3.2.2 COST TRANSFERS

Last updated on: 09/04/2015

Formerly Known As Policy Number: 38

This Guide Memo sets out policies and procedures for transferring already incurred costs from one expenditure account (Project-Task-Award) to another. Cost transfers may also be called transfers of expense.

Authority:
Approved by the Vice President for Business Affairs and Chief Financial Officer.

Applicability:
This policy applies to all Stanford employees responsible for accounting transactions.

1. Cost Transfer Policies

A cost transfer is an after-the-fact reallocation of the cost associated with a transaction from one Project-Task-Award (PTA) to another. Although costs should always be charged to the correct PTA, cost transfers are sometimes necessary. To be allowable, cost transfers must be timely, be fully documented, conform to University and sponsor allowability standards (that is, allowable under the terms of the sponsored agreement), and have appropriate authorizing signatures. See Guide Memo 3.2.1: Authorizing Expenditures.

a. Error Correction
Correction of errors is required on all PTAs. Errors may include clerical errors (such as typographical errors or transposition of digits in the PTA and expenditure types). Other errors may be detected upon review or certification of monthly expenditure reports. It may be that an employee's Labor Schedule was not updated, an individual's effort was redirected, or a purchase was charged to a PTA other than the one that ultimately benefited from the use of the items purchased. All errors should be corrected as soon as they are detected.

b. Active Sponsored Project PTAs
Refer to Cost Sharing [2] in the Research Policy Handbook, Section 15.3. In addition to deadlines, it addresses:

- Documentation
- Sponsor requirements
- Pre-award costs
- Costs benefiting more than one project
- Overdrafts

c. Documentation
Online cost transfer documentation must clearly show:

- The expense directly benefits the receiving PTA
d. Cost Transfer Deadlines
Cost transfers should be prepared and submitted as soon as the need for a transfer is identified, and should be completed no later than six months after the cost is posted. Transfers submitted after the deadline must include a valid reason for the delay, and will generally not be allowed to be transferred onto a sponsored project. When transfers are delayed, a correction to the original source of an entry (e.g., an update to a Labor Schedule) may not be made timely. Therefore, care should also be taken to ensure that subsequent charges are either appropriate to the original PTA or also transferred.
iJournals. In all cases, the department initiating the transfer should make sure all individuals responsible for affected PTAs are informed of the entry.


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