



Cost Transfers on Sponsored Awards

Responsible Executive: VP for Research
Responsible Office: Office for Sponsored Research and Award Administration
Effective: 9/1/2018
Last Revised: 11/1/2019

I. Policy Statement

This policy sets forth Oregon State University's requirements for ensuring that cost transfers involving sponsored awards are in compliance with federal laws and regulations, sponsor terms and conditions and University policy.

II. Reason for Policy

Oregon State University (OSU) must document allowability, allocability and reasonableness of costs charged to each sponsored award. It is necessary to further explain and justify transfers of costs onto a sponsored award when the original charge was previously recorded elsewhere. The form of expense justification is determined by such governing regulation as the OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR §200), sponsor terms and conditions and University policy.

III. Scope & Audience

University wide. OSU personnel involved with the conduct and administration of sponsored award activities, especially the posting and approving of project charges, are affected by this policy.

IV. Definitions

- **Allocable Cost** –A cost assigned to a sponsored award or other cost objective where the goods or services involved are chargeable or assignable to that sponsored award or cost objective in accordance with relative benefits received.
- **Allowable Cost** – A reasonable cost that is allocable to the sponsored award. The cost must conform to any limitations or exclusions set forth in federal regulations or the sponsored award agreement.
- **Business Purpose** – For purposes of this policy, the business purpose is the description provided to ensure that a cost is necessary and reasonable for the sponsored project.
- **Cost Transfer** – An after-the-fact transfer of costs to or from a sponsored award after the expense was initially charged to another sponsored award or non-sponsored project.

- **Cost Sharing** – Any project costs that are not reimbursed by the sponsor. Cost sharing of effort is the personnel time and related fringe benefits that were committed and provided in support of the project but are paid for by other funding sources.
- **Direct Cost** - Those costs that can be identified specifically with a particular project, or other internally or externally funded activity, or can be assigned to such activities relatively easily with a high degree of accuracy.
- **Documentation Standards** – Common rules and guidelines that establish the form, type and amount of documentation that is reasonable and appropriate to establish the justification for a transaction. Documentation requirements may include (but are not limited to) written explanations containing reference to relevant financial data elements, detailed receipts, emails, confirmation of payment, bill of sale, invoice, etc.
- **Pending Index** – An index established in OSU’s financial system to capture award costs in a restricted account prior to completion of award acceptance at OSU. The pending index is set up by the Office for Sponsored Research and Award Administration (OSRAA) upon receipt of a Pending Index Request Form approved by the Principal Investigator (PI) and Budget Authority (Dean, Director, Unit Head, etc.) and signed by the Director of Proposal and Award Administration in OSRAA. Pending index accounts are considered at-risk spending and must be guaranteed by the budget authority.
- **Transaction Justification** - Explanations that specify a transaction’s legitimate business purpose and benefit to the sponsored award. This may be supplied by supporting documentation and/or written explanation when documentation does not provide adequate clarity or transparency.
- **Unallowable Cost** – Those costs that cannot be charged to a sponsored award due to sponsor and/or OSU policies, regulations and restrictions. These regulations vary by sponsor and the same sponsor may have different restrictions for different awards, depending on the source of the funding, the type of award (e.g. grant, cooperative agreement or contract), or the purpose of the award (e.g. research, equipment, conference, training). Therefore, whether a cost is considered allowable or unallowable for a sponsored award may only be determined through close review of the award documentation, sponsor regulations and guidelines, and OSU policies and procedures.

V. **Website (specific to this policy)**

<http://research.oregonstate.edu/osraa>

VI. **Contacts**

Department	Phone Number	Website
Office for Sponsored Research and Award	541.737.4933	http://research.oregonstate.edu/osraa

Administration (OSRAA)		
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VII. Responsibilities & Procedures

It is the expectation that costs for sponsored awards are correctly charged to the project from the outset and that they are reasonable, allowable and allocable to the particular award charged. However, in certain circumstances it is permissible to transfer costs to or from a sponsored award subsequent to the initial recording of that cost. Such transfers require careful monitoring for compliance with OSU policy, federal and state regulations, and sponsor terms and conditions.

A cost transfer requires thorough documentation to support the transaction. In addition, the transfer must be timely, complete, and comply with allowability, allocability and reasonableness requirements.

Examples of cost transfers that may be allowable:

- Correction of error (i.e. transpositions and typographical errors)
- Unallowable cost removal from award
- Transfer pre-award costs from a departmental holding account
- Reallocate planned effort to reflect actual work
- Routinely allocate shared service center charges
- Allocation of a cost between two or more projects in proportions that can be determined in relation to the benefit to each project

Examples of cost transfers that are not allowable:

- To use up the unexpended balance of an unrelated project
- Using a sponsored project as a holding account for expenses that will be transferred elsewhere
- Transferring costs allocable to a particular sponsored project to other sponsored projects
- To avoid restrictions imposed by law or the sponsored award terms
- To avoid a cost overrun of allowable/allocable project expenditures
- Transferring a cost more than one time - once a transfer is made, the new source of funding is considered correct
- Other reasons of convenience

In the event that a project index is not yet available for a sponsored award, charges must be posted to a pending index, state or gift account. Under no circumstances should charges that will subsequently be transferred elsewhere be posted to a different sponsored award.

Cost transfers are very limited after fiscal year end close and must be approved by OSRAA.

Additional guidelines and procedures are found in the document entitled [Guidelines for Cost Transfers on Sponsored Awards](#) on the OSRAA website.

VIII. Forms & Tools

Frequently Asked Questions

[See OSRAA Website](#)

IX. Related Information

Cost Transfers for Payroll Costs – see [Labor Distribution Policy and Guidelines](#)

[OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, § 200.405 Allocable costs](#)

X. History

Last review date: 11/1/2019

Next scheduled review date: 9/1/2020

Original issue date: Effective 9/1/2018

Note: The Office of University Compliance will attempt to track the original issue date of policy and revision dates to existing policies but will not publish this information on the website.