



BOISE STATE UNIVERSITY

University Policy 5090

Sponsored Programs Cost Transfer

Effective Date

April 2013

Last Revision Date

September 2019

Responsible Party

Vice President for Research and Economic Development, (208) 426-5372
Office of Sponsored Programs, (208) 426-4420

Scope and Audience

This policy applies to any Cost Transfers to or from Sponsored Projects and among Sponsored Projects. All Principal Investigators (“PIs”) and cognizant college/departmental/unit administrators (“Administrators”) at Boise State University (“University”) within all colleges, schools, units, divisions, centers, institutes and University-wide initiatives must comply with this policy.

Additional Authority

- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR Part 200) (the “Uniform Guidance”)
 - NIH Grants Policy Statement (Rev. 10/2018) (“NIHGPS”) Section 7.5, Cost Transfers, Overruns, and Accelerated and Delayed Expenditures
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1. Policy Purpose

To ensure the integrity of the University's charging practices for expenses transferred to, from, or among Sponsored Projects after original charges are posted elsewhere. Proper funds management is essential to uphold fiscal responsibilities. Careful, timely review of financial expenditures and communication between PIs and Administrators should prevent the necessity for Cost Transfers.

To comply with Cost Allowability requirements in accordance with Subpart E, Cost Principles, to the Uniform Guidance, it is necessary to explain and justify Cost Transfers to, from, or among Sponsored Projects when the original charges were previously recorded elsewhere in the University's financial system. Timeliness and completeness of Cost Transfer justifications/explanations are important factors in supporting Cost Allowability.

2. Policy Statement

It is the University's policy that costs should be charged to appropriate Sponsored Projects when first incurred. There are circumstances in which it may be necessary to transfer expenditures to, from or among Sponsored Projects after the Original Transaction Date. Those transactions must comply with University policy, federal regulations (e.g., Uniform Guidance), and sponsor-specific terms, conditions, policies, and procedures. To consistently treat Cost Transfers, this policy (1) applies to all Sponsored Projects regardless of funding source and (2) establishes requirements necessary to ensure the Cost Allowability and timeliness of Cost Transfers of direct cost expenditures to, from or among Sponsored Projects.

3. Definitions

3.1 Allocable Cost

A cost is allocable to a Sponsored Project if it: (1) is incurred specifically to advance the work under the Sponsored Project; (2) benefits both the Sponsored Project and other University work in proportions that can be approximated through the use of reasonable methods; or (3) is necessary to the overall University operation and, in light of the Uniform Guidance, is deemed to be assignable in part to the Sponsored Project. *See, e.g., 2 CFR §200.405.*

3.2 Allowable Cost

A cost is allowable if the cost: (1) is permitted to be charged under the terms and conditions of the Sponsored Project; (2) satisfies Cost Allowability requirements; and (3) is treated consistently, regardless of funding source, through the application of Generally Accepted Accounting Principles appropriate to the circumstances. *See, e.g., 2 CFR §200.403.*

3.3 Cost Allowability

The process of ensuring costs charged to Sponsored Projects are Allowable Costs, Allocable Costs, and Reasonable Costs.

3.4 Cost Transfer

An after-the-fact reallocation or correction of costs, either payroll or non-payroll, to, from or among Sponsored Projects within a 90-calendar day period from the Original Transaction Date.

3.5 Original Transaction Date

The date the original expenditure is posted to the University's financial system.

3.6 Reasonable Cost

A cost is reasonable if the nature and amount of the cost reflects actions that a prudent person would have taken under circumstances prevailing at the time. Among other factors, a reasonable cost is one generally recognized as necessary for the University's operation or the performance of Sponsored Projects, is consistent with established University policies and practices generally applicable to the University's work, including Sponsored Projects, and reflects sound business practices, arm's-length bargaining and market prices for comparable goods/services (*see, e.g., 2 CFR §200.404*).

