

Policy Manual

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13. Cost Transfer Policies and Procedures

To comply with the requirements of OMB Circular A-122, NIH policy, and the requirements of other federal sponsors, CARES has established the following policy and procedures for the processing of cost transfers.

It is necessary to explain and justify transfers of charges into federal awards from other federal accounts, non-federal accounts or residual accounts. Timeliness and completeness of explanation of transfer are important factors in supporting allowability and allocability in accordance with the principles of the Circular.

NIH Grants Policy Statement

(10/01/10, Part II Section 7.2) states: Cost transfers to NIH grants by grantees, consortium participants, or contractors under grants that represent corrections of clerical or bookkeeping errors should be accomplished within 90 days of when the error was discovered. The transfers must be supported by documentation that fully explains how the error occurred and a certification of the correctness of the new charge by a responsible organizational official of the grantee, consortium participant, or contractor. An explanation merely stating that the transfer was made "to correct error" or "to transfer to correct project" is not sufficient. Transfers of costs from one project to another or from one competitive segment to the next solely to cover cost overruns are not allowable. Grantees must maintain documentation of cost transfers, pursuant to 45 CFR part 74.53 or 92.42, and must make it available for audit or other review. Frequent errors in recording costs may indicate the need for accounting system improvements, enhanced internal controls, or both. If such errors occur, grantees are encouraged to evaluate the need for improvements and to make whatever improvements are deemed necessary to prevent reoccurrence. NIH also may require a grantee to take corrective action by imposing additional terms and conditions on an award(s).

All CARES investigators, their staff and CARES employees must comply with the cost transfer policies.

Responsibilities

The Principal Investigator (PI) is responsible for ensuring that their staff and administrators abide by this policy and accompanying procedures when requesting cost transfers.

CARES is responsible for maintaining the policy and for answering questions regarding the policy. Individuals requesting cost transfers are asked to contact CARES with questions on this policy, to ensure that the requested transfer is acceptable.

Procedures

A cost transfer is a transfer to a federally funded sponsored account of a charge previously recorded elsewhere. Examples:

- Transfer pre-award costs from a holding account;
- Correct clerical error;
- Reallocate staff time and effort to reflect actual; or
- Reallocate shared services that were previously charged elsewhere.

If more than 90 calendar days have passed since the date of the original charge, an explanation for the lateness of the cost transfer (question 3 on the Cost Transfer Explanation & Justification Form) is required in addition to questions 1 and 2.

Cost Transfers after the 90-day period need the approval of the CARES Executive Director. Documentation justifying the lateness of the cost transfer should be attached to the form.

1. Approval for cost transfers submitted later than 90 calendar days (as defined above) *will only be granted in extenuating circumstances*; examples are given below. They DO NOT include absences of PI or responsible administrator, nor shortage or lack of experience of staff. It is the responsibility of the grantee and the PI to ensure the availability of qualified staff to administer and exercise stewardship over federally-funded projects in accordance with federal policies and regulations, including those relating to regular monitoring of expenditures and timely correction of errors and reallocation of expenses.

Examples of Acceptable Extenuating Circumstances for Cost Transfers Over 90 Days:

- Late issuance of a notice of grant award or full execution of a subcontract subsequent to the start of the budget year or other period of performance; supporting documentation required.
- Failure of another department or service to take action, e.g. on a properly submitted payroll distribution change request; supporting documentation required.

2. Federally funded accounts should never be used for expenses which will subsequently be transferred elsewhere. This includes continuations of the same project for which the notice of award or the new account number has not yet been received.

3. Requestors are advised to submit explanations for lateness (i.e. over 90 calendar days) to CARES for review before completing the form and assembling backup documentation. CARES is available to assist departments in all aspects of cost transfer explanation and preparation of documentation, both for transfers within the 90-day time limit and for those beyond.

Cost transfers that require an explanation in writing only (such as an email to the CARES Accounting Specialist) are those made within the accounting period (month) of the original charge.

Roles and Responsibilities

It is the responsibility of each CARES investigator and their staff:

- Ensure compliance with the CARES Cost Transfer Policy.
- Retain hard copies of all related documentation in accordance with applicable record retention regulations.
- Ensure that all personnel engaged in the financial administration of federally funded awards are familiar with the CARES Cost Transfer Policy.

Form

 [Cost Transfer Explanation & Justification Form \(PDF\)](#)

Go to: [14. Personnel and Personnel Agreements](#)

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