



## University Policy: Cost Transfers

**Policy Category:** Grants and Contracts Policies

**Subject:** Cost transfers procedures in connection with sponsored research projects conducted by the University.

**Office Responsible for Review of this Policy:** CFO, Vice-President and Treasurer

**Procedures:** A-21 Cost Principles for Educational Institutions, A-110 Federal Guidelines for Grants & Agreements, and Clarification of OMB A-21 Treatment of Voluntary Uncommitted Cost Sharing

**Related University Policies:** OSP: Principal Investigator's Handbook (PDF) and Controller's Accounting Manual

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### I. SCOPE

This policy sets forth the University's procedures regarding cost transfers, including the transfer of payroll and other direct costs associated with sponsored grants and contracts.

### II. POLICY STATEMENT

The purpose of this policy is to assure the integrity of the University's charges for salaries, wages, goods, and services on sponsored projects transferred to and/or from a sponsored project after an initial charge elsewhere in the University's accounting system; and to ensure compliance with sponsor terms and conditions, regulations, and other University policies.

### III. DEFINITIONS

**Cost Transfer:**

A cost transfer is the reassignment of an expense to a sponsored project after the expense was initially charged to another sponsored project or non-sponsored project. Cost transfers include reassignments of salary, wages, and other direct costs.

### IV. POLICY

While every effort must be made to charge costs to the correct account(s) when they are incurred, cost transfers are appropriate when their purpose is to correct posting or bookkeeping errors in the original charges, to appropriately reallocate expenditures between accounts, or to transfer pre-award costs from an institutional account to a sponsored project account.

Original charges should be directed to the appropriate benefiting sponsored project. If it is necessary to request a cost transfer that involves a sponsored project, requests should be made promptly and

contain sufficient documentation and justification to support the cost transfer that would stand the test of a formal audit.

Under no circumstances may costs that benefit one sponsored project be charged temporarily to another sponsored project. Failure to adhere to this policy will result in improper financial reporting.

Cost transfers may be made, provided all of the following conditions are met:

- The cost reflects goods or services that directly benefits the project
- The cost is a proper and allowable charge to the project
- The transfer is supported by adequate documentation fully explaining the circumstances under which the error occurred and justifying the charge to the project to which the transfer is made
- The transfer is approved by the Principal Investigator (PI)

Cost transfers must be made within 90 days of the original charge. Any transfer made after this period raises serious questions regarding the propriety of the transfer. If a project director desires to request a transfer after this time, an explanation of why the transfer is late must accompany the full explanation for the transfer, and its justification, as well as a certification by the principal investigator/project director. Any transfer of costs on a sponsored program is ultimately the responsibility of the project director, who should retain appropriate documents to support the requested changes. All cost transfers are subject to the review and approval of the Grants and Contracts Accounting office.

Auditors and sponsors will audit and request additional justification on suspicious cost transfers with the following characteristics:

- Costs transferred 90 days after the original charges were recorded
- Transfers supported by inadequate documentation or justification
- Transfers made at the end of a project that relieve cost overruns or spend out a project

**V. EFFECTIVE DATE(S)**

This Policy is effective May 01, 2012.

**VI. SIGNATURE, TITLE AND DATE OF APPROVAL**

This policy needs to be signed by the appropriate officer (listed below) before it is considered approved.

**This document was approved and signed by**

**Donald Myers  
CFO, Vice President and Treasurer**

**on August 30, 2012**