



Cost Transfer Policy

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.

For the purposes of this 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.

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 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.

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 questionable 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. Individual schools may be more restrictive; 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 determine whether the school/ tub or OSP will approve. Individual schools/tubs may be more restrictive; 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 if there is no school or local authorized approver.

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.

Cost Transfer Policy

This policy identifies after-the-fact reallocation of expenses that are considered cost transfers by the University.

Cost transfers that are generally unallowable, regardless of the date of the original transaction or the original amount, 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) confirmed previously by the department.

Exceptions are rare and require both OSP and school/tub level review and approval.

¹ 90 days means 90 calendar days from the 15th of the month following the one in which the charge was originally transacted. For example, if the original charge posted on 1/1/16, 90 calendar days are counted from 2/15/16. Use the Cost Transfer calculator [here](#) to calculate 90 days. Note that the “original transaction date” in the General Ledger is determined according to the “Effective Date” in the Oracle Business Intelligence (OBI) Transaction Listing.

Transaction Type	A Cost Transfer Form is required when the original single direct cost transaction is over \$1000 AND...
Salary on a QUARTERLY statement ²	<p>Salary is part of a certified effort statement.</p> <p>OR</p> <p>The effort certification deadline has passed</p> <p><i>(Note: Quarterly salary object codes include 6050, 6051, 6059, 6070, 6071, 6079, 6080, 6089, 6090, 6110, 6120, 6140, 6150, 6152.)</i></p>
Salary on an ANNUAL statement ²	<p>Salary is being moved after 90 days¹.</p> <p>OR</p> <p>Salary is part of a certified effort statement.</p> <p>OR</p> <p>The effort certification deadline has passed.</p> <p><i>(Note: Annual salary object codes include 6010, 6020, 6030 or 6040.)</i></p>
All other transactions	<p>Adjustments result in a debit to a federally-funded sponsored award AND are not one of the following:</p> <ul style="list-style-type: none"> • within the same federally sponsored fund; • within the same GL period; • the result of a routine allocation under 90 days¹ for initial distribution of shared service or service charges based on a documented allocation methodology; • the result of an invalid code combination; OR • an expense from the balance sheet object code.
Stipend and tuition support transaction	<p>Stipend and tuition support transactions are moved after 90 days¹.</p> <p><i>(Note: The stipend object codes include 6440, 6450, 6452, and 6455. The stipend object code associated with tuition support is 6440. The tuition remission and tuition support object code is 6430.)</i></p>
Tuition remission transaction	<p>Adjustments are made to tuition remission after 90 days¹ of the posting of the related salary regardless of the original transaction date posted to the GL.</p> <p>OR</p> <p>The salary related to the tuition remission is part of a certified effort statement or it is past the effort statement's certification deadline.</p> <p><i>(Note: The salary object code associated with tuition remission are 6140. The tuition remission and tuition support object code is 6430.)</i></p>

² 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.

Policy Exceptions

In rare cases, there may be compelling circumstances where exceptions to this policy may be warranted. All 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 and submitted to the Assistant Vice President (AVP) of OSP. 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), which is a one-time plan for remedying the situation that caused the need for the exception.

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. The request must be accompanied by a CAP. After considering the request, the AVP of OSP will 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

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.

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).

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.

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	Helen Page
HKS	Carrie Kachoria
HMS	Rita Bergemann
SPH	Kristie Froman
HDS	Krista Carmichael

Please see the [Cost Transfer Approvers](#) on the OSP website.

For all other tubs, please [contact](#) the OSP portfolio manager assigned to your department/unit.

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](#)

[Sponsored Expenditures Guidelines](#)

[Internal Billing Transactions Policy](#)

[Recording Cost Transfer Information in the AP Adjustment Form \(requires HarvardKey login\)](#)

Resources

[Cost Transfer Procedures](#)

[Cost Transfer Form](#)

[Cost Transfer Calculator](#)

[Cost Transfer Approvers](#)

[Frequently Asked Questions](#)

[Cost Transfer Summary Flow Chart](#)

[Introduction to Cost Transfers Online Training](#)