

OFFICE OF THE CONTROLLER

Grants and Funds Management

Cost Transfer Policy and Form

February 2026





Table of Contents

Cost Transfer Policy	3
Cost Transfer Form	22
Types of Cost Transfers	30
Resources and Contacts	37



Cost Transfer Policy



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Cost Transfer Policy

What is a Cost Transfer?

An expense that is transferred from one account to another account after the expense was initially recorded in the financial accounting system.

OR

An after the fact reallocation of costs to a federally funded award.



Uniform Guidance - Cost Transfers

2 CFR 200 sets a framework for cost transfers, but more detailed cost transfer rules come from:

- Your institution's cost transfer policy
- Sponsor-specific guidance (e.g., NIH GPS, NSF PAPPG)
- Audit expectations (Single Audit / Uniform Guidance audits)



Key Sections of 2 CFR 200

200.405 – Allocable costs

- Costs must be allocated to the award that benefited
- Transfers are only acceptable if they correct an error or properly allocate costs
- Moving costs for convenience, to spend down funds, or to cover overruns is not allowed

200.403 – Factors affecting allowability of costs

- Establishes conditions that must be met for a transfer
 - Necessary and reasonable
 - Consistent with institutional policies
 - Adequately documented



Cost Transfer Policy

NIH Grants Policy Statement

- Cost transfers to NIH grants that represent corrections of clerical or bookkeeping errors should be accomplished within 90 days of when the error was discovered. The transfers must be supported by documentation that fully explains how the error occurred and a certification of the correctness of the new charge by a responsible organizational official. An explanation merely stating that the transfer was made "to correct error" or "to transfer to correct project" is not sufficient. Transfers of costs from one project to another solely to cover cost overruns are not allowable.
- **NIH Grants Policy Statement**



Cost Transfer Policy

- To comply with the policy of NIH, one of our largest sources of federal research funding, and the requirements of other federal and non-federal sponsors, USC's cost transfer policy follows 90 days and applies to ALL sources of funding. If a particular sponsor policy on cost transfers is more restrictive than 90 days, the more restrictive policy will apply.
- Ninety (90) days has emerged as the standard used by government and business auditors to determine whether costs are reasonably assigned to their proper project and function. It is a standard established in federal circulars and grant policy.

*Recipients must maintain documentation of cost transfers, pursuant to 2 CFR Part 200.337 and 45 CFR Part 75.364, and must make it available for audit or other review.



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Cost Transfer Policy

Policy Title: Cost Transfer Policy (FINA 3.35)

Purpose: The purpose of this policy is to set forth the University of South Carolina's requirements for cost transfers to, from, or between sponsored projects.

Definition: A cost transfer is a reallocation or redistribution of a previously charged expense that is being transferred to or from a sponsored project. This includes both direct charges and cost share.

Transfers between projects with the same budget year and funded under the same Federal award are considered “**intra-award reallocations**” and **are not** subject to this policy.



Cost Transfers

Cost transfers **should not** be used as a means for managing project funds; they must meet the rules for allowability, allocability, reasonableness, and consistency. Cost transfers, when necessary, must be timely.

- At no time should a sponsored project be used as a holding account for expenses that will subsequently be transferred elsewhere.
- Transfers of costs to any sponsored project are allowable only if there is a direct benefit to the project being charged.
- An overdraft or any direct cost item incurred during the management of a sponsored project may not be transferred to another sponsored project for the sake of resolving a deficit or an allowability issues.
- Cost transfers may not be used to spend down awards.



When is a Cost Transfer Allowable?

Grants and Funds Management (GFM) determines whether a cost transfer is allowable. The following three prerequisites are considered:

- The cost transfer must provide a direct benefit to the sponsored award being charged.
- The cost transfer must comply with both the University's policies and sponsor's terms and conditions.
- The cost transfer must be fully documented.

Other factors, such as timing, may affect allowability.



Allowable Cost Transfer Examples

The following is a list of examples that illustrate circumstances in which a cost transfer meeting cost principles may be allowable:

- The cost transfer will occur within 90 days of original expense.
- To correct errors due to the untimely receipt of information by the University (e.g. late notice of award).
- To reallocate effort based on actual effort expended.
- To move pre-award costs to the appropriate project in accordance with Uniform Guidance.
- To correctly allocate costs benefiting more than one project.
- To remove unallowable charges.
- To remove out-of-period charges.



Not Allowable Cost Transfer Examples

Certain cost transfers **are not** allowable under any circumstances.

Such as:

- To correct deficiencies caused by overruns or other funding considerations.
- To avoid restrictions imposed by the law or by terms of the sponsored award.
- To “park” expenses which will subsequently be transferred elsewhere, including to competing or non-competing continuations of the same project for which the notice of award or new project has not been received.
- To transfer costs to a sponsored project merely because there are unexpended funds available which would otherwise be returnable to the sponsor.



