

# Brigham Young University

## COST TRANSFER GUIDELINES

October 2025

### APPLICABILITY

These guidelines apply only to cost transfers to or between sponsored projects.

### DEFINITION

A Cost Transfer is a transfer of an expenditure to or between sponsored projects. Cost Transfers include corrections or reassignments of salary, wages, supplies, travel and other direct costs.

### GUIDELINES

All costs associated with a sponsored project must be charged promptly and accurately to the appropriate grant. Delays or errors in processing expenditures—and any resulting cost transfers—can impact sponsor invoicing and payments, potentially leading to disallowed costs. While cost transfers may occasionally be necessary, they must be carefully monitored to ensure compliance with federal regulations, sponsor-specific guidelines, and the cost principles governing fiscal activities on sponsored projects.

Cost transfers must be processed **within ninety (90) days of the original charge**. The ninety-day period begins at the end of the month in which the original charge was incurred. Transfers requested after this period will be considered only under extenuating circumstances and must be accompanied by compelling documentation demonstrating that the goods and/or services are properly allocable to the project, along with a detailed justification for the delayed request. Transfers will not be approved unless they fully comply with all applicable regulations and institutional policies.

In accordance with the Office of Management and Budget (OMB) Uniform Guidance, all cost transfers must be supported by appropriate and complete documentation. Each transfer must include a clear and detailed explanation of the reason for the transfer and a justification demonstrating how the charge is directly allocable to the sponsored project. **General statements such as “to correct an error” or “to transfer to the correct project” are insufficient and will not be accepted as adequate justification.**

### WHY THE GUIDELINES ARE IMPORTANT

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 or unsupported cost transfers may result in disallowed expenditures and/or a reduction in funding by the sponsoring agency. Repeated or deliberate misuse of cost transfers may also subject the University to more severe consequences, including sanctions, fines, penalties, and adverse audit findings.

### PROCEDURE

Timely examination of project transactions by the Principal Investigator (PI) or financial contact will permit early detection of erroneous charges.

For cost transfers involving salaries and wages, a Payroll Accounting Adjustment (PAA) and the accompanying Payroll Accounting Adjustment Form must be submitted to Grants & Contracts Accounting (GCA) at

fsresearch@byu.edu to correct any erroneous charges. The submission must include a clear and detailed explanation of the adjustment, along with all relevant supporting documentation. The PAA form provides designated sections for articulating the justification for the payroll adjustment. Grants & Contracts Accounting will review the submission to determine the adequacy of the justification and documentation prior to processing the PAA.

For cost transfers involving charges other than salaries and wages, a Journal Entry or Accounting Adjustment may be submitted through Workday for review by Grants & Contracts Accounting (GCA). The Journal Entry Adjustment Form or Adjust Accounting Form must be attached, along with all relevant supporting documentation. These forms include sections for providing a clear and detailed explanation of the adjustment. GCA will evaluate the adequacy of the justification and documentation prior to processing the journal or accounting adjustment.

Cost transfers older than 90 days (as defined above) will be processed only in extenuating circumstances. The reasons for requesting and submitting a cost transfer after the 90-day deadline must be documented in detail. The PI and requester assume the responsibility for documenting that the late transfer is appropriate, necessary and properly allocable to the award.

### **Guidance for Salary Distribution**

Salary and wage payments that require effort certification may be adjusted at the time of certification to reflect a more accurate distribution of effort. Because effort reports are distributed three times per year (Fall, Winter, and Spring/Summer), cost transfers for these types of effort adjustments may occur beyond the 90-day cost transfer limit. Wage transfer requests to other sponsored projects are **unallowable after effort certification**. If an error is found after certification, those wages will need to be covered by a non-research worktag.

**NOTE: Any improper cost charged to a sponsored project must be removed from the sponsored project regardless of when the error is detected.** In cases when the error is detected after the limits of this cost transfer policy and there are not extenuating circumstances, the costs can only be moved to a non-sponsored worktag. If GCA becomes aware of an inappropriate charge on a sponsored project, the department will be notified to initiate a transfer to a non-sponsored worktag. If this transfer is not taken care of within a reasonable amount of time, GCA will transfer the charge to an appropriate departmental cost center.

### **Issues Related to Cost Transfers**

The situations detailed below are often encountered in the administration of sponsored projects. The proper treatment of these situations will generally preclude the need for cost transfers. GCA can provide guidance and assistance when these issues arise.

**Advance or Pre-award Costs.** For the effective and economical conduct of a sponsored project it is sometimes necessary for costs to be incurred prior to receipt of the award document and actual funding. In such cases, departments should work with the Research Administration Office (RAO) to set up a preliminary award and grant. The pre-award grant will become the permanent grant number when the award is effective and cost transfers will not be required or necessary.

**Continuation Costs.** If a continuation award is anticipated after the end date of the project, costs may continue to be charged to the current active research project for three months after the end date. That time period should be sufficient to allow the awarding agency to extend the project and will prevent unnecessary cost transfers. Confirmation by RAO or documentation from the sponsor indicating the expected extension is required. Please note that if the continuation is not granted, the principal investigator is responsible to cover the costs incurred from a non-sponsored worktag.

**Unexpended balances.** It is expressly unallowable to transfer costs to a sponsored project for the sole purpose of using unexpended sponsored funds. All transfers must be supported with transaction level detail and documentation showing how the expense directly benefits the project.