3.7 Sponsored Project

A grant, contract, cooperative agreement, sub grant, subcontract, consortium agreement, purchase order, or memorandum of understanding that formalizes the transfer of money or property from a sponsor in exchange for specified activities (e.g., research and development, instruction, public services, etc.) and may require specific deliverables such as detailed financial and/or technical reporting by the University. Performance is usually to be accomplished within a specified time frame, with payment subject to revocation. It may include provisions related to intellectual property and publication rights. The University's Office of Sponsored Programs ("OSP") in the Division of Research and Economic and Development is responsible for accepting and administering Sponsored Projects.

4. Responsibilities and Procedures

4.1 General

- a. PIs and Administrators must collectively ensure that all costs, regardless of funding source (e.g., federal or non-federal), are charged to appropriate Sponsored Projects when first incurred.
- b. It is against this policy to incur charges against non-Sponsored Project fund sources (or incorrect Sponsored Projects) with the intent of later transferring such costs to the appropriate Sponsored Project(s).
- c. There are rare circumstances where it may be appropriate to Cost Transfer expenditures to Sponsored Projects after the Original Transaction Date. Those transactions require monitoring for compliance with University policy, the Uniform Guidance, other federal laws/regulations, and sponsor-specific guidelines.

4.2 Timeliness

Absent more restrictive sponsor requirements, all Cost Transfers must be posted in the financial system within 90 calendar days of the Original Transaction Date and must be thoroughly justified with supporting documentation consistent with OSP procedures. However, at the end of a budget period or project period, there may be a shorter time frame to make corrections due to different regulatory or award-specific requirements. As non-exhaustive examples, explanations merely stating that Cost Transfers are desired “to correct an error” or “to transfer to correct project” or “late EAF” are not sufficient. Notwithstanding the foregoing, Cost Transfers to correct errors on Sponsored Projects must be completed regardless of timeframe if the corrections benefit sponsors.

4.3 Cost Allowability Requirements

- a. When the University accepts federal funding, it agrees to comply with Cost Allowability requirements. To fulfill these requirements, it is necessary to explain and justify Cost Transfers to, from or among Sponsored Projects. Cost Transfers for the purpose of “convenience,” including transfers largely for the purpose of using unexpended funds on an expiring Sponsored Project and allocating a large number or value of transactions after-the-fact, are generally impermissible.
- b. Cost Transfer timeliness and completeness, as well as accompanying justifications, are important factors in supporting Cost Allowability. When Cost Transfers are not adequately

justified or are made for inappropriate reasons, Administrators are responsible for transferring the expenses to non-sponsored funding sources (e.g., surplus/deficit account) promptly after OSP has made this determination.

4.4 Activities Indicative of Inadequate Internal Control Systems

Proper funds management is essential to uphold the University's fiduciary responsibilities. Sponsors and external auditors may regard the following activities as indicative of inadequate internal control systems:

- Frequent Cost Transfers;
- Cost Transfers with high dollar amounts;
- Inadequately documented or poorly explained Cost Transfers;
- Cost Transfers involving Sponsored Projects with overruns or unexpended balances;
- Cost Transfers among federally-funded Sponsored Projects; and
- Cost Transfers initiated after Sponsored Projects have ended.

4.5 Cost Transfers Generally Unallowable

Cost Transfers that are generally unallowable, regardless of the Original Transaction Date or the original amount, include those transfers that affect:

- A previously submitted financial report;
- A carryforward request required by the sponsor;
- A previously submitted final invoice; and/or
- A final figure (expenditures) confirmed previously by the department.

4.6 Exceptions

- a. In rare cases, there may be compelling circumstances where exceptions to this policy may be warranted on a case-by-case basis. All exception requests to this policy must: (1) be in writing; (2) be signed by the PI; (3) include a justification for the exception and a Corrective Action Plan ("CAP") describing how exceptions to this policy will be avoided in the future; and (4) be submitted to the OSP Post-Award Operations Manager at

postaward@boisestate.edu. OSP recommends that exception requests be discussed with Administrators and assigned SPAs prior to formal submission to OSP.

- b. After considering the relevant facts, the OSP Post-Award Operations Manager will determine whether to grant or deny exception requests, as well as CAP implementations/audits if approved. When necessary, exception requests will be escalated to the Associate Vice President for Sponsored Programs or designee.
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Revision History

September 2019