



WPI

Title: Cost Transfers on Sponsored Agreements

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Overview:

Federal Regulations 2 CFR 200 provides guidance for determining the costs applicable to sponsored agreements. Within this guidance is the requirement that expenditures related to sponsored projects are properly allocated and documented. Faculty and staff must make every effort to allocate sponsored project costs to the appropriate project(s) at the time the costs are incurred. However, in certain circumstances, it may be necessary to transfer costs from one project to another, (a "Cost Transfer").

Procedures for cost transfers:

To be permissible, cost transfers must meet the criteria established for both timeliness and appropriateness. Cost transfers should be initiated as soon as possible after the original transaction, preferably within 90 days of incurring the expense. Requests for transfers after 90 days will be considered only after careful review. The Institute is obligated to immediately remove incorrect charges made to sponsored funds, regardless of time frame.

Appropriate cost transfers for allowable direct costs of the sponsored project and their purpose is to:

- Correct errors in processing the original charges.
- Move costs between funds for closely related work (as defined by the project scope) that is supported by more than one funding source.
- Transfer pre-award costs

Inappropriate circumstances include, but are not limited to, the following:

- Transfers solely for the purpose of utilizing an unexpended balance.
- Transfers for the purpose of avoiding a cost overrun by charging another, unrelated sponsored agreement.
- Transfers that circumvent pre- and/or post-award restrictions.

Each cost transfer request must be clearly explained with supporting documentation. The person initiating the transaction has primary responsibility for fulfilling these requirements and maintaining the

related records. All records must be retained in accordance with the record retention requirements of the sponsored agreement and the University.

Explanations such as “to correct a clerical error” or “to transfer to a correct project” are not adequate. Transfers of costs from one budget period to the next solely to cover cost overruns are not allowable. Generally, the older the charge the more involved the explanation of the transfer should be.

Cost Transfer Requests Subject to the 90 Day Period

- Transfers to correct data entry or clerical errors to charge a research fund.
Example: To correct data entry or transposition error: Fund 11104 should have been 22104.
- Transfer of expenditures from one sponsored fund to another sponsored fund.
- Recurring and routine transfers to allocate direct expenses, such as telephone toll charges and service center recharges. The costs must be allowable, charged in a timely manner, and allocated based on the benefit derived.
- Transfers of expenditures from departmental, unrestricted, or other funds onto a sponsored award.

Cost Transfer Requests Not Subject to the 90 Day Period

- Transfers of true overdrafts (from research awards to unrestricted funds). These transfers may be made in lump sum entries rather than identifying individual transactions. The federal government considers a true overdraft as cost sharing. It is critical that the function of the fund absorbing the overdraft is consistent with the function of the fund being relieved of the overdraft.
- Transfers of pre-award expenditures that were charged to a departmental fund, if the costs are allowable and allocable, and were incurred within 90 days before the beginning date of the award.
- Transfers of expenditures incurred and charged to a departmental, unrestricted, or other fund while awaiting the fully executed sponsored agreement.
- Transfer of an incorrect charge from a sponsored fund to a non-sponsored fund.

Cost Transfers Made After the 90 Day Period

Cost transfers made after the 90 day period will be considered only after careful review and must include a justification for the lateness as well as an explanation indicating the measures that have been put in place to prevent future occurrences. A transfer of a charge to a sponsored fund made after 90 should contain the following statement and be authorized by the Principal Investigator or designee:

“By authorizing the above, requestor certifies that the cost to be transferred is an appropriate expenditure for the sponsored fund charged and that the expenditure complies with the terms and conditions governing that sponsored fund.”