

## Cost Transfer Policy & Procedure

**Definition of a cost transfer:** An after-the-fact reallocation of the cost, either salary or non-salary, to a sponsored project within a **90-calendar day period** from the accounting date of a transaction.

The transfer of expenses must be supported by documentation that explains how the error occurred and how it was discovered. Extensive supporting documentation must be provided for transfers older than **90 days**, or occurring during the last month of the award, or after the award has expired. Frequent errors in the recording of costs may indicate a need for evaluating the internal accounting controls systems of the administrative unit recipient of a sponsored award. Costs transfers to move off unallowable charges and to move in allowable charges for the purpose of spending the funds are not allowable.

Here are some examples of typical circumstances in which cost transfers may be allowed:

- Correction of a clerical error
- Reallocation of expenses where multiple project benefited
- Reallocation of shared resources costs
- Transfer of pre-award costs from divisional or discretionary project funds to a sponsored project
- Reallocation of a salary expense

**A late cost transfer is an after-the-fact reallocation of costs, either salary or non-salary costs, to a sponsored project more than 90 calendar days from the accounting date.**

Here are some examples of typical circumstances in which late cost transfers will most likely not be allowed:

- Reallocation of expenses because the grant has unexpended funds
- Reallocation of expenses because the clerical error was not noticed within a 90-calendar day period

### Procedure

For cost transfers involving salaries:

A salary adjustment form must be filled out and sent to the appropriate Research Accounting representative.

For any salary adjustments taking place after 90 days from the date that the charge occurred, the PI must sign the form as well as include a justification as to why the error was not caught within the 90 days. The justification also needs to include how the error was found and what steps the department is taking to avoid these errors in the future. These are only allowed occasionally and Research Accounting may decide that they will not allow the adjustment.

For non-salary cost transfers:

A journal entry should be done for cost transfers that do not involve salaries. The same rule applies to JE's regarding transfers over 90 days. A justification, signed by the PI, will still need to be provided to Research Accounting.

For more detail and forms, please visit: <http://www.bu.edu/cfo/post-award-financial-operations/resources/cost-transfers/>.