

Cost Transfer Justification

Background Information:

It is generally accepted by the federal government, sponsoring agencies, and auditors that if direct costs are "identified and assigned... with a high degree of accuracy," as required by OMB Uniform Guidance, the initial charging of a cost to a project constitutes the proper allocation of that cost.

Cost Transfer Fundamentals:

It is critical that all sponsored projects be reviewed on a regular basis (monthly) to ensure that expenditures are accurate and appropriate. Diligent review of financial reports and timely communication between principal investigator and departmental administrators should prevent the necessity for transfers. When errors are discovered, however, they must be corrected as quickly as possible.

*Cost transfer should be considered "the exception, rather than the rule" and must be kept to a minimum and require substantial and reasonable justification

*All expenses that are transferred must meet the same federal test for allowability and must be:

- reasonable,
- allocable, and
- consistently treated as direct costs

Please see the [Cost Transfer Guidelines](#).

Date:

Journal Number:

Please provide justification for the following questions:

1. Provide an explanation of the error and how it occurred.

2. What is the benefit of moving this expense to/from a sponsored project?

3. What is being done to prevent this type of expense transfer in the future?

4. If applicable: Why is the expense being moved 90 days or more after it originally posted?