

HARVARD UNIVERSITY



Cost Transfer Policy

Effective Date: October 1, 2014
Last Revised: October 6, 2021
Responsible Office: Office for Sponsored Programs

Policy Statement

Harvard University has established the following policy for the processing of cost transfers to comply with the requirements of Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (“Uniform Guidance”) and federal agency policies and procedures

Reason for Policy

In accordance with OMB, it is necessary to explain and justify transfers **of charges onto federally funded sponsored awards**, when the original charge was previously recorded elsewhere on Harvard's General Ledger (GL). Timeliness and completeness of the explanation of the transfer are important factors in supporting allowability and allocability in accordance with federal requirements.

Who Must Comply

All Principal Investigators (PIs) and administrators at Harvard University within all schools, units, divisions, University-wide initiatives, and centers who are involved with the administration and conduct of federally-funded sponsored awards must comply with this policy.

Individuals preparing cost transfers should first contact their school/tub level Cost Transfer Contact with any questions regarding this policy or its application. This will ensure that school/tub level Cost Transfer Contacts are aware of cost transfer questions and consistent guidance is provided within each school/tub.

Roles and Responsibilities

Principal Investigators (PIs) take primary responsibility for ensuring compliance with federal regulations as well as the monitoring of expenditures, timely correction of errors, and proper allocation of expenses.

Grant managers and Department/Local level managing units (individuals responsible for account monitoring/management) assist PIs in the timely review and reconciliation of expenditures, prepare cost transfers and maintain adequate documentation of costs, and ensure that all personnel engaged in the financial administration of federally funded sponsored awards are familiar with this policy; ensure that the costs transferred are allocable, allowable, and reasonable, prepare and submit timely approved Cost Transfer Form, Corrective Action Plan (CAP) if required, and retain copies of all related supporting documentation in accordance with the University record retention regulations; responsible for approving all under 90-day¹ cost transfers if granted “authorized approver” designation by their school/tub-level official. *If a cost transfer is rejected, it is the responsibility of the local level managing unit to ensure that the cost is removed and assigned to a non-sponsored account in a timely manner.*

Authorized approver(s) have the authority to sign under 90-day¹ cost transfers. These individuals are approved by school/tub level officials and can only be assigned in local areas with sufficient internal control in place and no recent history of relevant internal or external audit findings. In the absence of a departmental authorized approver, this responsibility shifts to the school/tub level or to OSP. Consult your local school/tub level official for guidance.

School/tub level officials provide oversight and are responsible for ensuring that local units abide by this policy and accompanying procedures when processing cost transfers. School/tub level officials are also responsible for the approval of all, over 90-day¹ cost transfers before submission to OSP. School/tub level officials grant authorized approver designation to local level managing units. If a school/tub level official does not grant a local level managing unit authorized approver status to approve under 90-day¹ cost transfers, then the school/tub level official will approve. Consult your local school/tub level official for guidance.

Office for Sponsored Programs (OSP) is responsible for maintaining the policy and accompanying procedures, addressing questions regarding the policy, approving over 90-day¹ cost transfers, and approving under 90-day cost transfers in the absence of a school or local authorized approver.

Cost Transfer Policy

A cost transfer (CT) is a transfer of an expense onto a federally-funded sponsored award previously recorded elsewhere on Harvard's General Ledger (GL) **and** identified by Harvard as requiring institutional approval before it can be posted to the GL.

Cost transfer requests for expenses that are 90 calendar days or more from the original posting date¹ require approval and additional documentation to comply with federal cost principals including, allowable, allocable, and reasonableness.

Cost transfers are for correcting errors and are not to be used as a means of managing available cash balances. Project fund are not interchangeable, and the integrity of each grant account must be maintained.

Cost transfers that are generally unallowable include those transfers that affect:

- a previously submitted financial report;
- a carryforward request required by sponsor;
- a previously submitted final invoice; and/or
- a final figure (expenditures) previously confirmed by the department.
- an invalid sponsored code combination not corrected within 90 days

Contact OSP for guidance if you have any of the above. Exceptions are rare and require both OSP and school/tub level review and approval.

