

Cost Transfers Policy



Policy Number: 500-001
Effective Date: July 1, 2023
Last Updated: June 14, 2025
Issuing Authority: Vice President for Research
Responsible Office: Office of Sponsored Programs

Scope:

It is the policy of Howard University (herein referred to as “Howard” or “University”) to have in place written policies and procedures (“Policies and Procedures”) to govern the methods of general management, internal operations and organization of its entities.

All Policies and Procedures of the University will govern all entities, affiliates, and subsidiaries that are required to report results to Federal Government and/or other external funding unless specifically stated otherwise, including all thirteen colleges and schools of Howard University; Howard University Hospital, WHUR (Radio Station); WHUT (Television Station); Howard University International (HUI) and other entities and/or affiliates.

This policy governs the process and controls over cost transfers of charges to or from a sponsored award in accordance with government regulations.

The University must maintain a strong accounting system capable of accurately recording the financial activity of the business. Therefore, financial reports must accurately reflect account information that is recorded in the general ledger; and allocated to federal grants or awards and other sponsored programs.

Policy:

Regulatory Compliance Guidance

The University has established this policy for the processing of cost transfers in accordance with Office and Management Guidance for Federal Financial Assistance (Uniform Guidance [2 CFR §200](#)).

Cost transfers should be processed as soon as possible after the original transaction, but no later than 90 days after the date of the transaction. Transfers made after this period raise questions concerning the propriety of the transfer and could potentially heighten the level of scrutiny applied to all cost transfers college wide. Requests for transfers made after 90 days will be considered only under extenuating circumstances. The University is obligated to immediately remove and correct any incorrect charges made to sponsored accounts, regardless of timeframe.

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A cost transfer is defined as the moving of an expense to a sponsored project (including but not limited to clinical trials, training grants, research grants/contracts/cooperative agreements when the expense was initially charged to another project or non-sponsored account. Cost transfers include transfers that occur during the life of the award and after the award has ended. A pattern of cost transfers from or to a sponsored project may indicate poor awards management. Unallowable cost transfers may result in unanticipated charges to the respective Department's discretionary account, and/or audit findings and subsequent cost disallowances. Payroll Reallocations processed to ensure accurate reporting of effort are not included in the definition of cost transfers (see Time and Effort Reporting Policy).

Each PI is responsible for ensuring that transfers of cost to sponsored projects, which may represent corrections of errors, are made promptly. Such transfers must be supported by documentation which contains a full explanation and justification of the need for the transfer and the correlation of the charge to the project to which the transfer is being made. Simply noting that an error is being corrected is not sufficient justification to support a cost transfer.

Cost transfers are used to correct errors in processing the original charges, move costs between accounts for closely related work supported by more than one funding source, or to transfer pre-award costs in accordance with the provisions of the Uniform Guidance and/or in conformance with sponsor guidelines.

The purpose of the cost transfers must be clearly stated on the Cost Transfer Form. Original documentation must be submitted with the form along with any new documentation justifying the transfer. The cost transfer form must be submitted by the project and approved by SPO.

Roles and Responsibilities:

Sponsored Projects Office (SPO)

Reviews cost transfer requests for allowability, allocability, and timeliness. May flag potential cost transfers for the PI based on monthly review of program expenditures. Provides final approval of cost- transfers and posts adjustments to the general ledger. Reviews approved personnel cost allocations submitted after the effective date and processes retro-active earnings adjustments accordingly.

Principal Investigator/Project Director (PI/PD)

Initiate cost transfer requests by submitting a cost transfer request form to SPO for review and approval.

Implementation Guidelines:

Criteria for Cost Transfers

A cost transfer is justified in the following circumstances:

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Clerical and data entry errors:

Any request to correct a clerical error should be accompanied by an explanation of how the error occurred. The correcting entry must include a statement certifying that the adjusted charge/credit is correct and appropriate. Any explanation that merely states that the transfer is made “to correct error” or “to transfer to correct project” is not sufficient.

Transfers between continuation years for the same award number:

It is possible that if a continuation project number is not established promptly, continuation grant charges that have been incurred on or after the start date of the continuation award may have been temporarily charged to the prior year’s account. These should be processed as a cost transfer with an explanation that the projects are related to the same award.

Transfers between continuation years for the same award number:

It is possible that if a continuation project number is not established promptly, continuation grant charges that have been incurred on or after the start date of the continuation award may have been temporarily charged to the prior year’s account. These should be processed as a cost transfer with an explanation that the projects are related to the same award.

Pre-award costs that are specifically authorized in writing by the sponsor:

A department or research unit may, at its own risk, incur obligations and expenditures to cover costs prior to the beginning date of an award if the following criteria are met:

- Costs incurred are considered necessary for the conduct of the project
- Costs are allowable under the potential award.
- Sponsor’s written prior approval is obtained when required.
- Pertinent information is received subsequent to the date of original entry.
- It was impractical or impossible to allocate charges at the time of the original entry.
- An award fails to materialize, and charges have been incurred

Costs incurred outside of the grant period of performance must be transferred to the grant's home cost center or other discretionary account(s).

Unallowable Costs:

Any unallowable expenditures must be transferred to the grant's cost center or an unrestricted funding account. In rare cases, a unique discretionary account may be provided by the Chief Financial Officer. See Policy #200-001, Cost Principals, for allowable vs unallowable costs.

Document Justification for Cost Transfer

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The University must review each cost transfer proposed on a case-by-case basis and document justification for the transfer. Primary source documentation must accompany the written justification.

Unacceptable Cost Transfers

Cost transfers between sponsored activities are not allowed in the following circumstances:

Cost Overruns:

Unless clearly stated in the Sponsor guidelines, cost transfers solely covering an actual or anticipated overrun are not allowable. Overruns must be transferred to the grant's cost center.

Unexpended Balances:

For sponsored projects, retroactive cost transfers for the purpose of expending available funds remaining on a project are not allowed.

Report Rendered:

If the final financial report has been submitted to the sponsor, a cost transfer to a sponsored project will not be processed. A cost transfer from a sponsored project to correct an error will be processed and may require a revised financial report. If the cost transfer involves salary, it may require a recertification of effort.

Other:

For retroactive cost transfers include circumventing award restrictions, avoiding a cost overrun by charging another unrelated project or transferring an expense to/from an expired award.

Documentation & Record Keeping:

All documentation and record keeping requirements shall conform to federal record retention requirements and University policy.

Forms and Links:

[Office of Research Ticketing System](#)