

## Cost Transfers on Sponsored Programs

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### 1. Overview

The University expects all costs to be charged to the appropriate sponsored program when first incurred. However, circumstances exist where it may be necessary to transfer costs to another sponsored project after the initial charge has posted to the university's financial system (Oracle).

Principal Investigators and department personnel are responsible for reviewing and reconciling sponsored project ledgers monthly and correcting errors promptly in accordance with Federal regulations, sponsor terms and conditions, and University policy. Cost transfers may be appropriate in select circumstances such as correcting errors, reallocating expenses when more than one project benefits, or reallocating service center costs. Transferred costs must meet the standards of allowability, allocability, reasonableness and consistency as explained in Research Financial Services Procedure - *Allowable Costs on Sponsored Projects*. Cost transfers onto sponsored projects to resolve overspending or underspending are never allowed.

Requests for Advanced accounts can be initiated by the PI or designated department personnel to avoid unnecessary cost transfers. For guidance for establishing advanced accounts please see the Advance Accounts on Sponsored Programs policy.

### 2. Purpose

To establish requirements, in alignment with Federal cost principles, for processing cost transfers of direct costs to or from sponsored projects.

### 3. Who Must Comply

Department Personnel  
Research Financial Reporting  
Principal Investigators

### 4. Definitions

**Cost Transfer:** An after-the-fact reallocation of cost, either salary or non-salary, to or from a sponsored project after the expense was initially charged to another sponsored or non-sponsored project.

**Effort Reporting:** The process of certifying the percentage of time devoted to a sponsored project by a Principal Investigator or other project personnel.

**Late Cost Transfer:** An after-the-fact reallocation of cost, either salary or non-salary, to or from a sponsored project more than 90 calendar days after the initial accounting date.

**Operating Costs:** Operating costs include all non-salary expenses such as supplies, services, consultants, travel, or equipment.

**Salary Cost:** Payroll expense and fringe benefits.

## 5. Procedures

In the event that a cost was allocated incorrectly, the cost transfer must be completed as soon as identified but no later than 90 days after the initial accounting date or sponsor mandated closeout date, whichever comes first. To be processed, the cost transfer must meet the criteria for timeliness and appropriateness.

A cost transfer may be allowed in the following instances:

- Correcting a clerical error
- Reallocating an expense where multiple projects benefited
- Reallocating service center charges
- Transferring pre-award costs from departmental or discretionary funds to a sponsored project\*
- Late issuance of an award or agreement which caused a delay in award activation\*

*\*To avoid unnecessary cost transfers, an advance account is used to house appropriate project costs. At no time should sponsored projects be used to "park" expenses for future transfer.*

Cost transfers to remove unallowable costs are always allowed and must be moved to a non-sponsored project.

Cost transfer requests shall be justified with a clear explanation of why the error occurred and why the expense is being transferred. Nonspecific or minimal explanations such as to "correct an error" or "transfer to correct project" are not sufficient. Supporting documentation showing where the original expense was incurred, and details of the expense shall be maintained by the department to be made available to Research Financial Services or auditors as requested.

A cost transfer is not allowed in the following instances:

- Utilizing unexpended funds on a sponsored project
- Resolving overspending by charging an unrelated sponsored project
- Circumventing award terms and conditions or cost principles
- Lack of timely account reconciliation
- Absences of the PI or department personnel
- Other reasons of convenience

### Late Cost Transfers

The reallocation of an expense (salary or operating) to or from a sponsored project more than 90 calendar days after the initial accounting date is considered a late cost transfer. Cost transfers greater than 90 days past the initial accounting date, or on awards that are past the sponsor-mandated closeout date will be considered not allowable unless it is to move an unallowable cost onto a non-sponsored project.

Frequent, late or inadequately documented transfers raise questions about grant management and internal controls. Therefore, late cost transfer requests shall include the Late Cost Transfers Exception Request Form (LCTER), supporting documentation and a clear explanation of how the error occurred, why the expense is being transferred, why the transfer is occurring more than 90 days after initial accounting date, and what corrective action is being taken to eliminate the need

for late cost transfers in the future. It should be noted that there are two separate processes for salary (LCTER) and non-salary late expense transfers that include separate portals (IPAS for non-salary, and SWRJ for salary) that are required to submit, review, approve or deny these requests. Please see Appendix I.

### Employee Certification Compensation (ECC)

For salary cost transfers that affect a closed certification period a re-certification of effort will be required. Please refer to the Employee Compensation Certification guidelines for further information.

## **6. Roles and Responsibilities**

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<b>Department Personnel</b>	<ul style="list-style-type: none"><li>• Review and reconcile all project expenses monthly and provide sound fiscal management</li><li>• Prepare and submit cost transfers, retaining copies of all related supporting documentation</li><li>• Ensure that the costs transferred are allocable, allowable and reasonable</li></ul>
<b>Research Financial Services</b>	<ul style="list-style-type: none"><li>• Review and approve late salary cost transfers</li></ul>
<b>Principal Investigators</b>	<ul style="list-style-type: none"><li>• Monitor project financials to ensure expenses comply with cost principles and to minimize the need for cost transfers</li><li>• Collaborate with department personnel on the timely submission of cost transfers</li></ul>

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## **7. Resources**

### Related Guidance

Allowable Costs on Sponsored Projects  
Effort Reporting on Sponsored Projects

### Forms

Late Cost Transfer Exception Request Form

### Federal Regulations

Uniform Guidance (UG) 200.403-405  
NIH Grants Policy Statement  
NSF Grant Policy Manual

**Appendix I: Differences between Salary and Non-Salary Late Cost Transfers**

<b>SALARY</b>	<b>NON-SALARY</b>
Cost transfers submitted less than 90 days after the original GL posting date of the expense, units can process these transfers themselves if the account is in Commitment Accounting	For non-payroll cost transfers submitted less than 90 days after the original GL posting date of the expense, units can process these transfers themselves if the account is not expired
Cost transfers submitted less than 90 days after the original GL posting date of the expense contain Combo Codes and units cannot process ECI due to system limitations	Cost Transfers are generally submitted when the project is in a status of "expired" or "closed"
If the cost transfer is late or if the account is expired, complete a cost transfer online at: <a href="https://swrj.rutgers.edu">https://swrj.rutgers.edu</a>	A Late Cost Transfer Exception Request (LCTER) Form (XLS) must be completed if the request is late or if the account is expired or closed.
SWRJ Form is online and can be viewed by anyone with access	This form should be submitted to Research Financial Services (formerly GCA) via the IPAS portal.
SWRJ application is maintained by Payroll Services	The Non-Salary IPAS application is maintained by RFS
When an SWRJ Cost Transfer cannot be completed by RFS or Payroll Services, a salary journal entry is prepared by the department and submitted to RFS via IPAS.	N/A
RFS performs a Compliance review of SWRJ's within the application.	RFS downloads the Forms to a shared drive and then performs a compliance review
Process flow enables SWRJ routing to Payroll Services	Process flow enables status changes in IPAS
Access to SWRJ application for Preparers and Approvers is done by Payroll Services	Approvals in IPAS is associated with the employees approval authority within the University HR systems
Processed in PeopleSoft and interfaces with Oracle However there is always timing differences with potential technical issues.	Processed immediately in RFMS-Oracle and reflected on reports