Timing of Cost Transfer

A cost transfer should be processed **within 90 days** following the end of the month in which the original charge was initially recorded. The following factors could affect and shorten the 90-day window:

- Financial report due/submission date
- Carryforward request due/submission date
- Final invoice due/submission date

Note: Cost transfers which remove expenditures from sponsored projects are not subject to the 90-day time limit and must be prepared at any time that it is determined that an expenditure charged to a sponsored project is not appropriate or allowable to that project.



Why are Cost Transfers Problematic?

The expense was originally reviewed and certified for allowability and allocability tests, and that it was a direct benefit to a project at the time of posting by the department and PI. So, it is an indicator that proper review and due diligence was not followed.



Why are Cost Transfers Problematic?

Cost Transfers that put the University at risk for audit findings:

- Transfers that violate institutional policy
- Transfers between two Federal projects
- Transfer to Federal projects occurring more than 90 days after the original transaction
- Transfers to Federal projects at the end of the project period
- Inadequate explanation/justification for cost transfer (e.g. "to correct error")
- Transfers between two Federal projects that clears a deficit off one of the projects
- Salary transfers that invalidate certification or other controls
- Excessive cost transfers



Why are Cost Transfers Problematic?

Scenario:

A contract was issued 3 months after the start date (start date is September 2024) and the account did not get set up until January 2025.

Work started in September 2024, and the payroll costs were charged to the PI's department account.

In April 2025, when T&E was being reviewed, you realize that the salary did not get moved to the project.

You submit the cost transfer citing that the project was not set up timely and you are requesting an exception to move salaries back to 9/1/2024 to the project.

Response:

Although there was a delay in set up with the project, the department should have completed the cost transfers immediately following the set up. Since the department waited 2 months after the project was set up, this does not constitute an exception based on a late issuance of a contract.

The department should have submitted the cost transfers in February when the award was set up. Furthermore, a Risk/Advance Account should have been requested when the PI started working on the project.



Preventing Cost Transfers

To prevent untimely cost transfers:

- review terms and conditions of the award to learn how it should be managed
- establish a financial plan
- maintain accurate projections
- meet with the PI monthly or at least every other month
- reconcile project expenses monthly
- complete payroll funding change forms in a timely manner to prevent retros
- establish an **Advance (Risk) Account** to be set up if the Notice of Award is delayed



Preventing Cost Transfers

Monitor grant expenses

- Ensure only appropriate expenses are charged to the grant
 - ✓ Ensure you stay within budget and overages are moved timely

Monitoring Tools:

- PeopleSoft Queries
 - ✓ General Ledger = System of Record
- USC Finance Intranet HUB
 - ✓ Payroll – HCM Distribution
 - ✓ All Expenses - Grant Dashboard & GL Dashboard
 - ✓ Cost Share – Grant Dashboard



Preventing Cost Transfers

USC Finance Intranet HUB:

- Provides the ability to access real time expense data using the following search criteria: PI, Contract, and Project.
- Expenses are grouped in the categories as shown on the USC Invoice submitted to sponsors.
- Ability to drill down into payroll and expense transactions for Direct Expenses and **Cost Share**.
- Tracks cost share to help ensure you are spending within ratio.



Preventing Cost Transfers

1st day of the month

- Run payroll queries to determine if employee salaries for the **15th of the month pay date**. Complete Account Change Form(s).
- Review HCM Distribution to see actual payroll transactions for the payroll that just posted. Complete Payroll Retro Funding Change form(s) as needed.
- Review transactions that have posted to the Grant Dashboard for the previous month. Complete any JVs, JEs, APEXs, as necessary.
- Ensure Account Change Form(s) submitted have been fully approved for the **30th of the month pay date**.

5th day of the month

- Remind PIs to review the Grant Dashboard and HCM Distribution for the previous month for accuracy.

16th day of the month

- Run payroll queries to determine if employee salaries for the **30th of the month pay date**. Complete Account Change Form(s).
- Review HCM Distribution to see actual payroll transactions for the payroll that just posted. Complete Payroll Retro Funding Change form(s) as needed.
- Ensure Account Change Form(s) submitted have been fully approved for the **15th of the month pay date**.

20th day of the month

- Ensure PIs have remitted subaward invoices received.

25th day of the month

- Complete requests for Risk accounts, no-cost extensions, or re-budgets, as necessary.
- Review outstanding encumbrances and request closure, as necessary.

Visit the [Controller's Office](#) website for a downloadable version.



