Background

The Boston College Office for Sponsored Programs provides administration and support for sponsored programs. Sponsored programs, or the term sponsored awards, may be used in this document interchangeably and mean any agreement, contract, or grant that is funded by a source other than Boston College. Activities related to sponsored programs must comply with Boston College’s policies and procedures, the sponsor’s terms and conditions, and Federal regulations. Federal regulations include the Code of Federal Register (CFR) Vol. 78 No. 248 issued December 26, 2013, and Vol. 79 No. 244 issued December 19, 2014, also known as the Uniform Guidance and which contains the requirements set forth by the Office of Management and Budget (OMB) and the implementation plans of Federal agencies. The effective date for most parts of the Uniform Guidance is on or after December 26, 2014.

Purpose

The purpose of this policy is to document the Office for Sponsored Programs’ (OSP) cost transfer policy for costs moved onto a sponsored award at Boston College.

Policy

OSP, Principal Investigators (PI's) and Department Research Administrators (DRA's) share responsibility for costs charged to sponsored awards. PI’s and DA’s are required to assist OSP, as needed, to ensure costs are accurately charged to sponsored awards. OSP is responsible for ensuring all costs on sponsored awards are accounted for in a manner consistent with sponsor requirements and Generally Accepted Accounting Principles.

It is the policy of Boston College that costs be charged to the appropriate sponsored award when incurred. However, there may be circumstances in which it is necessary to transfer costs to, or from, a sponsored award after the cost has been incurred and recorded. The movement of costs requires monitoring for compliance with internal and external policies and procedures such as Boston College’s policies, Federal regulations, and sponsor specific terms and conditions.

Scope

This policy is applicable to all sponsored awards and must be followed by schools, departments, centers, and personnel of Boston College involved with sponsored awards.

Definitions

Allowable Costs are charges for goods or services that are permitted on a sponsored award, agreement, contract, or grant. In other words, these costs are in compliance with Boston
College’s policies and procedures, the sponsor’s terms and conditions, and Federal regulations, and therefore the allowable costs may be paid from the sponsor’s funds. Allowability also includes the concepts that costs must be: (a) necessary and reasonable for performance of the sponsored award; allocable to the sponsored award; (b) in compliance with the sponsor’s terms and conditions; (c) consistent with policies and procedures that apply uniformly to both Federally-financed and other activities at Boston College; (d) accorded consistent treatment (for example, a cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost; (e) in accordance with generally accepted accounting principles (GAAP); (f) only charged once (for example, the cost must not also be included as a cost or used to meet cost sharing or matching requirements of any other Federally-financed program in either the current or a prior period, and (g) adequately documented.

Allocable Costs: A cost is allocable to a particular award if the goods or services [the costs] involved are chargeable or assignable to that award in accordance with relative benefits received. This standard is met if the cost: 1) is incurred specifically for the award, 2) benefits both the award and other work of Boston College and can be distributed in proportions that may be approximated using reasonable methods; and 3) is necessary to the overall operation of Boston College and is assignable in part to the award. See also OSP’s website for Cost Allocation Methodologies Guide.

Cost transfer is an after-the-fact reallocation of a cost.

Direct Costs are those costs that can be identified specifically with a particular final cost objective, such as a Federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect (F&A) costs.

Indirect Costs / Facilities & Administrative Costs (F&A) are costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. ‘‘Facilities’’ is defined as depreciation on buildings, equipment and capital improvement, interest on debt associated with certain buildings, equipment and capital improvements, and operations and maintenance expenses. ‘‘Administration’’ is defined as general administration and general expenses such as accounting, personnel and all other types of expenditures not listed specifically under one of the subcategories of ‘‘Facilities.’’

Overdraft/ Cost Overruns are charges that exceed the sponsor’s funding amount. These costs should be removed from the sponsored award and charged to a non-sponsored chart string via a cost transfer.

Reasonable Costs: 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 the decision was made to incur the cost. Consideration must be given to: (a) whether the cost is generally recognized as ordinary and necessary for the proper and efficient performance of the
award, (b) sound business practices, arm’s-length bargaining, Federal, State, and other laws and regulations, and terms and conditions of the award, (c) market prices for comparable goods or services for the geographic area, (d) whether the individuals concerned acted with prudence in the circumstances, and (e) whether Boston College deviates from its established practices and policies regarding the incurrence of the costs.

