Federal agency guidelines require that Principal Investigators (PIs) carefully monitor all expenditures on their federally-sponsored projects. Cost transfers to appropriately reallocate expenses may be processed as long as the sponsor approves this action and the charges are reasonable and allocable. To ensure the integrity of accounting practices, the Office of Contracts and Grants (OCG) will follow this policy on cost transfers.

**Cost Transfer Policy**

- Cost transfers to or from federally-sponsored projects should be accomplished within **90 days** of when the original charge posts to the account ledger and no later than **15 days** after the termination of the budget period. Such transfers, however, must conform to all the terms and conditions imposed by the awarding agency. Transfers made after the 90-day period raise serious questions concerning the propriety of the transfer. These questions may delay the timeliness of invoices and reports of expenditures, which could impede reimbursement, and subsequent funding of sponsored projects.

- All cost transfers **must contain an adequate explanation to support that the cost is a proper and allowable charge** to the project receiving the expense. Explanation for cost transfers representing corrections of clerical or bookkeeping errors must be made promptly after the errors are discovered. Explanation and documentation describing the nature of the error must support the transfer. An explanation which merely states that the transfer was “to correct error” or “to transfer to correct project” is will not be accepted. Non-Payroll cost transfers require the following: a reference number of original document, date posted on the ledger, description of the charge to be transferred, as well as a copy of the ledger detail showing the original expense.

- Cost transfers between closely related projects may occasionally be necessary to properly allocate costs. However, **requests to transfer costs must contain proper justification as outlined above and will be scrutinized carefully.** Transfer of charges from any account that has been overspent to a federal project will not be accepted nor will cost transfers to a project having unexpended funds be routinely accepted or approved.

- The Office of Contracts and Grants can disapprove any cost transfer request that is not in compliance with this policy or the sponsor’s policy.

**Cost Transfer Procedure**

- A Cost Transfer Request Form must be completed and submitted with all supporting documentation to the Office of Contracts and Grants.

- Cost transfers lacking adequate justification will be returned to the originating department for further documentation and/or explanation prior to approval by OCG. Cost transfers are subject to agency audit and could be disallowed as a result of not complying with this policy. **Cost transfers that are disapproved (when the expense in question resides on a sponsored account incorrectly) will be transferred to a non-sponsored FOAP as indicated by the originating department on the Cost Transfer Request Form.**