

Non-Compensation Cost Transfer Policy

Policy Owner:

Office of the Vice President of Finance
and Treasurer

Policy Contact:

University Controller

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July 1, 2021

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This policy establishes requirements for non-compensation cost transfers to comply with Uniform Guidance Audit and Cost Principles requirements.

This policy applies to costs being transferred onto and/or off of sponsored awards.

This policy does not apply to:

1. Transfer between home and scope grant accounts of the same award,
2. Transfer between GL account codes within the same award (including all home and scope accounts),
3. Routine allocation (e.g. IRB, rent),
4. Interdepartmental Requisitions (IDRs) less than \$5,000; typically processed by university Service Centers to charge for services provided by those Service Centers,
5. Transfers moving expenses from one DeptID to another DeptID.

When an expense is posted to a sponsored award, the costs must be [allowable, allocable, and necessary](#) for the scope of the project. While the university expects that all costs posted to sponsored awards are correctly charged with the original posting, it is sometimes necessary to make a correction to ensure proper allocation of expenses. [Local Research Administrators \(LRAs\)](#) are responsible for assisting Principal Investigators (PIs) in regular monitoring of expenses, submitting timely adjustments when necessary, and coordinating with the Pre-Award and Post-Award offices if prior approval is required from the sponsor before transferring charges onto a sponsored award. Please refer to [Tufts University's Policy on Prior Approval on Sponsored Awards](#) for more details.

There are three categories of non-compensation Cost Transfers:

1. Category 1: <90 days and/or <\$500
2. Category 2: >90 days and >\$500
3. Category 3: After the final financial report or final reimbursement request

The \$500 threshold applies to each transaction line within the cost transfer request.

The specific requirements for each category are described below. Cost transfers are to be performed by LRAs or designees using the online PeopleSoft Journal Entry Tool.

Category 1

Cost Transfers of non-compensation costs less than 90 days old and/or less than \$500

Category 1 transfers are transfer of non-compensation costs of any amount onto and/or off of sponsored awards for which the transfer posting date is less than 90 calendar days after the end of the month of the original posting and/or less than \$500 regardless of the date of the original posting.

On the online journal entry tool, LRAs must select at least one Explanation Code (e.g. A-transfer to continuation project) and attach all backup documentations (invoice copy, marketplace order, etc.) explaining the charge. The transfer must be approved by the Lead LRA or equivalent of the department hosting the award being charged (facilitated by the online tool).

Category 2

Cost Transfers of non-compensation costs over 90 Days and over \$500

Category 2 transfers are transfer of non-compensation costs onto and/or off of a sponsored awards for an amount that is over \$500 that takes place more than 90 calendar days from the end of the month originally posted. These costs are generally unallowable and pose an audit and financial risk to the university.

Transfers in this category must:

1. Complete the steps described for Category 1 above.
2. Get approval of the Executive Associate Dean (EAD) or designee of the department hosting the award that the charges are being moved to (facilitated by the online tool)
3. Provide justification that addresses the questions below (facilitated via the online tool):
 - Why were the expenses not charged to the correct project originally?
 - How do the expenses directly benefit the receiving award? (How was it used? Why is it necessary for the project?)
 - Why did it take beyond 90 days to identify the error?
 - What action has been taken to correct any systematic problems?
 - How will this type of error be avoided in the future?

These transfers will be reviewed and approved by an Associate Director of Post-Award or delegate upon submittal.

Category 3

Cost Transfers of non-compensation costs after the end date of the award

Cost transfers onto sponsored awards after the end date of an award must be submitted following the same process required for Category 2 transfers no later than 45 days from the end date of the award, prior to the submittal of the final financial report, or prior to the final reimbursement request, whichever is earliest. Costs cannot be transferred onto a sponsored award after submittal of the final financial report or final reimbursement request.

Cost transfers off of sponsored awards more than 45 days after the award end date or after submittal of the final financial report or final reimbursement request must be submitted following the same process required for Category 2 transfers. When the adjustments are posted, Post-Award will submit a revised financial report and/or invoice to the sponsor and return any associated funds to the sponsor, if applicable.

These transfers will be reviewed and approved by an Associate Director of Post-Award and the Director of Post-Award or delegate upon submittal.

Budget Considerations

LRAs are responsible for making sure that there is sufficient budget on the award and GL account to which costs are being transferred. Post-Award will not process transfers to awards and/or GL accounts that do not have sufficient budget. If the funds in the receiving award account are not sufficient to cover the transfers(s), or if no budget exists for the GL account code, the receiving award may require [rebudgeting](#).