



THE GEORGE  
WASHINGTON  
UNIVERSITY  
WASHINGTON DC

**Responsible University Official:**  
 Manager, Grants, Contracts, and  
 Accounting Services Special Cost  
 Studies  
**Responsible Office:** Grants,  
 Contracts, and Accounting Services  
**Origination Date:** Not Available

## COST TRANSFERS ON SPONSORED AGREEMENTS

### Policy Statement

Under University policy, errors in the allocation of direct costs to sponsored agreements must be identified, corrected, and documented in a timely and consistent manner. This policy applies to all agreements with both federal (including federal flow-through projects) and non-federal sponsors. If an individual sponsored agreement has more stringent requirements than University policy, the requirements of that agreement shall govern.

### Reason for Policy/Purpose

This policy aligns GW policy and procedures with the requirements of the cost accounting standards imposed on universities by Office of Management and Budget (OMB) Circular A-21, Cost Principles for Educational Institutions.

### Who Needs to Know This Policy

Faculty and Staff

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# COST TRANSFERS ON SPONSORED AGREEMENTS

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## Policy

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### Policy Summary

Specific fiscal regulations govern transactions on grants and contracts awarded to the University by the federal government. OMB Circular A-21 has defined what costs are allowed on grants, contracts and other agreements. The Federal Cost Accounting Standards Board has established criteria for the process and documentation of charging allowable costs to sponsored agreements. The resulting federal requirements make it necessary for the George Washington University to identify and correct errors in allocating direct charges to sponsored agreements in a timely and consistent manner and to provide proper documentation of these transfers. Cost transfers are defined as after the fact re-allocations of costs, either labor or non-labor, to a sponsored project (see the [NIH Grants Policy Statement](#)). Because cost transfers are an area of concern to federal auditors, it is critical that all department staff and Principal Investigators, as well as staff in the Office of the Chief Research Officer (OCRO) and Grants & Contracts Accounting Services (GCAS), understand and follow the guidelines in a consistent manner.

An error in charging costs to a sponsored agreement must be identified and the appropriate correction initiated as soon as possible. Similarly, the principal of consistency in cost accounting periods requires that every effort should be made to correct an error within the same fiscal year as it was made. If an adjustment must be made to a sponsored agreement that has ended and the final financial report has been filed with the sponsor, the University Comptroller will determine whether the adjustment will be permitted. If the adjustment is not permitted, the cost will be charged to the department in which the sponsored agreement was housed. All cost transfers that result in refunds to the federal government will be processed.

### Restrictions on Cost Transfers

A cost must be both allowable and directly related to a sponsored agreement to be transferred to that agreement. Transfers based on funding considerations (i.e., funds remaining at the close of the agreement) are prohibited.

### Documentation Requirements

Information regarding how the error occurred and approval/certification of the correctness of the charge by an organizational official must accompany cost transfers.

Transfers should be processed at the departmental level and submitted to OCRO for approval. OCRO reviews each cost transfer for funds availability and to determine whether explanations meet the allowability and allocability requirements of OMB A-21.

## COST TRANSFERS ON SPONSORED AGREEMENTS

Except in the circumstances described below, the Research Service Coordinator (RSC) will be the approving official. Documentation should accompany or be inserted on the Change in Status (CIS) form for payroll transfers and the Departmental Correction Form (DCF) for non-payroll transfers.

Under the following circumstances, additional information regarding steps that will be taken to prevent the re-occurrence of the error must be presented. In these circumstances, the Comptroller will be the approving official. Signatories on the associated memorandum should include parties responsible for the transactions under review.

- 1) Salary costs are being transferred after the certification of effort associated with the costs. Such transfers must be submitted within 180 days of the end of the period being certified. Under most circumstances, transfers of salary costs onto sponsored projects that are initiated more than 180 days after the close of the reporting period will not be allowed.
- 2) The cost is being transferred for a second time.
- 3) The correction is initiated over 90 days after the error and/or 30 days after the close of the award.
- 4) The cost is being transferred to a sponsored project or task to correct a cost overrun on a related sponsored project or task.

### **Responsibility for Compliance**

The primary responsibility for recording charges to the correct sponsored agreement is at the academic department level when the costs are incurred and recorded. Suitable fiscal practices at the department level should permit identification of any clerical or bookkeeping errors in a timely manner, allowing cost transfers to be processed within the required time limits. Responsibility for following these guidelines lies with Principal Investigators, Department Chairs and departmental fiscal personnel. The OCRO is responsible for review and approval of cost transfers. OCRO staff will review the backup documentation and specific sponsored agreement to verify the allowability of a cost transfer.

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### **Forms**

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Change In Status Form (contact GCAS)  
Departmental Corrections Form (contact GCAS)

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### **Website Addresses for This Policy**

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[GW University Policies](#)

## COST TRANSFERS ON SPONSORED AGREEMENTS

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### Contacts

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<b>Subject</b>	<b>Contact</b>	<b>Telephone</b>
Cost Transfers	GCAS	(202) 994-5295
	OCRO	(202) 994-6255

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### Related Information

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[Identification and Treatment of Unallowable Costs Policy](#)

[Labor Adjustments and Redistributions Policy](#)

[Financial Transactions Adjustment Policy](#)

Adjusting Invoice Distributions at the Source (Contact GCAS)

[NIH Grants Policy Statement](#)

[Office of the Chief Research Officer \(OCRO\)](#)

[Office of Management and Budget \(OMB\) Circular A-21](#)

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### Who Approved This Policy

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William Howard, Interim Vice President and General Counsel

Louis H. Katz, Executive Vice President and Treasurer

Donald R. Lehman, Executive Vice President for Academic Affairs

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### History/Revision Dates

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**Origination Date:** Not Available

**Last Amended Date:** June 22, 2007

**Next Review Date:** July 1, 2008