



University of Connecticut Health Center

POLICY NUMBER 2002-07

June 9, 2009

**POLICY: COST TRANSFERS AND PAYROLL REALLOCATIONS
(RESEARCH/SPONSORED PROGRAMS)**

PURPOSE:

To ensure the allowability of transfers of incurred costs, both payroll and other direct costs, to federally funded and other restricted sponsor projects and to comply with federal and other restricted sponsored program requirements.

DEFINITION:

A Cost Transfer is defined as the transfer of costs to a sponsored project where the costs had been initially charged to another account. Salary charges transferred through payroll reallocations are known as Labor Distribution Change Authorizations (LDCAs).

POLICY STATEMENT:

1. The Principal Investigator (PI) or his/her designee is responsible for ensuring that transfers of costs to sponsored projects are made promptly. Transfers must be supported by documentation that contains a full explanation of how the error occurred and a certification of the correctness of the charge to the project to which the transfer is being made. Explanations such as “to correct an error”, or “to transfer to correct project” are unacceptable.
2. Care must be exercised in making any Cost Transfer, especially transfers made after end date of a project. Transfers of costs to any sponsored project account are allowable only where there is direct benefit to the project account being charged. The transfers of an overdraft or any direct cost item incurred in the conduct of one sponsored project may not be transferred to another sponsored project account merely for the sake of resolving a deficit or an allowability issue.
3. Cost Transfers may be made, provided the following conditions are met:
 - A. The cost is a proper and allowable charge to the project and a certification as to the correctness of this charge is made by the PI;
 - B. The transfer is supported by adequate documentation, as described in #1 above;

- C. Cost Transfers for sponsored projects must be received within 120 days of the date of the original transaction.
- 4. At grant end date, or when a Report of Expenditure is due to the sponsor:
 - A. Cost Transfer requests must be received within 45 days of the end date or report date. Cost Transfers will not be allowed after the Report of Expenditure or Final Report of Expenditure has been submitted to a sponsor.
 - B. An LDCA that corrects direct charged expenditures (salary and fringe) for less than \$2,500 will be posted as a Cost Transfer only and no adjustment to effort will be made. In this event, a Cost Transfer must be prepared to transfer the salary and fringe cost to a ledger 2, 3, or 4, or other approved non-sponsored program account, but not a JDH or UMG account.
 - C. In the event of an under-expenditure, Cost Transfers for direct costs of less than \$1,000 will not be allowed.
- 5. In the event that a Cost Transfer is denied (including the automatic denial of any Cost Transfer for sponsored programs where the request date is more than 120 days past the original transaction date) the decision may be appealed to the Associate Vice President of Research Administration and Finance, or his/her designee, within 10 business days of the denial. PIs may request consideration at the time of submission of the Cost Transfer for an exception.

John Biancamano	7/6/09
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Chief Financial Officer	Date
Marc Lalande	7/10/09
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Dean for Research/Planning & Coordination	Date
Cato T. Laurencin	7/12/09
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Vice President for Health Affairs	Date

Replaces Policy: 2002-07, February 25, 2002

Policy Updated: 06/09/09

LINKS:

[Cost Transfer Procedures](#)