



**Policy Title:** BF4015 - Cost Transfers

**Subject Area:** Finance

**Responsible Official(s):** Executive Vice President and Chief Operating and Financial Officer

**Responsible Office(s):** Accounting Office

## Policy Statement

The University is mandated to establish consistent practices for defining and processing cost transfers between institutional accounts and sponsored agreements, or between sponsored agreements. All cost transfers must be submitted to the Accounting Office within 90 calendar days of the cost incurred, or within a shorter time frame if mandated by the sponsor. Cost transfers will be allowable, allocable, reasonable, timely, properly documented and properly approved.

### Authority

This guidance has been established to meet federal regulations and compliance standards set forth in:

OMB Uniform Guidance (2 CFR 200) - Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Dec 2014).

NIH Grants Policy Statement revised Nov 2016, Part II, Subpart A, Terms and Conditions of NIH Grant Awards – Cost Considerations – Cost Transfers, Overruns, and Accelerated and Delayed Expenditures.

Title 48 in the Code of Federal Regulations (48 CFR), Chapter 99, part 9905, Cost Accounting Standards (CAS) for Educational Institutions:

- CAS 501 – Consistency in estimating, accumulating and reporting costs by educational institutions;
- CAS 502 – Consistency in allocating costs incurred for the same purpose by educational institutions;
- CAS 505 – Accounting for unallowable costs – educational institutions; and,

- CAS 506 – Cost accounting period – educational institutions.

## Definitions

**FOAPA** - Account Structure: Fund, Organization, Account, Program, Activity

**Salary Redistribution** - The reallocation of salaries from one University FOAPA to another.

**Salary Redistribution Request Form** - Form used to request the transfer of salary charges between FOAPAs.

**Transfer Voucher Form** - Form used to request the transfer of non-salary charges between FOAPAs.

## Procedures

### Cost Transfer

A cost transfer is the reassignment of an expense between institutional accounts and sponsored agreements, or between sponsored agreements. After an expense is charged initially to one FOAPA, it is subsequently transferred to a different FOAPA. Cost transfers include reassignments of salaries and benefits, other direct costs, and associated indirect costs.

The University is committed to ensuring that all cost transfers are consistent with University and standard accounting policies, and are conducted in accordance with sponsors' terms and conditions, and regulations.

**Reason for concern:** Transfers that are frequent, tardy or inadequately explained, particularly on grants with overruns or unexpended balances, raise questions about the propriety of the transfers, and the reliability of the University's accounting system and internal controls.

**Consequences if a Cost Transfer does not meet Government Requirements:** As required by federal regulations, auditors conduct extensive reviews of federal grant and contract expenditures, which include detailed evaluations of cost transfers. In the event that a cost transfer does not meet the government requirements, the dollar amount of the transfer will be disallowed, and the area responsible for the grant must reimburse the grant for the amount of the disallowed cost transfer.

### Cost transfers must:

- Be completed and submitted to the Accounting Office within 90 calendar days of the initial charge, or within a shorter time frame if mandated by the sponsor.

- Be fully documented on a Transfer Voucher form for non-salary charges, and on a Salary Redistribution Request form for salary charges. Documentation includes the FOAPAs affected by the change, dollar amounts, and written explanations providing reasons for change. Both forms can be found on the Business and Finance Forms website. See Related Forms below.
- Have authorized approvals. Principal Investigators and Business Officers are responsible for cost transfers to sponsored projects. The Principal Investigator must sign the Transfer Voucher form and the Salary Redistribution Request form. The Principal Investigator certifies the cost transferred is an appropriate expenditure for the sponsored agreement charged, and the expenditure complies with the terms and restrictions governing the sponsored agreement. The signature of the Chair is required on salary redistributions when the departmental recovery is reduced. The signatures of the Chair and Dean are required when a cost transfer or salary redistribution exceeds 90 calendar days of the initial charge. Grants and Contracts Accounting will review and approve cost transfers that affect a sponsored program.
- Have funds available in the budget to cover the cost transfer expenses.
- Conform to [BF4014 - Charges to Sponsored Agreements](#). The cost must be allowable, allocable and reasonable. See Link below.

