William Paterson University Policy
Functional Policy

SUBJECT:	University Policy	**TITLE:**	**Cost Transfer Policy**	
CATEGORY: Check One	**Board of Trustees**	**University** X	**Functional**	**School/Unit**
Responsible Executive:	VP for Finance and Administration/Chief Financial Officer		**Responsible Offices:**	Controller's Office/ Post Grant Awards
CODING:	00-01-	**ADOPTED:**	06/17/2006	**AMENDED:** 06/08/2026
				LAST REVIEWED: 6/24/2026

I. PURPOSE

To establish requirements, in alignment with federal cost principles for processing cost transfers of costs to or from sponsored projects. William Paterson University of New Jersey (WP) is responsible for the proper stewardship of funding from federal, state, and other sponsors in support of research, instruction, and other activities awarded through grants, contracts, and cooperative agreements (Sponsored Programs). WP is required to establish and maintain effective internal controls that provide reasonable assurance of compliance.

II. ACCOUNTABILITY

Controller's Office/ Post Grant Awards in collaboration with Office of Sponsored Programs (OSP).

III. APPLICABILITY

This Policy is applicable to all departments, units and personnel of WP involved in charging costs to an award.

IV. DEFINITIONS

- **Cost Transfer**: A cost transfer is the movement of an expense after it has been recorded in the financial system from one account or funding source to another.
- **Effort Reporting**: Certification of the percentage of compensation and time devoted to a sponsored project by a Principal Investigator (PI) and other Key Personnel.
- **Late Cost Transfer**: A cost transfer made more than 60 calendar days after the initial posting in our system of record.
- **Non-Salary Costs**: Includes supplies, services, consultants, travel, or equipment.
- **Salary Cost**: Payroll expenses and fringe benefits (if allowable by award), which includes one-time payments and stipends.
- **Direct Costs**: Specifically, identifiable costs that are incurred to achieve the goals, objectives and activities of a grant, cooperative agreement or contract.

- **Indirect Costs:** costs that are not readily assignable to a particular sponsored project but are necessary for the general operation of WP.

V. Requirements

A. Permissibility

Cost Transfers are permissible only when they are reasonable, allocable, allowable, and consistently applied. **Permissible cost transfers include:**

- Clerical or data entry errors
- Incorrect account number or project entered at time of transaction
- Delayed receipt of critical information (e.g., award notice, invoice)
- Reallocation based on documented proportional benefit to multiple projects
- Correction of salary charges due to effort certification adjustments
- Removal of unallowable costs to a non-sponsored account

B. Justifiable Need

Each cost transfer must include a clear explanation of the error and the reason for the transfer. Supporting documentation must be retained and made available upon request.

The explanation must be sufficiently detailed for an independent reviewer to understand and validate the rationale. **Transfers that are <u>not</u> justified include (but are not limited to):**

- To resolve budget overruns
- To move costs to an account with available funding
- To avoid returning unspent sponsor funds
- Transfers lacking a clear benefit to the receiving account
- Transfers made solely for convenience or administrative ease
- To circumvent award terms or cost principles
- Due to lack of timely reconciliation
- For reasons of convenience

C. Documentation

Each cost transfer must include, at minimum:

- Reference to the original transaction (date, amount, account, and description)
- A clear explanation of:
    - Why the original charge was incorrect
    - Why the new charge is appropriate
    - A statement of how the error will be prevented in the future
    - The PI’s signature confirming the error and approving the transfer

- Statement of how the expense benefits the receiving account or project
- Certification that the transfer complies with sponsor and university policies
- Required approvals (see Section E)

Please note that documentation will be attached in our system of record to provide backup and justification of the transfer. Insufficient documentation may result in denial or reversal of the transfer.

D. Timeliness

Cost transfers must be processed as soon as possible and no later than **60 calendar days** after the original expense was recorded. If a sponsor's policy is more restrictive, the sponsor's policy will take precedence.

Transfers made after the 60-day limit due to extenuating circumstances must include:

- An explanation for the delay / additional written justification
- Approval from the Dean or their designee
- Approval from the Office of Controller and/or Sponsored Programs
- A written statement outlining measures to prevent future delays

Late Cost Transfers:
Delays in transfers may raise concerns about the reliability of the institution's accounting system and internal controls. Transfers made more than 60 days after the initial accounting date are subject to heightened scrutiny and must be approved by the Department Chair/Dean. Exceptions may be granted for circumstances that impede normal operations or exceed standard service thresholds.

Transfers requested **after 60 days** are strongly discouraged and may be denied unless extraordinary circumstances are documented.

For salary cost transfers affecting a closed certification period, re-certification of the effort reporting card is required.

E. Approval Authority

Approval requirements depend on the funding source and timing of the transfer:

- **Department Level:** Department Head or Designee
- **Sponsored Programs:** Principal Investigator
- **Central Administration:**
    - Office of Sponsored Programs
    - Office of Controller / Grants Accounting (as applicable)
- **Late Transfers (beyond policy timeframe):** Additional senior-level approval may be required

F. Compliance and Audit

All cost transfers are subject to:

- Federal Uniform Guidance (2 CFR 200), when applicable
- Sponsor-specific terms and conditions
- State of New Jersey regulations and audit standards
- University internal controls and audit review

Improper cost transfers may result in disallowed costs, account corrections, mandatory training, or disciplinary action.

VI. Roles and Responsibilities

Principal Investigators

- Monitoring of project financials
- Collaboration with Office of the Controller for timely transfers
- Monthly review and reconciliation of project expenses
- Preparation and submission of cost transfers
    - Certify that transferred costs directly benefit the project
- Retention of supporting documentation
- Assurance of allocable, allowable, and reasonable costs

Office of Controller / Post Grant Award / Sponsored Programs

- Review and approval of transfer requests
- Ensure regulatory compliance

VII. Policy Enforcement

Failure to comply with this policy may result in:

- Reversal of cost transfers
- Financial responsibility assigned to the department
- Heightened monitoring
- Loss of cost transfer privileges