



## Ohio Administrative Code Rule 3349-20-12 Cost transfer.

Effective: June 11, 2017

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### (A) Purpose

To assure the integrity of the university's charges for salaries, wages, goods and services on sponsored programs and other restricted funding transferred to and/or from a sponsored program or other restricted funding after an initial charge elsewhere in the university's accounting system.

In accordance with 2 C.F.R. 200 it is necessary to explain and justify transfers of charges onto federally-funded sponsored programs, where the original charge was previously recorded elsewhere on the university's operating ledger. Timeliness and completeness of the explanation of the transfer are important factors in supporting allow ability and allow capability.

### (B) Scope

This rule applies to cost transfers, including the transfer of payroll and other direct costs associated with sponsored programs and restricted funding.

### (C) Definitions

Consult rule 3349-1-01 of the Administrative Code.

(1) "Cost Transfer" refers to the reassignment of an expense to or from a sponsored program or restricted fund after the expense was initially charged to another sponsored program or non-sponsored program. Cost transfers include reassignments of salary, wages, and other direct costs.

(2) "Sponsored Program" refers to an award funded via a grant, contract, cooperative agreement or subcontract from a federal, state or local government entity, the private sector, or an institution of higher education, whereby the university agrees to perform a certain scope of work, in accordance with terms and conditions set by the sponsor, for specific, budgeted monetary compensation.



(3) "Principal Investigator" refers to the faculty or staff member designated by the sponsor to have the appropriate level of authority and responsibility to direct the project or program supported by the grant.

(4) "Sponsor" for the purposes of this rule, refers to an entity that awards funding for a specific purpose.

(5) "Restricted Funds" refers to those funds provided by a sponsor for a specific purpose and subject to specified terms and conditions.

(D) Body of the rule

(1) The university is committed to ensuring that all cost transfers (either in the form of a labor redistribution or non-salary journal entry) are legitimate and are conducted in accordance with the terms and conditions of the sponsored program, regulations and university rule.

(2) All principal investigators ("PI") and their business managers are responsible for ensuring that transfers of costs to or from sponsored program and restricted funds which represent corrections of errors are made promptly.

(3) Cost transfers must be supported by documentation which contains a full explanation of how the error occurred and a correlation of the charge to the sponsored program to which the transfer is being made. Explanations such as "to correct an error" or "to transfer to correct project" are unacceptable.

(4) Cost transfers to any sponsored program account are allowable only where there is direct benefit to the sponsored program account being charged. An overdraft or any direct cost incurred in the conduct of one sponsored program may not be transferred to another sponsored program account merely for the sake of resolving a deficit or an allow ability issue. Cost transfers should not be used as a means of managing awards.

(5) Cost transfers that are initiated as a means to move expenses onto a sponsored program merely to spend the available balance are unallowable.



(6) Expenses that have been disallowed on one sponsored program or restricted fund are not to be transferred to a different sponsored program. Additional details can be found in the direct charging sponsored programs and unallowable costs rule.

(7) Cost transfers must be prepared and submitted within ninety days from the end of the calendar month in which the transaction appears on the award except in cases where the sponsor's (federal or non-federal) terms and conditions are stricter than those of the university. Any cost transfers that are initiated after ninety days will require the approval of the department or college head and will be reviewed by the controller; approval may be given on a case-by-case basis.

#### (E) Responsibility

The principal investigator is responsible for prompting the cost transfer form. Grants accounting is responsible for reviewing the form and completing the cost transfer process.