**Cost transfers more than 90 days old:**

- Will be granted only under extenuating circumstances;
- Requires written explanation of why the transfer was not completed within 90 days on the Transfer Voucher and Salary Redistribution Request form(s);
- Requires sponsor approval when applicable;
- Requires review and approval of Department Chair and Dean; and
- Requires review and approval of Grants and Contracts Accounting.

**Examples of acceptable cost transfer practices:**

- Reassignment of salaries and benefits:
  - Salaries and benefits are reassigned by completing the Salary Redistribution Request form.
  - Grants and Contracts Accounting will process salary redistributions on the appropriate forms in Banner.
  - If salary redistribution affects effort on a completed Effort Certification Form, Effort Re-Certification will be required. See Related Forms below.
- To correct errors:
  - An expense charged to an incorrect FOAPA;
  - Typographical error; or
  - Transposition error.
- Moving allowable costs from departmental FOAPAs incurred during pre-award, when allowed by the grant, and during period of award.

- Salary reallocation based on effort certification;
- Clearing deficits during the closeout process;
- To transfer unallowable costs:
  - Unallowable costs are not limited by a time period, and will be transferred from a sponsored project when they are identified.
  - Grants and Contracts Accounting will transfer charges to an appropriate and acceptable FOAPA. See [BF4014 - Charges to Sponsored Agreements](#).

**Examples of unacceptable cost transfer practices:**

- Transferring expenses to a sponsored agreement at the end of a project period for the sole purpose of expending a residual balance; or
- Transferring charges to projects without establishing that the charges accurately reflect the relative benefit to that project during the specified time period.

## Roles and Responsibilities

***Principal Investigator/Program Director***

- Develop budgets consistent with the objectives of the Principal Investigator and efforts to achieve the ends of the application for funding;
- Review costs on a monthly basis to ensure the appropriateness of costs budgeted and charged, in accordance with all regulations;
- Promptly communicate project expenditure changes or errors to the departmental business officer to allow for corrections in a timely manner; and
- Authorize and document cost transfers on the Transfer Voucher and/or Salary Redistribution Request form(s).

***Administrator/Business Officer***

- Provide guidance/assistance to Principal Investigators/Program Directors regarding the development of costs budgeted and actual costs charged;
- Review costs on a monthly basis for allowability, allocability, reasonableness and consistency to ensure compliance with sponsor regulations;
- Assist Principal Investigators with completion and submission of forms, and ensure forms have all required documentation and complete justification; and
- Retain all documentation and justification.

***Departmental Chairs/Directors***

- Approve Salary Redistribution Request when recovery is reduced in departmental account.

- Approve Transfer Voucher and/or Salary Redistribution Request when a cost transfer or salary redistribution exceeds 90 calendar days of the initial charge.

#### ***Dean***

- Approve Transfer Voucher and/or Salary Redistribution Request when a cost transfer or salary redistribution exceeds 90 calendar days of the initial charge.

#### ***Office of Sponsored Programs***

- Assist Principal Investigator/Program Director to develop budgets consistent with the objectives of the PI/PD's efforts to achieve the ends of the application for funding;
- Ensure the appropriateness of costs budgeted and charged, in accordance with all regulations; and,
- Approve Advance Account Requests, when appropriate, to minimize cost transfers.

#### ***Grants and Contracts Accounting***

- Set up new, advance and continuing grants and contracts, and enter in Banner;
- Provide guidance/assistance to Principal Investigators/Program Directors and Departmental Business Officers regarding the appropriateness of costs budgeted and charged;
- Provide guidance/assistance to Principal Investigators/Program Directors and Departmental Business Officers on how to prepare and submit Transfer Voucher and Salary Redistribution Request forms.
- Review and approve cost transfers on Transfer Vouchers and Salary Redistribution Request forms, based on documentation and justification provided.

### **Related Documents, Policies and Forms**

[Transfer Voucher](#)

[Salary Redistribution Request](#)

[Effort Re-Certification](#)

[BF4014 - Charges to Sponsored Agreements](#)

**Last Revision Update Log: 03/17/2023**

BF4015 – Supersedes UM1720 March 28, 2018

UM1720 – Revised February 9, 2017

UM1720 – Issued: June 28, 2011