

## 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 been posted to the university's financial management system.

Principal Investigators ("PI") and department personnel are responsible for managing and reconciling sponsored project ledgers no less than monthly and correcting errors promptly in accordance with Federal regulations, sponsor terms and conditions, and University policy. 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 Advance accounts can be initiated by the PI or designated department personnel to avoid unnecessary cost transfers. For guidance for establishing advance accounts, please see the [Advance Accounts](#) on Sponsored Programs procedure.

### 2. Purpose

To establish requirements, in alignment with Federal cost principles (UG-Subpart E Cost Principles; 200.400), for processing cost transfers of direct costs to or from sponsored projects.

### 3. Who Must Comply

Department Personnel  
Research Financial Services  
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 compensation and time devoted to a sponsored project by a Principal Investigator or Designee.

**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.

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

**Salary Cost:** Payroll expense and fringe benefits (if applicable).

## 5. Procedures

In the event that a cost was allocated incorrectly, the cost transfer must be completed as soon as identified. 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
- Cost transfers to remove unallowable costs are always allowed and must be moved to a non-sponsored project. 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 recommended to house appropriate project costs. At no time should sponsored projects be used to “park” expenses for future transfer.*

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 insufficient. Supporting documentation showing where the original expense was posted, 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 non-salary) to or from a sponsored project more than 90 calendar days after the initial accounting date is considered a late cost transfer. Late Cost Transfers that are incurred toward the end or after the sponsor end date create sponsor and auditor skepticism. There will be no late cost transfers on sponsored projects that have exceeded the sponsor end date. Exceptions would require approval from the Departmental Chair/Dean and the Executive Director of Research Financial Services. Exceptions would include instances that impede normal business operations or exceed the standard service thresholds of Central Administration.

Frequent, late, or inadequately documented Late Cost Transfers raise questions about proper grant management and effective internal controls. Therefore, Late Cost Transfer requests shall include the Salary & Wage Redistribution & Justification (“SWRJ”) [Form](#), or the Late Cost Transfer Exception Request [Form](#) (LCTER). These forms must include 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.

Note that, justifications for late cost transfers are held to higher levels of scrutiny. Justifications describing the extenuating circumstances the need for a late cost transfer are required, or the cost transfer will be rejected.

#### Effort Compensation Certification & Reporting Technology (ECCRT)

For salary cost transfers that affect a closed certification period a re-certification of the ECCRT card will be required. Please refer to the effort reporting 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, no less than monthly and provide sound fiscal management.</li><li>• Prepare and submit cost transfers and retain copies of all related supporting documentation.</li><li>• Ensure that the costs transferred to a Sponsored project are allocable, allowable, reasonable, and timely.</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 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](#)
- [Advance Accounts on Sponsored Programs](#)

#### Forms

- [Institutional Prior Approval System Form \("IPAS"\)](#)
- [Late Cost Transfer Exception Request \("LCTER"\)](#)
- [Salary & Wage Redistribution & Justification \("SWRJ"\)](#)

#### Federal Regulations

- [Uniform Guidance \(UG\) 200.400-405](#)
- [NIH Grants Policy Statement](#)