



## University of Massachusetts Lowell

<b>Policy Title:</b>	Cost Transfer Policy
<b>Policy Number:</b>	ORA-8-103
<b>Responsible Office:</b>	Office of Research Administration
<b>Responsible Position:</b>	Associate Vice Chancellor for Research Administration

### I. Policy Statement

This policy addresses transferring expenditures to a sponsored award. All cost transfers to a sponsored award must benefit the project, be allowable under the sponsor’s guidelines, and be submitted in a timely manner. In addition, all cost transfers must be well documented with an explanation of why the transfer is necessary and how the transferred expense benefits the sponsored project. Cost transfers to a sponsored award may not be submitted to avoid a cost overrun on a different account, or to use up an available balance remaining on the sponsored project.

### II. Purpose

The purpose of this policy is to ensure a consistent and uniform approach to cost transfers. Although cost transfers can generally be prevented through careful review of reports and communication by the Principal Investigator (PI) and administrators, they are occasionally necessary to correct clerical errors, reallocate effort to reflect actual effort, or to allocate shared goods or services, etc. Federal agencies and other sponsors regulate grantees to ensure all costs are allowable and allocable, permissible under the sponsor’s guidelines, and provide a direct benefit to the approved scope of work. As a result, federal agencies and other sponsors carefully monitor cost transfers and prohibit transfers done to simply correct cost overruns or spend surplus balances.

Cost transfers can cause significant complications in the university’s cash management and financial reporting responsibilities, especially if the cost transfers are not processed in a timely manner. Sponsored project costs are often billed on a monthly basis so if a payment is received from a sponsor for a cost that is later transferred from the grant, the funds must then be returned to the sponsor. Similarly, periodic financial reports that the Office of Research Administration (ORA) prepares for these sponsors also have to be revised, which can sometimes trigger audit questions at the sponsoring agency. Finally, cost transfers that are not properly documented could lead to allegations of misspending and misreporting of funds.

### III. Scope

This policy applies to all cost transfers to sponsored awards.

#### **IV. Definitions**

- **Allocable Cost:** Cost that provides a benefit to the project.
- **Allowable Cost:** Cost that is permissible under the sponsor's guidelines.
- **Cost Transfer:** Transfer of expenditures to an externally funded sponsored award by means of a UMass Lowell personnel action form (PAF) or cost transfer form.

#### **V. Procedures**

Cost transfers to sponsored projects need review and approval by ORA. Cost transfer requests should be submitted to ORA as soon as the need for transfer is identified, but no later than 90 days after the original expense. Additionally, cost transfers must be submitted no later than 30 days after the project end date to ensure proper and timely closeout.

If a cost transfer request is submitted more than 90 days after the original expense it requires an additional justification explaining the essential need for the cost transfer and the reason for the delay. Only under exceptional circumstances will cost transfers more than 90 days after the original expense be approved with sufficient justification, and under no circumstances will cost transfer requests between sponsored projects be approved more than six months after the initial charge. In the event that more than six months has passed the charges will be moved to a non-sponsored account.

After determining the need for a cost transfer, the PI or department administrator must submit a cost transfer form or a revised PAF. Each cost transfer request must be accompanied by documentation for the transfer as described below. All documentation should include a detailed listing of the original transactions and the total amount to be transferred, exclusive of indirect costs. If the transfer is for a portion of the original transaction, documentation should include a record of how the amount was determined.

Cost transfers involving government sponsored research accounts, including government flow-through funds, must have a compelling justification for the cost to be allowable. A complete justification must clearly show:

- Cost is allocable
- Cost is allowable
- Reason for transfer
- The reason for any delay in the timely processing of the transfer (if more than 90 days)
- A statement that systemic causes for the transfer have been corrected so they will not recur
- Review and approval by the PI

Valid reasons for cost transfers include allocating costs according to sponsor-approved budget revisions and correcting clerical errors on expense forms.

## **VI. Responsibility**

Principal Investigator – The PI has a fiduciary responsibility for the management and administration of the sponsored project in accordance with sponsor and University guidelines and therefore must approve all cost transfers.

Office of Research Administration – The Financial Research Administrator (FRA) assigned to the project and the Director of Financial Research Administration approve cost transfer requests, ensuring transfers greater than 90 days after the original charge in the University's financial records have sufficient justification prior to processing.

## **VII. Attachments**

[Cost Transfer Form](#) (eForm)  
[Personnel Action Form](#)

## **VIII. Related Policies, Procedures and Announcements**

[UML Unallowable Cost Guidelines](#)  
[OMB's Uniform Guidance](#)  
[UMass Effort Reporting Guidance](#)  
[FS-2-104 Business Expense & Reimbursement Policy](#)  
[Doc. T94-034 Policy for the Development and Administration of Grants, Contracts and Cooperative Agreements for Sponsored Programs](#)  
[Doc. T01-012 – Policy on Additional Faculty Compensation](#)