



ADMINISTRATIVE POLICY

Retroactive Reallocation of Costs Policy

Approval Authority:	Vice Chancellor for Finance	Originally issued: June 2019
Responsible Administrators:	Controller Senior Director, Research Finance	Current version effective as of: November 1, 2022
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 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.

POLICY

For the purposes of this policy, retroactive cost reallocation (**retro costing**) is a transfer of 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 retro costing is to be minimized overall, it is recognized that occasional corrections will be required. Retro costing 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 that is 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.

Furthermore, retro costing may not cross a fiscal year unless

- The costs were incorrectly booked to a capital account

OR

The costs pertain to an externally sponsored award and meet one or both 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.

Exceptions beyond the 90-day limit are rarely granted. However, expenditures against grants, contracts, CORES, and restricted gifts/endowments that have been determined to be "unallowable" must be corrected, regardless of when discovered.

All retro costing that is submitted to the approving central office over the 90-day limit is subject to additional leadership 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.

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	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

Accounts Payable Corrections

Financial Reporting

Journal Entry

Faculty Manual

University Policies (cont.)

Forms

The forms related to retro cost transfers are electronic templates filled out by the person making the request. These templates can be found on the Forms Center of the Finance SharePoint site.

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.
July 12, 2021, to revise AVC approval to Senior Director of Research Finance based on realignment of teams and responsibilities.
November 1, 2022 to better clarify 90 day time frame and exceptions.

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)

Notes