Rice University Policy No. 302

COST TRANSFERS

I. General Policy

A cost transfer moves charges from one University fund to another. A cost transfer moves charges from one University fund to another. In the case of a sponsored project, it is a reassignment of expenses either between similar sponsored projects, or between a sponsored project and a non-sponsored project. A cost transfer does not include:

- reclassification of costs (e.g., correcting an account code) within an award,
- transfer of costs within an award, (e.g., between a parent and sub-fund or between sub-funds),
- awards that change fund numbers within a project period (e.g., Welch and some federal flow through awards),
- changes in organization within the same award, or
- any other exclusions included in the RCA guidelines

Each Principal Investigator (PI) is responsible for ensuring that charges made to a particular sponsored project fund are allowed by the funding source and are directly related to the project or activity supported by that fund. The PI should carefully consider whether an expense is an allowable, allocable, reasonable and consistent cost on a given fund before the expense is incurred.

Cost transfers are sometimes necessary and unavoidable; however, they should not be used as a method for routine management of funds. They may be used to correct an error or to allocate expenses between closely related projects if both projects benefit directly from the expenditure. Cost transfers should not be requested simply to avoid over expenditure in one sponsored project fund by transferring expenses to another sponsored project fund, nor should they be used as a method to spend money because a project is nearing its end.

Requirements

Unallowable or inappropriate charges that appear on a sponsored project fund must be moved promptly to an appropriate fund. Cost transfers must be timely, well-documented and properly approved.

1 Timely. Charges to a sponsored project fund should be reviewed periodically by the PI and reconciled regularly by staff within each department or school so that erroneous charges may be identified and corrected promptly. Timely means that a transfer should be initiated as soon as an error is detected but normally within 90 days following the last day of the month in which the charge first appears on the fund. Cost transfers requested close to or after the end date of a grant will be scrutinized closely. Regardless of the 90-day rule, cost transfers should generally be submitted no later than 30 days after the end date of an award. Grants and contracts cannot be closed out if unallowable or inappropriate costs remain on the fund. The Assistant Controller for Research and Cost Accounting, or designee, must approve any transfers that exceed these time periods. Cost transfers that are not timely should be requested infrequently and departments should have procedures in place to prevent untimely transfers from occurring. When a cost transfer is not timely, the transfer request submitted must include:

   (1) the approval of the department chair,
   (2) additional documentation if expenses are to be charged to another research fund, and
   (3) a reason for the delay.

2 Well-documented. A cost transfer request involving sponsored project funds must be processed on an Expense and Revenue Correction Form and include:

   (1) a reason for the cost transfer;
   (2) the Banner document number for each initial transaction;
   (3) a copy of the actual posting in Banner for each transaction (if submitted via paper); and
   (4) include a brief description of how the expenditure benefits the fund receiving the charge. A
generic statement such as "to correct error" is insufficient.

3 **Properly Approved.** The PI or designee must approve cost transfer requests before they are submitted. In addition, the department chair (or chairs if more than one department is involved) must approve cost transfers that are submitted more than 30 days after an award ends or more than 90 days following the last day of the month in which the incorrect charge appeared.

**Clearing Fund Reallocations.** An initial allocation of a charge from a clearing fund to a fund for which the expense was incurred is not considered a cost transfer. These reallocations should be made promptly, preferably monthly.

**II. Responsible Official and Key Offices to Contact Regarding the Policy and its Implementation**

Responsible Official: VP Finance
Other Key Offices: Controller’s Office

**III. Procedures and Forms**

Information about the Expense and Revenue Correction Form is available on the Controller's Office website.

Additional information about allowable costs is also available on the following websites:
(1) Rice University Research and Cost Accounting
(2) Office of Management and Budget (OMB) Uniform Guidance (2 CFR Part 200), Subpart E – Cost Principles

David W. Leebron
President

Policy History
Clerical Change: January 8, 2017
Issued: October 7, 2008