The following items do not require a cost transfer and should be processed as a journal:

- A single direct cost of \$1,000 or less
- A debit made within the same accounting period (same month) regardless of the original transaction amount
- A debit to a non-federal funding source
- Only credits a federal award
- Only corrects Period of Work Performed or HUID
- Only corrects tub, org, and/or root of the costing string
- Only corrects object codes in the non-salary range²
- Only transactions that post to balance sheet object codes

Transaction Types and Cost Transfer Form Requirements

Table 1: Transaction Types and Cost Transfer Form Requirements

Transaction Type	A Cost Transfer Form is required when the original single direct cost transaction is over \$1,000 and a debit on a federally- funded sponsored award <i>and</i> :
Salary on an Annual Effort Statement ³ (Object codes include 6010, 6020, 6030 or 6040.)	Salary is being moved after 90 days. ¹ Or Salary is part of a previously certified effort statement. Or The effort certification deadline has passed.
Salary on a Quarterly Effort Statement ³ (Object codes include 6050, 6051, 6059, 6070, 6071, 6079, 6080, 6089, 6090, 6110, 6120, 6140, 6150, or 6152.)	Salary is part of a previously certified effort statement. Or The effort certification deadline has passed.
Prepaid Tuition Remission Related to Salary (Object Code 6140) Transactions (The tuition remission and tuition support object code 6430.)	The salary (object code 6140) related to the tuition remission (object code 6430) is part of a previously certified effort statement OR the effort certification deadline has passed. Or Adjustments are made to tuition remission after 90 days ¹ of the posting of the related salary regardless of the original tuition remission transaction date posted to the GL.
All Other Transactions	Does not meet any of these exemptions: <ul style="list-style-type: none"> • The transfer is within the same fund and is not a sponsored invalid code combination over 90 days • Corrects a sponsored invalid code combination within 90 days • Transfers allowable pre-award expenses made within 90 days • The result of a routine allocation made within 90 days for initial distribution of shared service or service charges based on a documented allocation methodology • allocates stipend³ tuition support (obj. code 6430) and stipend payments (obj. codes 6440, 6450, 6452 and 6455 are not certified in ecrt) made within 90 days

Policy Exceptions

In rare cases, there may be compelling circumstances where exceptions to this policy may be warranted. It is recommended that exception requests be discussed with the school/tub level official and OSP Research Finance Team prior to preparing the justification and corrective action plan (CAP). All cost transfer exception requests will be reviewed on a case-by-case basis and must include a detailed justification and as much information as possible to assist the reviewer in evaluating the request. Requests for an exception to this policy must be in writing, signed by the school/tub's Director of Research Administration, Financial Dean, or equivalent position, must be accompanied by a CAP and submitted to the Director of Research Finance in OSP. After considering the request, the Director of Finance in OSP will then determine whether to grant or deny the exception as well as the duration, review process, and process for closing out the CAP.

Definitions

Action Memo

The official University communication regarding a sponsored award notice accepted by the University. Certain award terms and conditions, dates and dollars, and accounts activated for the award are included. The Action Memo is also used to communicate authorized internal requests and administrative changes.

Activity

Six-digit chart value and required segment of the sponsored account string that captures the purpose or use of funds.

Account Group

Numeric identifier that groups accounts (fund/activity/subactivity) together for financial reporting purposes. A new account group is created for each budget year when year logic is used. The subactivities (i.e., main, part of, and subcontract) are reported in aggregate by account group.

Corrective Action Plan

Set of written actions to correct an issue, a problem, or lack of internal control that is developed to prevent the event from re-occurring

Cost Transfer

A cost transfer (CT) is mechanically a journal in the Oracle GL system that transfers an expense onto a federally-funded sponsored award previously recorded elsewhere on Harvard's General Ledger (GL) **and** identified by Harvard as requiring institutional approval before it can be posted to the GL. Must be identified as an over or under 90 day CT (Cost Transfer) in the journal batch name.

Final Figure

Cumulative expenditures reported to the sponsor that are logged in GMAS by sub-activity

GMAS: Grants Management Application Suite

GMAS is the University's system of record for proposals, awards, financials, and documentation related to sponsored projects.

Invalid Sponsored Code Combination

A charge in the General Ledger for which the fund-activity-subactivity combination does not exist in GMAS. Please note: Transactions posted to invalid code combination(s) do not appear in the project financials in GMAS and are not included on invoices or financial reports to our sponsors. They do, however, appear in the GL and are the financial responsibility of the department.

Routine Reallocation of Costs

Reallocation of certain costs allowed for initial distribution of shared service or service charges based on a documented allocation methodology.

