

80.18 Cost Transfers on Sponsored Projects

Approval Authority:	Cabinet
Responsible Executive(s):	Provost and Senior Vice President for Academic Affairs CFO, Vice President for Finance and Treasurer
Responsible Office(s):	Office of Sponsored Programs Office of Sponsored Accounting and Cost Analysis
Effective Date:	October 25, 2022

I. Purpose of this Policy

The University receives funding from federal, state and other sponsors in support of research, instruction and other activities awarded through grants, contracts and cooperative agreements (“Sponsored Projects”). The University is responsible for proper stewardship of all Sponsored Project funds. The University must establish and maintain effective internal controls that provide reasonable assurance that it is managing the Sponsored Project in compliance with Federal statutes, regulations, and the terms and conditions of the Sponsored Project.

The University recognizes there are circumstances that may require transferring expenditures to a Sponsored Project account subsequent to the initial recording of the expense in the University’s accounting system (“Cost Transfer”) to ensure expenses are charged to the appropriate account. Delays in transfers may raise questions about the transfers themselves as well as the overall reliability of an institution’s accounting system and internal controls. This Policy clarifies the circumstances under which a Cost Transfer is permissible and the required procedures to effectuate the Cost Transfer.

II. Policy

The principal investigator (“PI”) on a Sponsored Project, working closely with the Office of Sponsored Programs (“OSP”) and the Office of Sponsored Accounting and Cost Analysis (“OSA”), is responsible for ensuring that only allowable, allocable, and reasonable costs are charged to a Sponsored Project. Costs should be charged to a Sponsored Project at the time such cost is initially incurred. However, there are circumstances that may require transferring expenditures to a Sponsored Project subsequent to the initial recording of the expense in the University’s accounting system. OSA will review and approve all Cost Transfers in accordance with the following requirements:

- A. Direct Cost Transfers are permissible only when they are reasonable, allocable, allowable, and consistently applied¹ costs of the Sponsored Project. Consistent with the University’s [Policy on the Allowability and Consistent Treatment of Costs](#), Direct Cost Transfers must support the Sponsored Project’s purpose and activity and be necessary to meet its scientific and technical requirements, as set forth in the Sponsored Project agreement.

¹ Additional information is provided in “Policy on the Allowability and Consistent Treatment of Costs.”

- B. Cost Transfers may be necessary in order to correct errors or appropriately recognize allocable and allowable costs to Sponsored Projects.
- C. Each Cost Transfer must be properly supported by documentation, including a description of the expenses, how the error occurred, how the cause of the error will be corrected, and the PI's signature indicating confirmation of the error and agreement with the transfer of expense to the appropriate Sponsored Project account or a non-sponsored account. The PI is responsible for ensuring that any cost transfer to a Sponsored Project is consistent with the terms and conditions of any agreement or other documentation relating to the Sponsored Project. The explanation for the cost transfer must be clearly stated and must be sufficient for an independent reviewer (e.g., an auditor) to understand the rationale for the transfer and conclude it is appropriate. An explanation that merely states that the transfer was made "to correct an error" or "to transfer to correct project" is not sufficient. A detailed explanation must be provided.
- D. Cost Transfers must be processed as soon as possible after the original transaction but should not be processed later than ninety (90) calendar days after the date that the original expense was initially recorded in the University's accounting system. If a particular sponsor's cost transfer policy is more restrictive than 90 days, the more restrictive policy will apply.

Stevens recognizes that there may be extenuating circumstances in which cost transfers are processed after the 90-day limit. Transfers which are not made promptly due to extenuating circumstances must include a detailed explanation for the delay. All cost transfers made after the 90day period will be considered only after careful review and approval by the Director of ²OSA or designee. Transfers effected after 90 days will also require a written explanation to OSA indicating the measures that have been put into place to prevent future occurrences.

No time limit exists for *removing* expenditures from a Sponsored Project account. If inappropriate expenditures are discovered on Sponsored Project accounts, OSA shall promptly move the expenditures to a non-sponsored departmental account regardless of the time of discovery.

- E. PIs and/or their designees should reach out to OSA and OSP with questions about whether a particular expense is allowable, allocable and reasonable and other questions about the implementation of this Policy.