

COST TRANSFER REQUEST FORM – INSTRUCTIONS/GUIDELINES

DEFINITION

A cost transfer is an after-the-fact reallocation of costs, either personnel or non-personnel, to a sponsor funded award. Any time a transfer is initiated, you invite the assumption that the initial transaction was not handled properly. When expenses are being transferred to a sponsored project, there will be considerable scrutiny of the reasons for the transfer and of the justification for moving those charges. To be permissible, cost transfers must meet the criteria established for both timeliness and appropriateness. See Brown University's [Cost Transfer Policy](#) for more information.

JUSTIFICATION FOR TRANSFER – Questions #1 & #2

OMB federal requirements prohibit the use of cost transfers for the purpose of “convenience”, i.e., a transfer largely for the purpose of using unexpended funds on an award that is ending. **Timeliness** and **completeness** of transfer explanations are important factors in supporting allowability and allocability in accordance with federal requirements.

Inappropriate reasons for cost transfers include, but are not limited to:

- transfers solely for ‘spending down’ an unexpended balance;
- transfers to avoid a cost overrun by charging another, unrelated sponsored agreement;
- transfers to circumvent pre- and/or post-award restrictions;
- transfers to avoid restrictions imposed by law or by terms of the sponsored agreement;
- other transfers for reasons of convenience.

Question 1: Provide sufficient detail to provide an independent reviewer a proper explanation as to why the incorrect account was initially charged. Merely stating “to correct an error” or “to transfer to correct account” is not sufficient.

Question 2: It is critical the expense(s) being transferred meet the rules for sponsor and University rules for allowability, allocability, reasonableness, and consistency (is this typically a direct charge to sponsored projects?). Must explain how the expense benefits the project being charged.

All cost transfers **require proper documentation**, to include:

- Date of original posting, grant/cost center, \$ amount, etc.
- For non-personnel expenses, copies of invoices/receipts and copy of Workday ledger, highlighting original transactions
- Cost allocation methodology, if an expense is being split between more than one account.

OVER 90 DAYS – Questions #3 & #4

Question 3: Identify the **extenuating circumstances** that led to the cost transfer exceeding 90 days. Extenuating circumstances **DO NOT** include absences of PI or responsible administrator, and/or lack of experience or staff. It is the responsibility of Brown and the PI to ensure the availability of qualified staff to administer and exercise stewardship over sponsored projects in accordance with policies and procedures.

Question 4: Provide sufficient detail on what systemic corrective action will be instituted within the department/academic unit’s business practices to prevent this type of error from occurring in the future.

COST TRANSFER FORM PROCEDURES

- **Non-Personnel Cost Transfers:** Email the completed *Cost Transfer Request Form – Non-Personnel Costs* and all supporting documentation to your OSP Grant/Contract Accountant with the journal entry number in the subject line. **Ex: SF0000012345**

Important Note: Inappropriate charges made to sponsored projects must be removed, regardless of time frame. The department is responsible for transferring the inappropriate charge to a non-sponsored account.