

<b>ADMINISTRATIVE DIVISION</b> FINA Administration and Finance		<b>POLICY NUMBER</b> FINA 3.35
<b>POLICY TITLE</b> Cost Transfers		
<b>SCOPE OF POLICY</b> USC System		<b>DATE OF REVISION</b> August 19, 2024
<b>RESPONSIBLE OFFICER</b> Executive Vice President for Finance and Chief Financial Officer		<b>ADMINISTRATIVE OFFICE</b> University Finance – Controller’s Office

**PURPOSE**

The purpose of this policy is to define the University’s requirements for cost transfers to, from, or between sponsored awards and ensure compliance with applicable regulations.

*Note: Transfers between projects within the same “parent”/grant award, which have the same Funding Source Award Number, are considered “intra-award reallocations” – these reallocations are not considered cost transfers and are not subject to this policy and accompanying Procedure.*

**DEFINITIONS AND ACRONYMS**

Cost Transfer – The after-the-fact reassignment (transfer) of expenditures/charges between sponsored awards.

Principal Investigator (PI) – The faculty member designated by the sponsor as overall responsible for a sponsored award.

Sponsored Award – Funding from an external entity (e.g., federal, state, local, commercial, philanthropic, etc.) for an activity/project with a defined scope and purpose undertaken by the University with the expectation of an outcome that directly benefits the provider.

Unallowable Cost Transfer – A strictly prohibited cost transfer between sponsored awards that is completed for the purpose of covering cost overruns, avoiding sponsor-imposed restrictions, or for other reasons of convenience.

**POLICY STATEMENT**

In accepting a sponsored award, the University is obligated to comply with the requirements promulgated by that sponsor, in addition to any respective state and federal regulations. Among those obligations is the requirement that expenditures related to sponsored awards are properly allocated and documented.

In accordance with 2 CFR 200.302, the University must establish and maintain effective internal controls over sponsored awards that provide reasonable assurance that the award is being managed in compliance with regulations, with prompt action taken when instances of noncompliance are identified. Further, per 2 CFR 200.405, a cost is allocable to a federal award or other cost objective if the goods/services involved are chargeable or assignable in accordance with the relative benefits received.

Faculty and staff must make every effort to allocate sponsored award costs to the appropriate award(s) at the time the costs are incurred. However, in certain circumstances, it is permissible for after-the-fact cost transfers to occur from one project to another. Such cost transfers impacting sponsored awards are permissible only when the following conditions are met:

- A. There is a direct benefit to the sponsored award being charged;
- B. The cost transfer complies with both University policies/procedures and the sponsor's terms and conditions (e.g., allowable, allocable, reasonable, and consistent);
- C. The cost transfer is identified and requested in a timely manner; **and**
- D. The cost transfer is supported by required approvals and substantiating documentation, as outlined in this policy and the accompanying Procedure.

### Timeliness Requirements

Requests for cost transfers to a sponsored award must be prepared and submitted within 90 calendar days of the original expenditure posting. Cost transfers failing to meet this requirement will not be permitted except in limited, extenuating circumstances. Such instances will require approval from both the sponsor and the University Controller. Staff shortages, absences of the PI or responsible administrator, or a lack of staff experience are not considered extenuating circumstances.

**A cost transfer must be requested and processed as soon as it is determined that a correction/adjustment is needed.** Various factors could affect and shorten the 90-day window, including, but not limited to, the due dates and submission dates associated with required financial reporting, carryforward requests, and final invoices.

Cost transfers which remove expenditures from a sponsored award to a non-sponsored award are not subject to the 90-day timeliness requirement. Any time it is determined that an expenditure is charged to a sponsored award in error, meaning the charge is not appropriate or allocable to that award, a correction must occur, regardless of the timeframe. When beyond the timeframe or not allocable to another sponsored award, the expenditures must be covered by departmental funds.

### Unallowable Cost Transfers

Certain cost transfers are not allowable in any circumstances. Expenditures allocable to a particular sponsored award may not be transferred to other sponsored awards for the following purposes:

- A. To avoid restrictions imposed by law or the terms of the sponsored award.
- B. To correct deficiencies caused by overspending or other funding considerations. The University will not shift or otherwise transfer expenditures to other sponsored awards to meet deficiencies caused by overruns.
- C. For other reasons of convenience, including, but not limited to:

1. “Parking” expenditures: At no time should sponsored awards be used to temporarily charge, or “park”, expenditures that will subsequently be transferred elsewhere, including to continuations of the same award for which the Notice of Award or new project has not yet been received (as outlined in 2 CFR 200.403, 200.404, and 200.405).
  
2. “Spending out” funds: Cost may not be transferred to a sponsored award merely because there are unexpended funds available which would otherwise be returnable to the sponsor. This practice, known as “spending out” project funds, is specifically unallowable by Uniform Guidance (as outlined in 2 CFR 200.403, 200.404, and 200.405).

**PROCEDURES**

The accompanying procedures provide additional detail on the administration and management of this policy and references to training and resources. The procedures can be found here: [https://sc.edu/about/offices\\_and\\_divisions/controller/toolbox/policies\\_and\\_procedures/index.php](https://sc.edu/about/offices_and_divisions/controller/toolbox/policies_and_procedures/index.php)

**RELATED UNIVERSITY, STATE, AND FEDERAL POLICIES**

[FINA 3.00 Sponsored Awards](#)

[FINA 3.12 Time and Effort Reporting](#)

FINA 3.40 Cost Accounting Standards

**HISTORY OF REVISIONS**

<b>DATE OF REVISION</b>	<b>REASON FOR REVISION</b>
11/01/2006	Policy creation
02/17/2015	Policy revisions due to departmental reorganization and name changes and to reflect policy clarifications
07/01/2024	Language, content, and formatting updates