Sponsored awards or the term sponsored programs, may be used in this document interchangeably and mean any agreement, contract, or grant that is funded by a source other than Boston College.

Unallowable Costs are expenditures on sponsored award that are not in compliance with Boston College policy, Federal regulations, or specific sponsor terms and conditions. Costs that are deemed unallowable must be removed from the sponsored award via a cost transfer.

**Procedures**

Costs may be directly charged to a sponsored award only when the cost is allowable, allocable, and reasonable to the award being charged – the cost directly benefits the award/project being charged. Proper review and oversight of awards should minimize the need to transfer costs. However, under certain circumstances, it may be necessary to move a cost that has been charged (posted) from where it was originally charged to another source.

Some examples of typical circumstances for cost transfers that may be allowed:

- Correction of a clerical error
- Reallocation of salary and fringe to reflect actual effort
- Reallocation of a cost that benefited multiple awards/projects
- Cost overruns
- Removal of unallowable costs

Cost transfers are permissible subject to the following conditions:

1. Cost transfers should be exceptional, rather than routine, matters. Costs should be assigned and charged to the proper award or projects when incurred, and generally should not need to be transferred.
2. Cost transfers to, and from, sponsored awards should be done on a timely basis; best practice is within 30 days of the recording of the cost on an award/chartstring.
3. Costs transferred onto a sponsored project account must have been incurred during the award or budget period of that project.
4. Costs determined to be incorrectly charged to a sponsored project must always be removed from that project without regard to the date of discovery.
5. Cost transfers need to be approved by the Principal Investigator or Project Director and supported by documentation which adequately explains why the cost transfer is being requested and how the charge directly benefits the award it will be transferred to.
**Documentation**

A department initiating a cost transfer should use the OSP [Cost Transfer Form](#). Documentation to accompany the form includes copies of the original transaction documentation (e.g. invoice, p-card receipt and statement, expense report, etc.). It may also be helpful to provide the TDR showing the charged cost. If the cost being transferred is salary related, then a labor redistribution form may need to be completed; please discuss with your OSP Post-Award contact regarding documentation for salary costs.

The following must be adequately answered, or the form will be returned to the Preparer.

1) Explain why the cost should be moved and how that determination was made. For example, if the cost was incorrectly posted (an error occurred), please explain what caused the error, and how it was discovered.

2) If the posted cost is being transferred to another chartstring, please explain what makes the cost appropriate to the chartstring now receiving the cost (how it is allowable, allocable, and reasonable; and how the cost directly benefits the chartstring/project now being charged).

3) If this cost transfer is greater than 90 days from the original transaction date, please provide the extenuating circumstance(s) for the delay in processing the cost transfer.

4) What action will be, or has been, taken to prevent the delay from recurring?

To reallocate salaries as a result of effort adjustment, a [Labor Redistribution Form](#) must be completed and submitted to OSP along with the required supporting documentation, as noted on the form. If needed, there is also a [Labor Redistribution Additional Information Form](#) that can be used to provide supplemental data (e.g. employee’s ID, name, HR account code, pay date, amount, etc.) to the Labor Redistribution Form. Please note that changes to salary costs may impact effort certification and should be discussed with your department’s OSP Post-Award contact ([OSP Staff](#)).

**Approval Signatures**

Approval signatures for the Cost Transfer Form are the Principal Investigator or Project Director and the Office for Sponsored Programs. All cost transfers should be made within 90 days of the original transaction date. However, for unusual circumstances there may be a need to initiate a cost transfer more than 90 days after the initial charge. In these circumstances, someone above the PI or Project Director (such as the Dean or Department Chair) should also sign the Cost Transfer Form.

**Contacts**

If you have any questions about this policy, how to treat a specific cost, or need additional information, please contact the Office for Sponsored Programs main number at 617-552-3344 or directly contact your area’s OSP Liaison ([OSP Staff](#)).