

## Handbook of Operating Procedures

### COST TRANSFERS FOR SPONSORED PROJECTS

---

#### A. Purpose

The purpose of this policy is to outline the responsibilities and procedures for processing cost transfers, including payroll costs, to or from a sponsored project.

#### B. Persons Affected

This policy applies to all The University of Texas Rio Grande Valley (UTRGV) personnel directly or indirectly involved with the management of sponsored project accounts.

#### C. Policy

1. UTRGV is committed to ensuring that all costs are timely charged to the appropriate sponsored projects when such costs are incurred. UTRGV must meet the requirements of the Office of Management and Budget (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (2 CFR Part 200), also referred to as OMB Uniform Guidance Circular.
  - a. Cost transfers on all extramurally funded grants, contracts, and other agreements associated with a sponsored project (regardless of source of funding), must be identified, properly justified, and processed, and completed in a timely manner in compliance with the procedures in this policy.
  - b. Transfers that do not meet the requirements of this policy must be disallowed.
2. Principal Investigators (PI), Project Directors (PD), and Project Managers (PM) are responsible for:
  - a. Monitoring and reviewing their projects' expenditures on a monthly basis to ensure that all charges have been applied correctly consistent with ADM 10-703 Accounting Policy;
  - b. Correcting any errors identified no later than ninety (90) calendar days of the original transaction; and
  - c. Minimizing the occurrence of cost transfers, document allowability, allocability and reasonableness of the transaction, and ensure appropriate authorizing signatures.
3. An individual designated by the PI, PD, or PM to initiate a cost transfer request through PeopleSoft via an Accounts Payable (AP) Journal Voucher is responsible for ensuring that:
  - a. An expenditure to be charged to a sponsored project is necessary (clearly stated in the budget), allowable, allocable, reasonable, and complies with the terms and conditions of

the sponsored project; and

- b. Supporting documentation for the expenditure has been provided.
4. The Office of Grants and Contracts is responsible for reviewing and approving (or rejecting) cost transfers to/from sponsored projects in accordance with this policy.

**D. Procedures**

1. *Account Review*

All PIs, PDs, and PMs must reconcile their Sponsored Projects accounts on a monthly basis. Corrections should be promptly processed.

2. *Cost Transfer For Non-Salary Expenses*

- a. An expenditure correction must be completed for each Cost Transfer by the individual listed under Section C.3.
- b. All cost transfers must be documented, explained in detail, adhere to the sponsored projects' terms and conditions, be submitted no later than ninety (90) calendar days of original transaction date, and have all appropriate authorizing signatures. The detailed explanation must include a justification supporting the necessity of the transfer; the reason why the expense was originally charged to the incorrect cost center; and an explanation of the causes of the error and how it was discovered.
- c. Once the expenditure correction request is completed it will be routed to the Office of Grants and Contracts for review and approval.

3. *Cost Transfer for Salary Expenses*

A Change of Funding Source (CFS) should be completed and routed in the electronic Human Resources Portal (HR Portal) for approval by the Office of Grants and Contracts. The CFS document must justify the transfer in detail. No salary cost transfers are permitted after effort certification reports are completed and certified by the responsible individual unless it benefits the sponsor.

4. *Timeliness*

- a. Cost transfers within ninety (90) calendar days of the original transaction must have approvals from the PI, PD, or PM who will be receiving the charge and credit.
- b. Cost transfers over ninety (90) calendar days after the original charge or effort certification reports require the Expenditure Correction Form and will not be approved unless the request:
  - i. has approval signatures from the PI, PD, or PM (as appropriate) of the accounts which

will be receiving the charge and receiving a credit, the respective department head, the Director of Grants and Contracts, as well as for certain transfers the appropriate Division head approval, as required;

- ii. includes a detailed explanation of the cause(s) of the delay; and
- iii. must benefit the sponsor (i.e., a transaction moves expenses off a sponsored project).

#### 5. *Closed Accounts*

Once a sponsored project account is closed and the final report has been submitted to the sponsor, no cost transfers must be processed on the closed account unless it benefits the sponsor. Any charges identified after the close of the account that do not benefit the sponsor can only be transferred to a non-sponsored project account.

#### 6. *Prohibited Cost Transfers*

The following types of cost transfers are prohibited:

- a. use of cost transfers for the purpose of using unexpended funding of sponsored projects that are coming to an end;
- b. use of cost transfers for the purpose of avoiding restrictions imposed by terms and conditions of the sponsored project, or those imposed by UTRGV;
- c. transfer of costs from one budget period to the next one to cover cost overruns; and
- d. transfer of costs to a sponsored project when such costs are not allocable.

### **E. Definitions**

1. Allocable - a cost that is assigned in reasonable proportion to the benefit provided or other equitable relationship.
2. Allowable - a cost that is reasonable for the performance of the sponsored project and is allocable thereto, conforming to any limitations or exclusions as per applicable regulations, the sponsored project's terms and conditions, and UTRGV's policies and procedures.
3. Cost Transfers - an after-the-fact reallocation of the costs to or from a sponsored project account.
4. Documentation - original invoice, credit card receipt(s), and any other document that supports the transaction.
5. Principal Investigator (PI), Project Director (PD), or Project Manager (PM) - for the purpose of this policy, the individual who will lead and complete the sponsored project as agreed upon.

6. *Reasonable* - a cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.
7. *Sponsored Project* – has the meaning assigned in ADM 07-200 Sponsored Projects.

**F. Related Statutes or Regulations, Rules, Policies, or Standards**

[2 CFR Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards](#)

[UTRGV HOP Policy ADM 10-703 Accounting Policy](#)

[UTRGV HOP Policy ADM 07-200 Sponsored Projects](#)

**G. Dates Reviewed or Amended**

Reviewed and amended – April 21, 2025.