

# SJSU Research Foundation Cost Transfer Policy

## Office of Sponsored Programs

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### 1.0 Purpose

The San José State University Research Foundation (“the SJSU Research Foundation” or “the Research Foundation”) has stewardship responsibility for all sponsored programs funds. Proper management of sponsored project expenditures is essential to meet this obligation. During the sponsored project life cycle budget adjustments are sometimes needed to reallocate costs. A cost transfer is the method used to reassign previously charged expenses or costs from one fund to another or between line items within a project fund. This policy sets forth Research Foundation guidelines for managing cost transfer adjustments.

### 2.0 Responsibility

Oversight and implementation of this policy is the responsibility of the Office of Sponsored Programs (OSP) senior director and associate director, and the director of Finance and Accounting. All SJSU Research Foundation employees responsible for managing sponsored projects, principal investigators, co-principal investigators, other research personnel, SJSU faculty, and staff are required to comply with this policy.

### 3.0 Scope

This policy applies to all sponsored awards.

### 4.0 Definitions

This table provides definitions for special terms, acronyms, and abbreviations used in this policy.

| Term, Acronym, or Abbreviation | Description  |
|--------------------------------|--|
| Cost Transfer                  | A cost transfer is a reassignment of expenses previously charged from one fund to another or between line items within a project fund. |
| Justification                  | A full written explanation that addresses why the cost transfer is necessary.  |
| Principal Investigator         | The individual who assumes the primary role and leadership for the overall conduct of a funded proposal                                |
| Sponsored Program              | Grant or contract funded by an external funder.  |

## 5.0 Policy

The San José State University Research Foundation has a stewardship responsibility for all sponsored project funds. Proper management of sponsored project expenditures is essential to meet this obligation. In compliance with federal regulations, the Research Foundation monitors project expenses and reviews cost transfer requests to ensure that expenses are aligned with the actual benefit received and terms of the funding agreement, and are allowed by the sponsor.

In cases where it becomes necessary to reallocate project costs from one fund to another or between line items, the Research Foundation follows established procedures for submitting and approving cost transfer requests, and includes supporting documentation and justifications. Project costs may not be shifted to other sponsored agreements to meet deficiencies caused by overruns or other fund considerations, to avoid restrictions (imposed by law) of the sponsored agreement terms, or for other reasons of convenience.

### 5.1 Cost Transfer Review and Approval

Requests for cost transfers may be initiated by the principal investigator or by the sponsored programs manager. If the PI identifies a discrepancy resulting in the need to transfer cost to a different account, the PI must provide a written request with appropriate justification to the sponsored programs manager for review.

If the sponsored program manager identifies a need to transfer cost to a different account, the sponsored program manager must notify the PI and obtain written confirmation. The sponsored programs manager prepares the journal voucher with sufficient documentation to justify the cost transfer, including the expenditure transaction report which shows the original charge against the fund, and the subsequent transfer to the new account. The sponsored program manager submits the journal voucher and documentation to Finance and Accounting for approval and posting.

Inappropriate or poorly documented cost transfers may lead to the sponsor's denial of an expense reimbursement claim or the imposition of sanctions. Unapproved cost transfer requests can result in the cost being moved to a department's discretionary account or another designated account.

Examples of acceptable and unacceptable cost transfer requests are listed below:

#### **Acceptable cost transfer requests:**

- Correction of a clerical or posting error on the original transaction
- Transfer of pre-award expenditures from an internal department account to a newly opened sponsored programs account (bridge funding)

#### **Unacceptable cost transfer requests:**

- To move costs in deficit from one sponsored program account to another
- To move costs to a sponsored program account to exhaust unspent funds
- To correct unidentified errors
- To charge a different sponsored programs account in anticipation of future funding

## 5.2 Cost Transfers Related to Time and Effort Reporting

Personnel costs may be transferred between sponsored programs only to align costs with actual effort and the effort certification. Salaries charged to sponsored projects are reviewed for accuracy pursuant to the *Time and Effort Reporting Policy*. If during a reporting period actual effort differs from that which has been certified, the report must be updated, signed, and a cost transfer request completed.

Following certification of effort and completion of needed transfers, no additional cost transfers should be processed to the certified effort period. Exceptions require the approval of the Research Foundation. No cost transfer should be requested to cover a deficit on a sponsored program, or to spend the remaining balance in the sponsored programs account.

## 5.3 Cost Transfer Constraints

Cost transfers must be completed within 90 days from the date of the original transaction. Exceptions to this rule may be allowed subject to Research Foundation approval and must be supported by adequate justification. Justification would include the transfer of an allowable cost or an unallowable cost from a sponsored programs account to a discretionary fund or vice versa (an allowable cost or an unallowable cost from a discretionary fund to a sponsored programs account).

Requests submitted more than 90 days after the end date of the federal funding period are considered late and may be considered unallowable, particularly when the final invoice or final fiscal report has already been sent to the sponsor. Extenuating circumstances will be reviewed on a case-by-case basis and must be clearly and substantially documented.

**Note:** Cost transfers must be posted to the Research Foundation's accounting system before final financial reports are submitted.

## 6.0 Related Policy Information

Not applicable.

## 7.0 Required Forms

This table contains a list of forms and special tools referenced in this document.

| Form            | Description of Use  |
|-----------------|---|
| Journal Voucher | Form uses to transfer expense from one project to another; or re-class object code. |

## 8.0 References and Related Information

*Office of Management and Budget – Uniform Guidance*

*Time and Effort Reporting Policy*

*Pre-Award Spending Policy*

## 9.0 Record Retention

All documents and records are maintained in accordance with SJSU Research Foundation *Record Retention* requirements.

| Record                      | Retention  |
|-----------------------------|--|
| <i>Cost Transfer Policy</i> | This document is effective until further revised or updated. Outdated or revised documents will be maintained in accordance with Research Foundation Record Retention requirements. The Research Foundation will maintain the signed original and electronic copies of the approved policy and all updates and replacements. |