

ADMINISTRATIVE POLICY

Retroactive Reallocation of Costs

Approval Authority:	Vice Chancellor for Finance	Originally issued: June 2019
Responsible Administrators:	Controller Senior Director, Research Finance	Current version effective as of: April 1, 2021
Responsible Office:	Finance	
Policy Contact:	Senior Director, Research Finance Senior Director, Purchasing & Payment Services	

POLICY STATEMENT/REASON FOR POLICY

Vanderbilt expects that the resources with which it is entrusted are managed in a timely and responsible fashion, and in accordance with generally accepted accounting principles (GAAP) and the requirements of the various sources from which Vanderbilt receives funding, such as federal agencies and philanthropic donors.

It is expected that all funds – including grants, contracts, gifts, endowments, faculty fund awards, and CORES – are allocated correctly based on the personnel effort and non-personnel expenses attributed to the fund, and that retroactive reallocation of funds is minimized, to ensure efficient, effective, and compliant administration. Vanderbilt follows a ‘first dollar’ principle; financial units are required to utilize funds in the following priority order – grants / contracts; gifts / endowments; operating dollars / cash; and debt.

This policy complements but does not supersede the University’s policy on *Cost Transfers for Federally-Sponsored Awards*.

THIS POLICY APPLIES TO

This policy applies to all Vanderbilt employees involved in the creation, processing, approval, and recording of prospective and retroactive costing activities, including designated human capital management (HCM) specialists, principal investigators (PIs), business unit/entity approvers, financial unit managers, grants managers, chief business officers (CBOs), deans, and central office staff in Payroll, Accounting, Payment Services, Development and Alumni Relations (DAR), and Research Finance.

All such individuals are expected to be familiar with this policy and its current associated procedures.

CONSEQUENCES OF NON-COMPLIANCE

Failure to comply with this policy may result in loss of role privileges and enterprise system access, and/or performance action, up to and including termination of employment.

POLICY

For the purposes of this policy, retroactive cost reallocation (***retro costing***) is a transfer of revenue or expense previously recorded elsewhere on the university's general ledger (GL), e.g. from one sponsored award to another, or from an area's operations to an endowment or gift fund.

While retroactive reallocations are to be minimized overall, it is recognized that occasional reallocations will be required. All retroactive cost reallocations must be accurately completed and submitted to the approving central office within **90 days** of the original allocation, or within the adjustment/correction period required by the funding agency, whichever is less.

Retro costing may not cross a fiscal year unless it pertains to an externally sponsored award and meets one or more of the following criteria:

- The grant / contract end date falls within Q4 of the fiscal year.
- The allowable window for reallocation, 90 days or as defined by the external funding agency, bridges the fiscal years.
- The expense is unallowable under the rules of the funding agency or other government regulation and must be reallocated.

Expenditures against grants, contracts, CORES, and restricted gifts/endowments that have been determined to be unallowable must be corrected, regardless of when discovered. Corrections involving unallowable expenses do not require exception approval as described below if they are moving the unallowable expenses to a faculty fund or unrestricted financial unit, regardless of the time of discovery. Movement of unallowable expenses between grants requires exception approval.

Retro costing that does not impact donor-restricted gifts and endowments, grants / contracts, or CORES must meet a per-pay-period threshold dollar amount as established and articulated in the associated Procedures (see link below) and related policies/procedures.

Retroactive allocations that are not completed within the lesser of 90 days of the original allocation, or within the adjustment/correction period required by the funding agency will become the financial responsibility of the home financial unit, e.g. in the case of failing to assign an expense to a grant or contract within 90 days. Exceptions beyond the 90-day limit are rarely granted; any such an exception involving donor-restricted gifts and endowments, grants / contracts, or CORES requires the approval of both the Associate Vice Chancellor for Finance and the University Controller. All other exceptions require the approval of the University Controller.

DEFINITIONS

CORES – Shared resources within Vanderbilt University that charge for goods or services that directly support the research or academic mission of the University and recover costs through charges to internal or external users. Access to instruments, technologies, services, and expertise are offered to help avoid needless duplication of scientific resources across departments. Core facilities are primarily laboratory-based, but also include shared research

resources involving non-laboratory centers. Currently, both laboratory-based Core Facilities and other shared research resources are collectively referred to as CORES at Vanderbilt.

Unallowable Expense – Expense deemed unallowable by federal or sponsored rules and regulations, or donor gift agreement, or internal guidelines for donor-restricted gifts and endowments.

PROCEDURES

Procedures for requesting and processing retro costing actions are outlined [here](#).

FREQUENTLY ASKED QUESTIONS

FAQs related to this policy are outlined [here](#).

ADDITIONAL CONTACTS

Subject	Contact/Position	Office	Phone
Accounting Questions	Controller	Office of the Controller	(615) 322-5179
Grants & Contracts / CORES	Sr. Director	Research Finance	(615) 322-7936
Gifts and Endowments	Executive Director, Finance	Development & Alumni Relations	(615) 343-3103

RELATED POLICIES/DOCUMENTS

Laws & Regulations

Generally Accepting Accounting Principles (GAAP)

Financial Accounting Standards Board (FASB) – <https://www.fasb.org>

NSF Requirements

NIH Requirements

Uniform Guidance – <https://www.ecfr.gov>

University Policies

Cost Transfers for Federally-Sponsored Awards

Accounts Payable Corrections

Financial Reporting

University Policies (cont.)

Journal Entry

Faculty Manual

Vanderbilt University Endowment Distribution Utilization Guidelines – contact stewardship@vanderbilt.edu for the latest version

Forms

Forms related to this policy are outlined here.

Retroactive Compensation Cost Transfer Request Form

Retroactive Non-Compensation Cost Transfer Request Form

HISTORY

Issued: July 1, 2019

Reviewed:
Comment

Amended: April 1, 2021 to revise VC and Controller approval to AVC and Controller and bifurcate fixed assets and general operations to Controller approval.
Comment

***Disclaimer:** The policies and procedures that guide employment practices are intended to assist in consistent administration and compliance. Vanderbilt reserves the right to modify its policies and practices, in whole or in part, at any time. Revisions to existing policies and procedures, and the development of new policies and procedures, will be made from time to time at the discretion of the University. When new policies are implemented or existing policies are revised, the University will notify members of the University community as soon as practicable. However, where differences occur, the most recent policy as reviewed and approved by the University will take precedence. The policies and procedures do not create a contract, implied or expressed, with at will employees at Vanderbilt.*

KEYWORDS

Retro costing

Cost reallocations

Retro cost transfers (RCTs)

Retro distribution changes (RDCs)

Retros

Cost transfer requests (CTRs)

Procedures Website

FAQ Website

Notes