

## Cost Transfers for Federally-Sponsored Awards - Procedures

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A cost transfer is defined as the transfer of an expense to a federally-sponsored project after it was initially charged to another sponsored project or non-sponsored project or COA. Expenses that are transferred within the same federally-sponsored award or to a non-federally sponsored award are not considered cost transfers.

In some instances, a cost transfer is unavoidable. The purpose of these procedures is to provide guidance on the process to be followed by principal investigators (PIs), grants managers, department administrators, and the Dean's offices to ensure compliance with the federal government's regulations on cost transfers. Cost transfers should not be submitted or approved by departmental/school personnel if the requirements in the policy are not met.

These procedures are complementary to the Cost Transfers for Federally-Sponsored Awards Policy and define the processes and procedures surrounding the proper steps to take when preparing and submitting a cost transfer related to federally-sponsored awards.

### Cost Transfer Process

All cost transfers for compensation or non-compensation charges must be accompanied with a justification statement addressing the below criteria and the retro costing request form with the appropriate approvals indicated. The justification criteria are as follows:

1. Explanation as to why the expense was not charged originally to the award/project for which the transfer is now being requested?
2. Explanation as to why the charge(s) should be transferred to the proposed receiving award/project? (How does the award/project benefit?)
3. Explanation why the charges being transferred are allowable and allocable to the receiving award/project?
4. What corrective action has been put in place to prevent future need for cost transfers of this nature?

### Time Period

All cost transfers should be made within 90 days of the original charge or initially-recorded charge. The 90 day time period begins after the month-end close of the period that the original or initially-recorded charge is posted in the general ledger or PPM sub-ledger. This transfer period runs until the transfer request is received in the Office of Contract and Grant Accounting. The deadline of 90 days is the standard used by the federal agencies

and its auditors to determine whether costs are reasonably charged to their awards appropriately. It is a standard established in federal regulations and grant policies. It is critical that all transactions for federally-sponsored awards/projects are reviewed in a timely manner on a regular basis in order to facilitate the timely submission of cost transfers.

Cost transfers for compensation or non-compensation charges submitted after the 90 day period, as defined above, are considered late and must have an extremely strong case as to why they should be approved and the reason for the delay in requesting the transfer. These transfers are generally not allowed to be transferred onto another federally-sponsored award unless there are extenuating circumstances. Such transfers will be reviewed with extreme scrutiny and may need further justification and additional approvals. If the justification does not meet the extenuating circumstance criteria, the charges will need to be transferred to a COA or non-sponsored project. The justification for these late cost transfers should address the same points as listed above.

The 90 day cost transfer time period applies when transferring expenditures **TO** a federally-sponsored grant or contract. No time limit exists for **REMOVING** expenditures from a federally-sponsored grant or contract. If inappropriate expenditures are discovered on federal awards, they must be removed without regard to time limits.

### Approval Process

The approval process for cost transfers on federally-sponsored awards follows the guidance outlined in the Retroactive Reallocation of Costs administrative policy.

### Key Terms

**Cost Transfer** – a transfer of an expense to a federally-sponsored project after it was initially charged to another sponsored project or non-sponsored project or COA.

### Forms

Retro Costing Request Form – **Salary**

Retro Costing Request Form – **Non-salary**

Retro Costing Request Form – **Student-related charges** (i.e. tuition, health insurance, activity fee, etc. processed thru Student Accounts in the PeopleSoft system)

### Related Policies/Documents

Federal Uniform Guidance – <https://www.ecfr.gov>

NIH Grants Policy Statement – <https://grants.nih.gov/policy/index.htm>

NSF Requirements – <https://www.nsf.gov/bfa/dias/policy/>

VU Retroactive Reallocation of Costs Policy –  
<https://finance.vanderbilt.edu/policies/index.php>