

**Policy Name:** Cost Transfers  
**Policy Number:** F/UNTHSC/RES/OGCM-008  
**Scope:** All Researchers  
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**Created/Revised:** Created 7/13/01, Revised 8/15/07  
**Effective:** 8/17/01

A cost transfer is any adjustment or transfer of expenditures to/from an externally funded ProjID by means of a (1) HRM-6 or (2) journal entry form. **A HRM-6 form is used to adjust an allocation of effort that was processed in a prior month. A journal entry is used to adjust any non-salary charge that had previously been posted to a ProjID (e.g., travel, materials, etc.) or salary charges for prior fiscal years.** Diligent review of financial records and timely communication between principal investigators and departmental administrators should prevent the necessity for transfers; however, under certain circumstances transfers may be appropriate.

The administration of cost transfers is extremely important and sensitive when federal funding is involved. Federal agencies, which sponsor agreements at UNTHSC, are especially concerned that costs can be specifically identified with the funded activity they benefit. Office of Management and Budget Circular A-21 explicitly states that expenses "...may not be shifted to other sponsored agreements in order to meet deficiencies caused by overruns or other fund considerations, to avoid restrictions imposed by law or by terms of the sponsored agreement, or for other reasons of convenience." The Circular goes on to say, "Any cost allocable to activities sponsored by industry, foreign governments or other sponsors may not be shifted to federally sponsored agreements."

When sponsored agreement records are reviewed, inappropriate or poorly documented cost transfers can result in federal regulators denying reimbursement of these questionable charges or imposing other sanctions on UNTHSC, such as withdrawal of Expanded Authorities. Salaries, wages, goods and services that do not benefit another agreement may not be transferred to that agreement. Therefore, it is important to provide detailed written explanations justifying all cost transfers.

The Office of Grant and Contract Management (OGCM) is responsible for reviewing and approving all cost transfers. To be considered allowable, all cost transfers must be timely, documented and explained in detail, adhere to the sponsor's standards, and have appropriate authorizing signatures. Cost transfers should be prepared and submitted as soon as the need for the transfer is identified, but under most circumstances, not later than 90 days from the original transaction date.

#### COST TRANSFER WITHIN 90 DAYS

Cost transfers involving sponsored projects (including payroll reallocations) that are processed within 90 days of the original transaction require approval signatures (e-mail is acceptable) from the principal investigator (PI), and the OGCM.

#### COST TRANSFERS OVER 90 DAYS

Only in the case of exceptional circumstances will cost transfers (including payroll reallocations) be permitted more than 90 days after the original charge or effort certification. However, all transfers to correct errors in the original charges will be made,

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regardless of the timing. The reasons why the cost transfer was over 90 days after the original charge must be documented in detail, and the transfer will require the signature (e-mail is acceptable) of the principal investigator (PI), OGCM and additional management review as needed.