



# Cost Transfers for Sponsored Projects

## Policy Statement

It is the policy of Nevada State (NS) that we charge costs to the appropriate sponsored project when first incurred. However, there may be circumstances in which it is necessary to transfer expenditures to a sponsored project after the initial recording of the charge. Such transactions require monitoring for compliance with NS policy, federal regulations, sponsor specific guidelines, and cost principles that guide fiscal activities on sponsored projects.

This policy establishes requirements to assure the allowability of the University's charges for salaries, wages, goods, and services on sponsored projects transferred to or from a sponsored project after the initial charging of the expense in the University's accounting system.

Office of Grants Award Services (OGAS) shall make final approval of sponsored projects cost transfers. OGAS will not approve the transfer unless it is compliant with all applicable rules and regulations. If OGAS becomes aware of an inappropriate charge on a sponsored project, they will notify the PI to initiate a transfer to a non-sponsored account.

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## Background

Proper management of funds is essential to uphold the fiduciary responsibilities of the University. Federal agencies and other sponsors may regard the following activities as indicative of inadequate fiscal or project monitoring:

- Frequent cost transfers
- Late cost transfers
- Inadequately documented or explained transfers, especially those which involve sponsored projects with overruns or unexpended balances

Inappropriate transfers may result in disallowed expenditures and/or subsequent reduction in funding by the sponsoring agency. In addition, abuse of cost transfers may result in more severe sanctions, fines, penalties, and audit criticisms applied against NS.

## Policy

It is the responsibility of the Principal Investigator to provide fiscally sound management of project expenses. Expenses should be charged to the appropriate sponsored project when first incurred. Only allowable, allocable, reasonable, and consistent costs should be charged on a sponsored project account.

Should a cost transfer be necessary, expenses must be thoroughly reviewed prior to cost transfer initiation. The methodology adopted to prepare cost transfers must be allowable, allocable, reasonable, consistent and timely. Expenses transferred to a sponsored project account must be for an allowable activity which occurred within the sponsored project's period of performance and properly documented. Transfers must be in the same amount as the original charge unless a portion of the expense is to be transferred. If only a portion is transferred, a clear explanation must be provided for the basis of the division of costs.

Cost transfers initiated for the following reasons are inappropriate and will not be processed:

- a. Solely to avoid or reduce overruns on other sponsored program accounts
- b. To avoid restrictions imposed by law or by the terms of the award
- c. For reasons of convenience

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To maintain consistency in the treatment of cost transfers, this policy will be applied to all sponsored projects (Federal and Non-Federal) in the absence of written sponsor regulations.

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## Contacts

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## Related Information

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### History

Revised 7/18/2023

Certified by: Director, Grants Award Services

At the Direction of: Senior Vice President for Finance and Business Operations

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