

HARVARD
UNIVERSITY



Cost Transfer Policy

Effective Date: October 1, 2014
Last Revised: July 2024
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 transfer explanation are important factors in supporting allowability and allocability in accordance with federal requirements.

Cost Transfer Policy

Introduction

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 transfers are for correcting errors and are not to be used as a means of managing available cash balances. Project funds are not interchangeable, and the integrity of each grant account must be maintained. All expenses charged to federal awards must be allowable, allocable, and reasonable.

Unallowable Cost Transfers

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.
- a final figure (expenditures) previously confirmed by the department, and/or
- an Invalid 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.

Over 90-day Cost Transfer requests due solely to administrative oversight or lack of staff are unallowable.

Journals that are exempt from Cost Transfer Approval

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

- The original transaction as posted to the General Ledger was \$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. For salary object codes changing someone's classification (e.g. 6150 to 6450), you must have approval from payroll or HR to perform the journal.
- Only transactions that were originally posted to balance sheet object codes (e.g. 0540) and have not appeared as an expense on the general ledger.

Journals that require Cost Transfer Approval

The following transactions require Cost Transfer approval:

- Salary transactions over \$1,000 that have already been certified in ecrt or are being moved after the [certification deadline](#) (Object codes include 6050, 6051, 6070, 6071, 6080, 6090, 6110, 6120, 6140, 6150, or 6152.)
- For annual salary certifiers, any original salary transactions over \$1,000 that have

already been certified in ecrt or are being moved after the certification deadline (Object codes include 6010, 6020, 6030 or 6040.)

- For annual salary certifiers, any original salary transactions over \$1,000 and over 90 days.
- Tuition remission transaction (obj. code 6430) related to certified salary (object code 6140) in ecrt if journaling the tuition more than 90 days after moving the related salary.

For costs that are not salary or tuition remission, the following transfers are exempt from cost transfer approval:

- The transfer is within the same fund and is not an [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 stipend payments made within 90 days. Typically, object codes 6440, 6450, 6452 and 6455 are not certified in ecrt.
- Transfer tuition support (obj. code 6430) associated with stipend payments on object code 6440 made within 90 days of when the error was discovered.

Refer to the Flow Chart for transactions that may require cost transfer approval.

Timing of Requests

Harvard allows for under 90-day cost transfer requests and over 90-day cost transfer requests. Please use the [Cost Transfer Calculator](#) to determine timing of the request.

90 days means 90 calendar days starting from the 15th of the month following the month in which the expenses were originally posted to the General Ledger. The “original transaction date” in the General Ledger is determined according to the “Effective Date” in Harvard Analytics and Reporting Tool (HART). For example:

Original charge GL Effective Date: 01/25/24

CT Count Start Date: 02/15/24

90 Calendar Day Deadline: 05/14/24

Documentation

Documentation for Cost Transfer approval may vary based on the reason for the request. Cost Transfer documentation should be able to “stand-alone” by providing sufficient evidence of the transaction being transferred and demonstrate allowability on the federal award being debited.

Under 90-day (including day 90) requests

Under 90-day (including day 90) cost transfer requests require the following documentation for review:

- Cost Transfer Form to document the purpose and obtain approval
- Transaction listing showing the expense as originally charged.
- Draft action to debit the federal award. This may be a draft journal or AP adjustment.
- Notice of award
- Other supporting documentation that supports the allowability of the expenses and assists the reviewer in understanding the amount being moved. For example, emails, approvals, payroll detail, budget justification, relevant correspondence, budget spreadsheet, purchase orders, or invoices.

Under 90-day cost transfer requests may be approved by a school or local approver. See the [approver table](#) for your school or local approver.

Over 90-day requests

In addition to the documentation needed for under 90-day cost transfer requests, over 90-day cost transfer requests require additional approval and documentation. These exceptions are intended to capture actions that prevented a department from charging allowable expenses to a federal award in a timely manner. These exceptions are not to be used if the delay is caused by administrative oversight. Please see table below for use cases and examples of documentation.

