



POLICY ON COST TRANSFERS

Issue Date: April 21, 2023

Supersedes: n/a

Last Review: April 21, 2023

I. PURPOSE

To ensure the integrity of New York Medical College's charges for salaries, wages, goods and services on sponsored projects transferred to and/or from a sponsored project after an initial charge elsewhere in the College's accounting system. Additionally, this policy is issued to ensure compliance with sponsor terms and conditions, regulations, and College policies.

II. POLICY

New York Medical College (the "College" or "NYMC") processes cost transfers in compliance with Federal law and specific award and sponsor requirements as part of its institutional stewardship of funds received under Federal awards. Overall responsibility for implementation of this policy lies primarily with the Chief Financial Officer, in consultation with the Senior Vice President for Research Affairs. The Principal Investigator (PI) is responsible for ensuring that transfers of costs to or from sponsored projects which represent corrections of errors are made promptly. The Restricted Funds Accounting Department ("RFAD") is responsible for the review and approval of all cost transfer requests and further ensures all requirements have been met in the process and the request is allowable. RFAD is authorized to reject cost transfers on sponsored project accounts that do not meet the criteria contained in this policy or would be questionable under federal or other regulations and statutes or by the terms and conditions of a sponsor award.

III. SCOPE

This policy applies to any cost transfer requested and processed on a sponsored agreement. A cost transfer is the reassignment of an expense to or from a sponsored project after the expense was initially charged to another sponsored project or non-sponsored project. Cost transfers include reassignments of salary, fringe, and other direct costs. Cost transfers do not include reclassification transactions within the same sponsored award.

IV. PROCEDURES

- A. The College is committed to ensuring that all cost transfers (either in the form of a labor distribution adjustment or non-salary journal entry) are legitimate and are conducted in accordance with sponsor terms and conditions, regulations, and College policy.

- B. Cost transfers must be supported by documentation which contains a complete explanation of the correlation of the charge to the project to which the transfer is being made. Explanations such as “to correct an error” or “to transfer to correct project” are unacceptable.
- C. Transfers of costs to any sponsored project are allowable only where there is direct benefit to the sponsored project being charged. An overdraft or any direct cost item incurred during the conduct of one sponsored project may not be transferred to another sponsored project merely for the sake of resolving a deficit or an allowability issue. Cost transfers should not be used as a means of managing awards.
- D. Cost transfers must be prepared and submitted within ninety (90) days from the end of the calendar month in which the transaction appears on the award except in cases where the sponsor’s (federal or non-federal) terms and conditions are stricter than NYMC’s policy. Cost transfers for items outside the ninety (90) days must have a justification for the late correction with approval from Vice President of Research.
- E. The College expects that all costs regardless of source of funds are charged correctly at the outset. Sponsored award charges must be in accordance with the sponsor’s terms and conditions. For federally funded sponsored projects, 2 CFR Part 200 (OMB Circular A-81) must be followed, and the following conditions met:
 - a. Be necessary and reasonable for the performance of the award and be allocable to the award;
 - b. Be allowable (the cost is allowed by federal regulations, sponsor terms and conditions, including program specific requirements and College policy);
 - c. Treated consistently (a cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost);
 - d. Be determined to be in accordance with generally accepted accounting principles (GAAP);
 - e. Not included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period; and
 - f. Be adequately documented.
- F. Goods and services should be charged or allocated among sponsored projects at the time of the original purchase whenever possible and practical, to avoid unnecessary cost transfers. The PI is expected to make personnel and corresponding payroll allocation determinations before any individual devotes effort to the project.
- G. When a cost transfer is necessary, the following information is required:
 - 1. Salary and Fringe
 - a. authorization in writing that is signed and dated (email is acceptable) from the PI
 - b. a detailed statement explaining the reason for the cost transfer which should also include an explanation as to how the error occurred;
 - c. a description of how the cost benefits the award to which the cost is being transferred; and

- d. documentation that provides evidence of the existence of the charge on the award from which the cost is being removed that dates and verifies the original charge.
 2. Other Than Personnel Services (OTPS) – completion of the Cost Transfer Form that is signed and dated by the PI.
- H. Cost Transfers that are Appropriate
 1. Correction of technical errors, such as data entry or transposition error.
 2. Transfer of pre-award costs from a non-sponsored account. Use of another sponsored account is strictly prohibited and will result in all pre-award costs being moved permanently to a non-sponsored account.
 3. Transfers between projects when the work is closely related, and the cost is a proper charge to either project.
 4. Transfers to move unallowable charges to a non-sponsored project account.
- I. Cost Transfers that are Not Appropriate
 1. Transfers processed solely to move deficit spending from one sponsored project to another unrelated sponsored project.
 2. Transfers that are processed solely to use up an unexpended balance.
 3. Transfers of expenses that were not incurred during the project period performance, unless specifically allowed in writing by the sponsor. A request to transfer an expense to a sponsored project account should be made in a timely manner.
- J. The frequency of cost transfers to or from a sponsored project may be an indication of poor award management or perceived as spending down on an award which may compromise the integrity of the research.

Please Note: The frequency of cost transfers to or from a sponsored project may be an indication of poor award management or perceived as spending down on an award which may compromise the integrity of the research.

V. **EFFECTIVE DATE**

This policy is effective immediately.

VI. **POLICY MANAGEMENT**

Executive Stakeholder: Vice President for Research Administration
Oversight Office: Restricted Funds