

Responsible Office: Office of Financial Affairs and Treasury Services

Responsible Official: Senior Vice President for Finance and Treasurer, Director Sponsored Programs  
Accounting

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## Policy Statement

It is the policy of Brandeis University that costs be charged to the appropriate sponsored project when first incurred. However, there may be circumstances in which it is necessary to transfer expenditures to a sponsored project subsequent to the initial recording of the charge. Such transactions require monitoring for compliance with Brandeis policy, Federal regulations, sponsor specific guidelines, and the cost principles that provide guidance over fiscal activities on sponsored projects.

## Purpose of Policy

It is the responsibility of the Principal Investigator to provide economically sound management for the sponsored agreement funds. In order to comply with the requirements of 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Subpart E. Cost Principles, Brandeis University has established the following policy and procedures for the processing of cost transfers.

## Applicability

Per accepted cost principles (e.g. 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Subpart E. Cost Principles), only reasonable, allowable and allocable expenses may be charged to a grant. Effective budgeting, appropriate expenditure procedures, and oversight should minimize the need to transfer expenditures.

Cost transfers are usually implemented via: "Journal Entry Form." This form is used for all university transfers both relating to payroll and non-payroll items, in order to transfer retroactive transactions as well as deposits.

This policy applies to cost transfers to or from federal and non-federal sponsored projects.

To be allowed, a cost transfer must be timely, made under appropriate circumstances, fully explained and documented, conform with University and sponsor's allowable standards (that is, allowable under the terms of the sponsored agreement), and have appropriate authorizing signatures.

## Policy Details

### Definition

A cost transfer is an after-the-fact reallocation of a cost from one account to another.

### Timeliness

Cost transfers must be timely and should be made within 90 days after the run date of the report where the original transaction appears. However, all cost transfers needed to correct errors in the original charges must be made regardless of timing. Transfers must be supported by documentation that fully explains how the error occurred and a certification of correctness of the new charge by the office of sponsored programs accounting.

Cost transfers made after the 90-day period will require additional explanation as to why the transfer was not completed within the 90-day period and will also require an additional level of approval from the Office of Financial Affairs and Treasury Services.

### Appropriateness

A cost transfer is made under appropriate circumstances when the charge qualifies as an allowable direct cost of the sponsored project being charged. 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and

Audit Requirements for Federal Awards, Subpart E. Cost Principles, Section D.1, states that "direct costs are those costs that can be identified specifically with a particular sponsored project or that can be directly assigned to such [a project] with a high degree of accuracy."

Cost transfer documentation must include a justification that clearly shows:

1. The nature of the transaction and how the expense directly benefits the project
2. The expense is allowable on the project based upon 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Subpart E. Cost Principles and sponsor requirements
3. The reason the expense was not initially charged to the correct project
4. The allocation of the expense or the portion of the expense that relates to the project
5. For late transfers, that any systemic reasons which caused the mistake, contributed to the delay in correcting the mistake, or which might cause the problem to be repeated in the future have been addressed

Typical circumstances for timely cost transfers allowed by Brandeis include the following:

- Correction of clerical error
- Clearing an overdraft at the end of a project
- Removal of disallowed costs
- Reallocate salary and fringe to reflect actual effort
- Reallocate shared services that were previously charged elsewhere

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.

All cost transfers must be supported by documentation that fully explains the purpose of the transaction being requested and as detail and must be attached to the Transaction Report by Grant (BRTRANSC) for nonpayroll items and the Labor Distribution Report by Grant (BRLDSC) for payroll items, identifying the posting that supports the original charge(s), in addition to any other documents you may consider necessary to support the complete and clear explanation for the cost transfer. The department has primary responsibility for fulfilling this requirement and maintaining the related records.

Please note that whenever a cost transfer involves salaries, care must be taken to ensure that they are consistent with certified time & effort reports. Cost transfers that contradict certified time & effort reports will be permitted only under highly unusual circumstances. Great care must also be exercised to ensure that all cost transfers are explained clearly and completely. When transfers are inadequately documented or made for inappropriate reasons disallowed costs will be absorbed by departmental sources.