Over 90-day cost transfers must meet one of the following exceptions:

Exception	Use case/Examples	Supporting evidence
Delayed Action Memo	<ul style="list-style-type: none"> ○ This is an over 90-day cost transfer exception to allow departments to move allowable expenses that they were unable to charge to the correct award without this revision. ○ Cost Transfer approval is still required and must be submitted to the school approver within 60 calendar days of action memo issuance. ○ The 60 calendar days is counted from the issue date on the relevant action memo. 	Relevant Action Memo
Debit to Correct a Credit	<ul style="list-style-type: none"> ○ For addressing credits posted by other departments or units that need to be corrected, typically, from HR or payroll units. This exception is for credits that were posted beyond the control of the department. ○ This exception is for the correction of cumulative credit balances on an object code(s) and not to correct duplicate credits due to administrative oversight with a debit balance on an object code(s). 	Emails, document indicating why the credit happened
Failure of another department	<ul style="list-style-type: none"> ○ This exception is used when one department repeatedly requests action from another department and the action is not completed in a timely way. 	Emails with follow-up requests for other department to take action
Sponsor Dictates Need	<ul style="list-style-type: none"> ○ Typically used in instances of fellowship or training grants where stipendee payments are required. 	Sponsor policy, emails

Other extenuating circumstances	<ul style="list-style-type: none"> ○ This exception is used when the request does not meet another exception and there are one or more circumstances beyond the department's control that has created an inability to transfer costs in a timely way. 	Evidence of multiple situations beyond the control of the department that prevent a transaction from being transferred within 90 days.

The Office for Sponsored Programs (OSP) typically approves all over 90-day cost transfer requests. See the [approver table](#) for your school or local approver. However, OSP will allow schools to request approval to review and be the final approver at the tub level for over-90-day cost transfers that result from a Delayed Action Memo being issued. This approval is contingent upon sufficient and appropriate responses to monitoring inquiries.

Denied Cost Transfers

If a cost transfer is denied, the cost must be removed from the award that would be credited and moved to an unrestricted account or gift (if the terms and conditions allow).

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)

- Responsible for ensuring compliance with federal regulations, monitoring expenditures, identifying errors that need correction, and communicate 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 adjusting journals, cost transfers and maintain adequate documentation of costs.
- Ensure that all personnel engaged in the financial administration of federally funded sponsored awards are familiar with and adhere to this policy.
- Ensure that the costs transferred are allocable, allowable, and reasonable.
- Retain Cost Transfer documentation for audit purposes. It is recommended that documentation be uploaded in GMAS.

Authorized approver(s) for under 90-day cost transfers.

- Respond to policy questions.
- Interpret and apply the Cost Transfer Policy during review of requests.
- Review and approve under 90-day cost transfer requests that are:
 - Allowable, allocable, and reasonable.
 - Supporting documentation is relevant and adequate.
- Complete advanced cost transfer training at least once every two years to maintain authorized approver status.
- Identify, document, and communicate if a cost transfer cannot be approved.
- These individuals are approved by school/tub level officials and can only be assigned in local areas with sufficient internal controls 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

- Respond to policy questions.
- Interpret and apply the Cost Transfer Policy during review of requests.
- Review and approve cost transfer requests that are:
 - Allowable, allocable, and reasonable.
 - Contain supporting documentation that is relevant and adequate.

- Complete advanced cost transfer training at least once every two years to maintain authorized approver status.
- Identify, document, and communicate if a cost transfer cannot be approved.
- Approve all over 90-day cost transfers for their school.
- Identify authorized approvers for their school.
- Communicate the cost transfer process to their local units regarding the routing and approval of cost transfer requests.

Office for Sponsored Programs (OSP)

- Maintain the policy and accompanying resources.
- Address questions regarding the policy.
- Approve over 90-day cost transfers.
- Approve under 90-day cost transfers in the absence of a school or local authorized approver.
- Provide authorization letters to authorized approvers.
- Oversee approver training.

Policy Exceptions

In rare cases, there may be compelling circumstances where exceptions to this policy may be warranted. If you have an exception request, contact your school/tub level official and OSP 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. CAPs must be approved by the tub and OSP.

Cost Transfer Contacts

- [See Cost Transfer Approver table](#)

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](#)
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Resources

- [Cost Transfer Request Form](#)
 - [Cost Transfer Process](#)
 - [Cost Transfer Calculator](#)
 - [Cost Transfer Preparer and Approver Checklist](#)
 - [Cost Transfer Approvers](#)
 - [Ecr Object Codes](#)
 - [Cost Transfer Summary Flowchart](#)
 - [Cost Transfer Summary Flowchart \(Accessible version\)](#)
 - [Introduction to Cost Transfers Online Training](#)
 - [OSP Glossary](#)
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Revision History

Effective July 1, 2024, re-write of policy. Incorporate Policy Addendum that was effective in October 2022. Consolidate resources. Increase days from 45 to 60 to process a CT request due to a late action memo. Clarify over-90-day exceptions. Removed Procedures and Frequently Asked Questions. Create a new request form.

May 2023 an FAQ was added to clarify that transferring a cost onto an advance account (at-risk account) is subject to the Cost Transfer Policy.

Effective 10/1/2022, a Policy Addendum has been added to allow for schools to have final approval of over –90-day cost transfers with the 45-day action memo exception if they request it and obtain OSP approval.