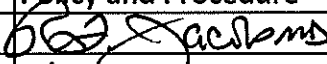



**ARKANSAS CHILDREN'S HOSPITAL RESEARCH INSTITUTE
LITTLE ROCK, ARKANSAS**

SUBJECT: Cost Transfers	DATE: 04/24/09	PAGE 1 of 2
	APPLICATION:	ACHRI
	DISTRIBUTION:	Interdepartmental Policy and Procedure
RECOMMENDED: Leslie Montgomery	APPROVED BY: 	
	SUPERSEDES:	N/A 

PURPOSE

To establish requirements for processing transfers of direct costs to or from sponsored research project accounts.

SCOPE

This policy applies to all Principal Investigator and their designees involved with the management of research grant accounts.

DEFINITIONS

The following definitions apply:

Costs Transfer – Transfer of costs between cost centers or research projects...used to correct the financial records (such as transfer of costs between projects when costs were initially charged to the wrong project and the institutions control system found the error) and for other valid reasons (OMB Circular A-133 Compliance Supplement, March 2008). This includes labor or non-labor costs.

Designees – ACH/UAMS employees whom the Principal Investigator has authorized to approve expenditures and have been given e-Request access by ACHRI post-award personnel to approve expenditures for each research grant project.

Direct Costs – Costs that can be identified specifically with a particular final cost objective, i.e., a particular award, project, service or other direct activity of an organization (OMB Circular A-122, #7-Attachment A-B.1).

POLICY

ACHRI recognizes that cost transfers may be necessary on occasion. However, transfer of expenses to and from sponsored research projects should be the exception and not the rule. Principal Investigators and their designees should take the time to review expenditures to sponsored research project accounts at least monthly using the management tools that are available ...eRequest and the PI Reporting System. This would allow for errors to be noted and corrected in a timely manner.

Cost transfers will be allowed when the charge qualifies as a direct cost of the project being charged and when the following criteria are met:

1. **Timeliness** – Cost transfers must be timely, preferably within 90 days of when the error was discovered but no later than thirty (30) days after the close of the budget period. This will allow time for the transaction to be posted to the account before the final report is prepared. However, this does not negate the responsibility of the Principal Investigator or their designee to report errors found after this time period that may require a cost transfer. Request made after this time period will require additional justification and explanation of what is being done to prevent future errors.
2. **Documentation** – Principal Investigator or designee should provide documentation including eRequest #, purchase order #, date of transaction, invoice #, dollar amount and vendor when requesting cost transfer for non-effort related items.

Request for cost transfer may be made by e-mail to appropriate personnel. For the Department of Pediatrics faculty, request for effort related cost transfers should be submitted to the assigned grant manager within UAMS Pediatric Grant Administration. For all other UAMS Departments, request for effort related cost transfers should be directed to UAMS accounting personnel for the PI's department. For ACH effort related cost transfers and all non-salary cost transfers, ACHRI post award personnel should be contacted.

3. **Justification** - The request to transfer cost must be justified as to why the transfer is necessary.

Justification must include:

- **Reason the expenditure was originally charged to the inappropriate account**
 - Mere statement "to correct error" or "to transfer to correct project" is not sufficient.
Detail is required.
- **Reason why the transfer is necessary**
 - Brief explanation of how the expenditure is a benefit to the intended account.
 - "To use up remaining funds" and "To account for deficit balance" is **not** an acceptable justification.

Frequent, tardy and inadequately supported request for transfers raise serious questions about the appropriateness of the transfers particularly for projects with cost overruns or unexpended balances and may be subject for audit of project accounts.