Large transfers with funding over ten thousand dollars require signature by the PI, and transfers within the first or last 90 days of a project, receive additional central review.

### **Procedures**

To be permissible, cost transfers must meet the criteria established for both timeliness and appropriateness as set forth in this Policy and accepted cost principles.

### **Signing Authority**

The Principal Investigator is the individual responsible for meeting the objectives of the project and is legally liable for all charges made to his/her grant. To facilitate efficient progress towards meeting project objectives,

the P.I. may, at his/her discretion, delegate authority for initiating, approving the acquisition of goods and services, and the transfer of expenditures to sponsored projects under their direction up to \$10,000. Anything in excess of \$10,000 will require the P.I. signature on the appropriate form. The PI can delegate authority by completing and submitting a Sponsored Programs Authorized Signature Form to the department of Sponsored Programs Accounting.

In addition to the P.I. or designee, other required signatures are:

- Department Budget Manager for non-grant funds
- Sponsored Programs Accounting Staff
- Associate Vice President for Finance & Controller or Senior Vice President for Finance and Treasurer if the cost being moved is more than 90 days after the run date of the web report where the original transaction appears.

### **Roles and Responsibilities**

The major responsibilities each party has in connection with the Brandeis University Cost Transfer Policy are as follows:

#### Department Administrator

1. Establish effective processes and controls to ensure compliance with this policy.
2. Ensure sponsor funds are expended in a manner consistent with the policies and procedures of the University and the terms and conditions specified by external sponsors.
3. Assume responsibility for or assign an administrator to process the expenditure in compliance with appropriate university policies and procedures, and departmental guidelines.
4. Ensure appropriate documentation has been obtained to support the transaction; e.g. original receipt, written justification, etc.
5. Review sponsored accounts on a regular (e.g. monthly) basis to ensure that all expenditures charged, both personnel and other costs, are correct and appropriate.
  - a. This review should include the determination that the charges are reasonable, allowable, and directly support the scope of work for that project.
  - b. Personnel charges should represent a reasonable reflection of employee's effort.
  - c. Any errors discovered must be corrected in a timely manner.

#### Principal Investigator/Employee/Graduate Student

1. Ensure sponsor funds are expended in a manner consistent with the policies and procedures of the University and the terms and conditions specified by external sponsors.
2. Ensure appropriate documentation has been obtained to support the transaction; e.g. original receipt, written justification, etc.
3. Ensure appropriate approvals have been obtained.
4. Review sponsored accounts on a regular (e.g. monthly) basis to ensure that all expenditures charged, both personnel and other costs, are correct and appropriate.
  - a. This review should include the determination that the charges are reasonable, allowable, and directly support the scope of work for that project.
  - b. Personnel charges should represent a reasonable reflection of employee's effort.
  - c. Any errors discovered must be corrected in a timely manner.

#### Sponsored Programs Accounting

1. Develop and implement cost transfer policies, procedures, and training in accordance with the regulations set forth in 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Subpart E. Cost Principles, "Cost Principles for Educational Institutions."
2. Distribute effort certification reports for all employees identified as expending effort on sponsored projects.

3. Monitor cost transfers to ensure compliance with the University's Cost Transfer Policy.
4. Audit and confirm the allowability of cost transfers and facilitate any necessary corrections with the department administrator.
5. Report questionable practices and recurring problems to the University Controller.
6. Work with auditors as they monitor the University's compliance with cost transfer regulations.

#### Record Retention

Per federal regulations (45 CFR 74.53 and 45 CFR 92.42), grantees are required to maintain grant accounting records including justifications and approvals for cost transfers or late cost transfers for 3 years after the submission of the final financial report. If any litigation, claims, negotiation, audit or other action involving the record has been started before the expiration of the 3 year period, the records shall be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular 3-year period, whichever is later.

#### Form

- [Workday Journal Entry](#)

#### Contacts

If you have any questions about this policy, how to treat a specific cost, or need additional information, please contact the [Director of Sponsored Programs Accounting](#) at x6-5110.

#### Related Resources and References

2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Subpart E. Cost Principles

NIH Grants Policy Statement

45 CFR 74.53

45 CFR 92.42