

University Policy 4102: Cost Transfers for Sponsored Projects (Contracts/Grants)

Category: Academic Affairs

Subcategory: Research

Covered Individuals: All university faculty, staff, students, and any other individual conducting sponsored projects on behalf of Utah State University.

Responsible Executive: Vice President for Finance and Administrative Services

Policy Custodian: Sponsored Programs Accounting, Executive Director

Last Revised: 2026/01/16

Previous USU Policy Number: 581 & 4100

Note: In January 2026, policy number 4100 was reassigned to the Research policy.

4102.1 PURPOSE AND SCOPE

By accepting a sponsored award from a government agency, private foundation, industry, or other sponsor, Utah State University is obligated to comply with regulations set forth by the sponsor. Among the obligations is the requirement that expenditures are correctly allocated when first incurred to the sponsored project in proportion to the actual benefit received by the project. However, there are circumstances in which it may be necessary to initiate a cost transfer to reallocate or redistribute expenditures to a sponsored project after the initial recording of the charge. This policy governs these cost transfers on sponsored projects.

4102.2 POLICY

Proper oversight of sponsored project funds is essential to uphold the university's fiduciary responsibility to manage the funds consistent with the conditions specified by external sponsors. Costs to any sponsored project are allocable only if the expense directly benefits the project(s) being charged. All cost transfers should comply with federal and state laws and individual sponsor terms and conditions. Federal requirements that further define allocable, allowable, and reasonable charges are described by the U.S. Office of Management and Budget (OMB) Uniform Guidance 2 CFR 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" ("Uniform Guidance").

This policy applies to all federal and non-federal sponsored projects. Under this policy, transfers must be submitted within 90 calendar days of the original transaction date in Banner or within 60 calendar days following the budget period end date, whichever comes first. When transfers are not completed within the 90- or 60-day time frame, are not adequately justified, or are made for inappropriate reasons, the department is responsible for transferring the expenses to a non-sponsored account.

Cost transfers may be appropriate to: (a) correct clerical and data entry errors, (b) when charges directly benefit more than one program and, therefore, a distribution of the costs is justified based on the benefits received, (c) when subsequent information is received indicating the charges have had a material benefit to the sponsored award and are not otherwise prohibited by the terms of the award, and (d) to move expenses off of an account that are outside of the budget and/or project period of the award.

Cost transfers are not appropriate for (a) utilizing unspent funds, (b) avoiding cost overruns, (c) circumventing award restrictions, or (d) for reasons of convenience.

4102.3 RESPONSIBILITIES

3.1 Principal Investigators

Principal Investigators (PIs) are responsible for managing their sponsored projects to minimize the need for cost transfers. PIs are also responsible for ensuring that when cost transfers are necessary, the costs transferred to (or between) their sponsored projects are appropriate as defined herein, and that cost transfers are completed as soon as the errors are detected. PIs are expected to monitor expenditures monthly, follow through with timely correction of errors within a 90- or 60-day time frame, and oversee the proper allocation of expenses. Reasons for transferring the expenditures must be sufficiently stated by the PI to establish that the transfer is within the approved guidelines of the project to be charged and is in direct support of the project objectives.

3.2 Departmental Business Services Staff

Departmental business services personnel are responsible for preparing and submitting the cost transfer with the knowledge and approval of the PI. Business services staff should verify that the requested cost transfer complies with the 90- or 60-day deadline.

3.3 Department Heads

Department Heads review and approve or decline cost transfers.

3.4 Deans and Vice Presidents

USU deans and vice presidents are responsible for ensuring that PIs and business services staff within their college or unit comply with this Policy.

3.5 Controller's Office/Sponsored Programs Accounting (SPA)

The Controller's Office, through Sponsored Programs Accounting, is responsible for reviewing cost transfers for adequate documentation or justification. SPA has the authority to request additional information and determine whether the cost transfer is adequately justified.

4102.4 REFERENCES

- 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

4102.5 RELATED USU POLICIES

- [USU Policy 3201: Extra Service Compensation](#)
- [USU Policy 4101: Time and Effort Reporting](#)

4102.6 DEFINITIONS

6.1 Allocable

The cost has a direct benefit to the project being charged. Purchases benefiting multiple projects should be allocated amongst all projects proportionate to the benefit received.

6.2 Allowable

The cost is allowed by federal regulations, sponsor terms and conditions, including program-specific requirements and university policy, and is necessary for the performance of the award.

6.3 Cost Transfer

A cost transfer is a reallocation or redistribution of a previously charged expenditure transferred from one index to another after the charge has posted in Banner.

6.4 Reasonable

A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time of purchase.

6.5 Treated Consistently

Like costs in similar instances are treated consistently throughout the university, across all fund types.

Information below is not included as part of the contents of the official policy. It is provided only as a convenience for readers/users and may be changed at any time by persons authorized by the president.

RESOURCES

Contacts

[Sponsored Programs Accounting](#)

POLICY HISTORY

Original issue date: 2007/02/01

Last review date: 2026/01/16

Next scheduled review date: 2027/06/01

Previous revision dates: 2024/06/28