



OP 61.06: COST TRANSFER

PURPOSE

The purpose of this policy is to set forth the University's position regarding the transfer of expenditures to and from sponsored projects. Every effort must be made to correctly record expenditures on the appropriate sponsored projects when the original entry is made in the accounting records.

Occasionally, however, it may be necessary to transfer a cost to another fund to correct posting errors or to transfer a cost to a closely related sponsored project where the expenditure should have posted originally.

The University is required to maintain supporting documentation for all expenditures on all sponsored projects in accordance with the applicable Federal regulations and in accordance with the terms and conditions of each sponsored agreement. University policy 61.01, "Account Reconciliation Policy and Procedure" requires that departments perform a formal reconciliation of the accounting records periodically such that timely corrections can be completed within the timeframes outlined within the policy. For sponsored projects, the Principal Investigators, in conjunction with the fiscal staff in their organizational unit, are responsible for conducting ongoing reviews of the projects they manage to ensure the accuracy and appropriateness of all expenditures posted to those projects. The University does not prescribe the timing of the review process; however, the reviews must be timely enough to ensure compliance with the deadlines included in this policy.

A Cost Transfer is the reassignment (transfer) of a previous expense from one fund to another. Cost Transfers can include salary and non-salary expenditures. Examples include, but are not limited to the following:

- Transfer of pre-award costs
- Correction of clerical errors
- Reallocation of effort and other non-labor expenses where multiple projects benefited
- Routine allocation of shared services

Types of Allowable Cost Transfers may be necessary to:

1. Correct bookkeeping and clerical errors.
2. Properly allocate costs to the appropriate fund using a verifiable and reasonable method in accordance with cost accounting principles.
3. Transfer charges between funds supporting closely related work for reasons other than to cover overdrafts or to spend remaining funds.
4. Record expenditures for pending awards. If it is necessary to incur costs prior to receipt of an anticipated award, the Principal Investigator (PI) should complete a Preliminary

Account Request (PAR) form and send to the Office of Sponsored Projects (OSP).

Types of Cost Transfers Not Allowable:

1. Cost transfers to other sponsored projects for the purpose of eliminating budget overruns and avoiding restrictions. Deficits on sponsored projects should be covered by unrestricted funds such as overhead funds, etc.
2. Cost transfers to a fund for the sole purpose of expending the remaining balance.

POLICY

The manager (Department Head, Institute or Center Director, etc.) of the organization responsible for the sponsored project fund where the cost or expenditure is being transferred TO is responsible for establishing internal control procedures that encompass guidelines set forth by Sponsored Programs Accounting (SPA) to ensure the following:

- Costs are appropriate, allowable, and directly benefit the project.
- Costs are allocated to the project in a reasonable manner.
- Cost transfers are supported by adequate documentation and justification.
- Cost transfers are approved by a designated, authorized approver for the organization's funds.
- Cost transfers are completed in a timely manner (i.e. within 90 days of the initial charge, and in most cases, no later than 30 days prior to the sponsor's final report due date).
- Cost transfers are made in consultation with and authorized by the Principal Investigator.

All cost transfers must be accompanied by written documentation indicating why the transfer is a necessary and appropriate charge to the project. A detailed explanation is required. If the transfer is more than ninety (90) days since the original posting date or after effort certification, the following additional written documentation is required:

- Why the transfer was not submitted in a timelier fashion and what steps will be taken to prevent this type of error from reoccurring in the future.
- How the charge directly benefits the project and the expense is an allocable and allowable cost for the project.
- Evidence that changes have been discussed with and authorized by the principal investigator.

Constant or frequent transfers raise serious questions about their propriety as well as the overall reliability of the accounting system and internal controls of the submitting organizational unit. Departments are encouraged to perform a thorough review of expenditures prior to the last 30 days of the project end date. Departments completing an excessive number of cost transfers on a consistent basis may be recommended for a process/internal control review by Internal Audit.

Sponsored Programs Accounting (SPA) is responsible for reviewing all cost transfers involving restricted funds to make a determination regarding their allowability in accordance with federal regulations, award terms and conditions, and the requirements outlined in this policy. The department with which the charge is affiliated is responsible for appropriately funding any cost

transfer that is disallowable due to failure to meet requirements stated above. The department will be held financially responsible if any cost transfer is later disallowed during an audit.

REVIEW

This policy will be reviewed by the Vice President for Research & Economic Development, the Vice President for the Division of Agriculture, Forestry, and Veterinary Medicine and the Vice President for Finance & Administration at least every four years.

REVIEWED BY:

/s/ Brandy Akers 3/4/2026
Controller and Treasurer Date

/s/ Les Potts 3/4/2026
Vice President, Finance & Administration Date

/s/ Keith Coble 3/11/2026
Vice President, Agriculture, Forestry, & Veterinary Medicine Date

/s/ Scott Willard 3/17/2026
Interim Vice President, Research & Economic Development Date

/s/ Tracey N. Baham 3/6/2026
Associate Vice President, Institutional Strategy & Effectiveness Date

/s/ Joan Lucas 3/16/2026
General Counsel Date

APPROVED BY:

/s/ Mark E. Keenum 4/27/2026
President Date