

University of Rhode Island  
Controller's Office

**Cost Transfers**  
**Policy #97-04**

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**I. Purpose:**

To provide a policy and documentation procedures regarding the transfers of costs to or from sponsored agreements.

**II. Applicability:**

This policy applies to all cost transfers to or from federal and non-federal sponsored agreements (grants, contracts, and other agreements).

**III. Responsibility:**

1. The Controller's office is responsible for the administration of this policy, revisions, education of the community and timely process of adjustments.
2. Any person who has responsibility for the management of any account is responsible for originally charging expenses to the proper account, and if an error is discovered to promptly correct the error.

**IV. Policy:**

Costs will be charged to the account to which they benefit. From [OMB circular A-21, C.4.b.:](#) "Any cost allocable to a particular sponsored agreement under the standards provided in this circular may not be shifted to other sponsored agreements in order to meet deficiencies caused by overruns or other fund consideration, to avoid restrictions imposed by law or by terms of the sponsored agreement, or for reasons of convenience." From A-21, C.4.c: "Any cost allocable to activities sponsored by industry, foreign governments or other sponsors may not be shifted to federally sponsored agreements."

If a transfer of a cost is required, the transfer must be made promptly and no later than 90 days from the original charge. However, transfers to correct errors may be made regardless of timing.

1. The following types of transfers are not acceptable; therefore requests will not be processed:
  - a) When the transfer appears to be for the purpose of utilizing unexpended funds of a federal award.

- b) When the transfer appears to be for the purpose of circumventing award restrictions.
  - c) When the transfer appears to be for the purpose of avoiding a cost overrun by charging another grant or contract.
  - d) When an explanation merely states “to correct error,” “to transfer to correct project,” or other insufficient reasons.
  - e) When a transfer to an unrestricted chartfield (Fund 1XX) applies to a closed fiscal year.
  - f) When a transfer is not in compliance with OMB Circular A-21 regulations.
2. A transfer may be made when it meets all of the following conditions:
- a) The cost is a proper allowable charge to the receiving department, sponsored agreement, grant and/or contract.
  - b) The transfer contains an explanation and justification for the transfer by the person responsible for the account. This explanation must provide enough information to understand why the cost is being transferred. For example, an explanation that states “to correct error” is not sufficient.
  - c) The transfer is reviewed and approved by a responsible financial official of the University (i.e., Office of the Controller, Budget, or the URI Research Office of Sponsored Projects). If the transfer is being made more than 90 days after the original charge, the reason for delay is adequately explained.
  - d) In requesting expenditure transfer, the responsible person for the account is certifying that the charge to the original account is being invalidated, and that the second account/grant is the correct one to charge.

#### **V. Procedure:**

Cost transfers which are required to correct errors or to achieve proper, consistent and equitable distribution of costs to sponsored accounts will be allowed provided necessary justification and approval are provided. Such transfers should be made as soon as possible after the need for the transfer is recognized. Keep in mind the following exceptions:

1. The URI Research Office of Sponsored Projects staff inactivates Sponsored Project Review Award accounts 45 days past the end date. Any final adjustments must be made during this period because final financial reports must be submitted to the sponsor within 90 days of the end date.
2. During grant/contract close-outs, if the account has a deficit balance that amount will be transferred to the dean’s/department overhead account using account 5300. The amount transferred must be included in the appropriate base of the indirect cost proposal.
3. All other chartfields are closed every fiscal year end (June 30), and any adjustments will normally not be permitted to a closed fiscal year. Therefore, transfers near fiscal year-end must be processed promptly.
4. For payroll transfers, please refer to the University [Effort Certification User Manual](#). All payroll transfers must be processed via the payroll office.
5. For Accounts Payable transfers please go to the [Controller’s website for the Journal Voucher](#).