Sponsored Account

A sponsored account is the unique combination of a fund, activity and subactivity as set up in GMAS used to process transactions of a sponsored award in the Harvard General Ledger. Typically, there are three types of sponsored accounts: a main account, a part of account and a subcontract account.

Stipend

Stipends are payments made to individuals for subsistence support or to defray expenses during a period of academic appointment. Stipend payments are not compensation for services rendered and, therefore, are not allowable on federal awards unless the purpose of the agreement is to provide training to selected participants and the charge is approved by the sponsoring agency (OMB Circular Uniform Guidance, Subpart E). (Note: The stipend object codes include 6440, 6450, 6452, and 6455 (not certified in ecrt). The stipend object code associated with tuition support is 6440. Be sure individuals have been classified appropriately and are being paid on appropriate object codes. Failure to classify individuals correctly jeopardize both Harvard and the individual from a legal and IRS perspective. In the event an appointment is misclassified (stipendee or employee) please contact your tub official for required steps.

Subactivity

A subactivity is a 4-digit value within Harvard's Chart of Accounts that helps to identify tasks, phases, years, or sub-categories within an activity of an award. A subactivity is required for sponsored awards and allows an award to be broken down by tasks and/or grant years.

Submitted Financial Reports and/or Final Invoices

Many sponsors require the submission of annual and/or final financial reports or invoices at the end of each budget period and/or end of the project. Final reports and/or final invoices are submitted at the award termination. The final report also includes annual reports for a specific budget period when the award is set up under year logic and the accounts for the reporting period require final figures for closeout.

Tuition Remission

The portion of a salaried graduate student's tuition and fees charged to sponsored research awards as part of compensation package for performing necessary work on the research project. The allocation of tuition payments must be no more than salary distribution of relevant work effort on the research award. Tuition remission is subject to effort reporting. The tuition remission and tuition support object code is 6430.)

Tuition Support

A scholarship payment made to an individual who has a stipendee status during a period of academic appointment. The tuition support is not compensation for services rendered. In general, it should only be charged to sponsored training grants and sponsored fellowship awards when the primary purpose is to aid the individual in pursuit of personal studies or research.

Cost Transfer Contacts

- FAS/SEAS: [Nuala McGowan](#)
- HGSE: [Tiffany Cott](#)
- HKS: [Carrie Kachoria](#)
- HMS: [Rita Bergemann](#)
- SPH: [Kristie Froman](#)

Related Policies and Guidance

- [Academic Service Center Policy](#)
- [Capital Equipment Policy for Schools with Sponsored Research](#)
- [Effort Reporting Policy](#)
- [Sponsored Financial Reporting and Closeout Policy](#)
- [General Records Schedule](#) (requires HarvardKey login)
- [Sponsored Expenditures Guidelines](#)
- [Internal Billing Transactions Policy](#)
- [Recording Cost Transfer Information in the AP Adjustment Form](#) (requires HarvardKey login)

Resources

- [Cost Transfer Request Form](#)
- [Cost Transfer Procedures](#)
- [Cost Transfer Process](#)
- [Cost Transfer Calculator](#)

- [Cost Transfer Preparer and Approver Checklist](#)
- [Cost Transfer Approvers](#)
- [Frequently Asked Questions](#)
- [Cost Transfer Summary Flowchart](#)
- [Cost Transfer Summary Flowchart \(Accessible version\)](#)
- [Introduction to Cost Transfers Online Training](#)

Notes

- Note 1: 90 days means 90 calendar days starting with the 15th of the month following the one in which the charge was originally transacted. For example, if the original charge posted on 1/1/20, 90 calendar days are counted starting from 2/15/20 as the first day. Use the [Cost Transfer Calculator](#) to calculate 90 days. Note that the “original transaction date” in the General Ledger is determined according to the “Effective Date” in Harvard Analytics and Reporting Tool (HART).
- Note 2: Be sure individuals have been classified appropriately and are being paid on appropriate object codes. Failure to classify individuals correctly jeopardize both Harvard and the individual from a legal and IRS perspective. In the event an appointment is misclassified (stipendee or employee). Contact your tub official for required steps.
- Note 3: Note that the certification status, annual or quarterly, is set at the beginning of the fiscal year, based on current payroll information, and will not change during the year. Once an individual is assigned as an annual or quarterly certifier, the portions of the policy that relate to that employee type, annual or quarterly, should be followed.