used primarily for correcting accounting errors. In making such corrections, timeliness is the key. A pattern of late cost transfers (those initiated more than 90 days after the original transaction) may indicate that grant accounts are not being monitored regularly. Also, frequent cost transfers may signal that sufficient care is not being taken to allocate costs correctly.
- In some limited situations, cost transfers that are not initiated to correct accounting errors may be appropriate. For example, in a situation where multiple private grant awards support the work of a center or institute, occasional transfers could be needed to make the most effective use of the funds provided. Office of Research Services and Restricted Accounting staff will help Principal Investigators to identify these circumstances and the extent to which cost transfers may be appropriately used.
- Cost transfers should not be used for "expense parking," which occurs when the costs of a sponsored project are initially assigned elsewhere and then transferred to the grant account for the project when funds become available. Expense parking can be avoided by requesting a pre-award account setup from the Office of Research Services. A pre-award account provides the limited funding needed to begin a sponsored project while the grant or contract that will fund the project is pending. In doing so, it supports the goal of correctly assigning costs to a sponsored project from the beginning.
- When initiating cost transfers, remember that the standards of allocability (charging a cost to the project it benefits), reasonableness, and allowability apply when costs are moved, as well as when they were originally incurred. For example, the standard of allocability precludes transferring a cost for the sake of convenience to a project that did not benefit from it.

- Because the reason for a cost transfer affects its appropriateness, cost transfer requests should be accompanied by adequate justification. This should address why the expense was originally charged to the department or project from which it is being transferred, and why the expense belongs on the project to which the transfer is directed. If the original transaction occurred more than 90 days before the request, the justification should also explain why the transfer is late and what will be done to minimize late requests in the future.

### **Roles and Responsibilities Regarding Cost Transfers**

#### *Principal Investigator (PI)*

- Monitors the Mobius report(s) for his or her grant account(s) regularly.
- Initiates cost transfer requests as needed.
- Provides adequate justification for such requests, as described above.

#### *Office of Research Services (ORS)*

- Advises the PI, as needed, in the preparation of cost transfer requests.
- Reviews and approves labor costs transfer requests.
- Forwards approved labor cost transfer requests to Restricted Accounting for verification and processing.

#### *Restricted Accounting (RA)*

- Reviews and approves non-labor cost transfer requests.
- Verifies and processes all approved cost transfer requests (labor and non-labor).