

Research and Sponsored Projects Manual (RSP)

RSP 506–02: Cost Transfers to Sponsored Projects

Effective: 5/20/1981

Revised: 11/1/2024

Purpose

To ensure that the reassignments of charges involving a sponsored project account are compliant with the requirements contained in federal regulations and sponsoring entity guidelines

Sources

Code of Federal Regulations 2 CFR 200.303 Internal controls
Code of Federal Regulations 2 CFR 200.403 Factors affecting allowability of costs
Code of Federal Regulations 2 CFR 200.404 Reasonable costs
Code of Federal Regulations 2 CFR 200.405 Allocable costs
Code of Federal Regulations 2 CFR 200.430 Compensation-personal services
NIH Grants Policy Statement (NIH GPS)-April 2024: 7.5 Cost Transfers, Overruns, and Accelerated and Delayed Expenditures
HHS Grants Policy Statement (HHS GPS)-January 2007: II-43 Cost Transfers
Office for Research and Sponsored Projects Administration (ORSPA)

Applicability

Cost transfers to sponsored projects, including federal financial assistance awards. See exceptions listed within policy.

Policy

General requirements

Principal investigators (PIs) are responsible for ensuring that only allowable, allocable, and reasonable costs are charged to a grant, contract, or other sponsored agreement, as defined by 2 CFR §200.403 and §200.404. Costs should be charged to the appropriate sponsored project when first incurred. However, circumstances may require transferring expenditures to a sponsored project subsequent to the initial recording of the expense.

Transfers of costs either into or out of a sponsored project account require monitoring for compliance with ASU policy, federal regulations, sponsor-specific guidelines, and the cost principles that underlie fiscal activities on sponsored projects.

Federal agencies require grantees to have systems in place to detect and correct clerical, bookkeeping, or other posting errors within a reasonable time frame (2 CFR 200.303). To promptly identify costs that have been erroneously posted to a sponsored account, the PI or designated support staff must review and reconcile expenses at least on a monthly basis pursuant to [FIN 201](#), "Cost Center, Grant and Project Manager Fiscal Responsibilities." Timely review of expenditures will help to correct errors and limit the number of cost transfers.

If an inappropriate expenditure is discovered on a federal project, it must be removed. Cost transfers should normally be submitted within 90 days after the inappropriate cost was originally discovered. However, in some circumstances, cost transfers may be approved beyond this 90-day period provided such approval is consistent with the sponsoring agency's guidance.

Shorter cost transfer periods may also be required by some agencies' regulations (e.g., HHS requires cost transfers to be corrected within 90 days following occurrence).

Exceptions

The following transactions do not fall under this policy.

1. Reassignment of costs between accounts that are part of the same award. Such cost reassignments are simply intra-award adjustments within a single award that has been set up under multiple financial system accounts for ease of administration.
2. Reassignment of costs between master and companion cost sharing accounts. Such reassignments are also considered to be intra-award adjustments.
3. Moving expenses from a non-sponsored account to a cost-share grant account.
4. Adjustments of payroll between accounts before the After-the-Fact Acknowledgement period is completed for the associated semester. Such cost reassignments are part of an effective internal control process to regularly review the reasonableness of payroll that has been mapped in advance to account (2 CFR 200.420(i)).

Document and justification

Federal and other sponsor regulations require written justification, certified by a responsible university official (e.g., PI, authorized account manager), on all cost transfers that documents:

1. why the error occurred resulting in the need for a transfer
2. what corrective action will be taken to avoid the error in the future
3. why the cost to be transferred is allowable, allocable, and a reasonable charge on the transfer to account (2 CFR 200.403 and 200.404).
4. how the charge supports performance of the project scope of work.

Explanations that merely state that the transfer was made "to correct an error" or "to transfer to correct project" are not sufficient to justify transfer of charges to a sponsored project account. Transfers from one sponsored project to another sponsored project to reduce cost overruns, to spend unused balances, to avoid restrictions imposed by law or agreement terms, or for other reasons of convenience are strictly prohibited by sponsors. This does not prevent shifting costs that are allowable under two or more awards in accordance with applicable terms and conditions. (2 CFR 200.405(c)).

Procedure(s)

Accounting adjustments and manual journals are the mechanisms used to perform cost transfers. For additional guidance and training on submitting and approving cost transfers, see [researchadmin.asu.edu > Cost Transfers](https://researchadmin.asu.edu/Cost%20Transfers).

Additional Information

For definitions of underlined terms, see the [ORSPA Acronyms and glossary](#) webpage.

Cross-References

- [RSP 101](#), "General Research Policy."
- [FIN 201](#), "Cost Center, Grant and Project Manager Fiscal Responsibilities."