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Cost Transfer Form



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Cost Transfer Justification Form

Cost Transfer Justification Form	
PURPOSE	
This justification form will help ensure compliance with Uniform Guidance along with University policy regarding cost transfers. In the event of an audit, the information provided below will be used to substantiate the adjustment. This form is required for any cost transfers that adjust expenditures involving sponsored project accounts (the USCSP Business Unit). Principal Investigator (PI) certification and approval is required for all cost transfer requests. Once completed, this form needs to be attached with required supporting documentation to the proper request (Payroll Retro, Expense Module Correction Form, JV eform, etc.). If this form is not included, the request will not be completed.	
COST TRANSFER TYPE	
<input type="checkbox"/> Payroll Retro Funding Change Request	<input type="checkbox"/> Expense Module (payment with pcard)
<input type="checkbox"/> JV (payment through check/voucher)	<input type="checkbox"/> Other
Original (incorrect) chartfield *:	
Correct chartfield *:	
<small>* For payroll retro forms, "see retro form" may be listed if multiple projects/funds are involved in the request</small>	
JUSTIFICATION	
1. Please specify the transaction(s) being moved and how it directly benefits the sponsored project it is being moved to, if this is being moved to a USCSP account.	
2. How was this error or situation discovered? Please include the reason this was originally charged to the incorrect sponsored project or account.	
3. How will this type of error or situation be prevented from happening in the future?	
CERTIFICATION	
As PI, I approve this expense to be adjusted according to the fund(s)/project(s) listed above. I certify this expense is in accordance with the award budget as well as allocable and necessary for accomplishing the scope of work.	
PI Signature:	Date:
**PI Signature:	Date:
Printed Name:	**Printed Name:
<small>** If adjustment impacts more than one PI</small>	

- A cost transfer should be processed **within 90 days** following the end of the month in which the original charge was initially recorded.
- **Required** if moving expenses on or off a sponsored award.
- Be sure to answer all three questions.
- PI **must sign** the form.
- Form can be found on the Controller's Office website.



Cost Transfer Justifications

Generic statements are not generally acceptable on the cost transfers. For all charges on a project, you should be able to explain the allowability of those costs. As general guidance, acceptable justifications should be able to address the following:

- An explanation as to why the expense was originally charged to an account from which it is now being transferred.
- An explanation as to why the charge needs to be transferred to the proposed receiving project.
- An explanation as to why the charge is allowable and allocable based on the terms and the conditions of the receiving award.
- What corrective action has been taken to eliminate the need for cost transfers of this type in the future at the departmental level.
- Exception to the 90 days rule are rarely approved.
 - ✓ The Controller reviews any cost transfer request that are over 90 days.
- All cost transfers **must** be accompanied by the appropriate backup.



Cost Transfer Justification Form

Questionable explanation: Transfer of supplies that were charged to the department in error.

Issue: This explanation does not adequately explain why the wrong account was originally charged, why the charge to the new account is appropriate/applicable, or how the situation occurred.

Acceptable explanation: The supplies being transferred were purchased using a procurement card (P-Card). The administrative assistant did not review the P-Card transactions by the deadline, causing the transactions to be expensed to the department account. Going forward, the administrative assistant will review all P-Card purchases and assign the correct account number, if applicable, to be charged prior to the deadline.



Cost Transfer Justification Form

Questionable explanation: Transfer of overage to related project.

Issue: This explanation does not adequately justify how the expense was benefiting the account being charged nor why expenses were not allocated between the projects originally.

Acceptable explanation: The supplies to be transferred are used on related projects. Supplies should be shared equally on both projects; thus 50% of the cost of these items is being transferred.



Cost Transfer Justification Form

Questionable explanation: To correct account incorrectly charged due to clerical error.

Issue: Insufficient explanation of why and how the clerical error occurred and why the error was not corrected earlier. In general, this explanation is only adequate if a transposition error occurred, and such circumstances should be included in the description.

Acceptable explanation: The research assistant in the lab who ordered the supplies used an account number of a project that was terminated. He has been instructed to use the new account number. In the future, all supply orders will be reviewed and approved by an appropriate department administrator prior to submission of the order so that such errors can be prevented.



Cost Transfer Justification Form

Questionable explanation: Payroll appointment form was not processed in time.

Issue: The explanation does not adequately address why the payroll appointment was not processed in time. The description should be expanded to better explain the circumstances of the delay in processing the appointment and the specific plan to avoid such occurrences in the future.

Acceptable explanation: The administrator was informed of a faculty member's effort distribution change after the deadline for payroll appointments for the January payroll. The faculty member has been requested to communicate changes in effort in a timelier manner in the future to avoid such circumstances.



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 and Transparency

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Grant Administration

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All the forms listed on our website pages can be found in the table below. You can use the search feature at the top to help narrow down the list to the specific document you are seeking. These are the forms most commonly used to complete financial transactions at the university.

 Search: [Reset Table](#)

Form Name	Area of Responsibility	Contact Email
Cost Transfer Justification Form	Grants and Funds Management	controllercompliance@sc.edu

First Previous 1 Next Last

Showing 1 to 1 of 1 entries (filtered from 52 total entries)

Show 25 entries

Cost Transfer Form

To find and download the form visit our [Forms](#) page in the Resource and Training Toolbox section.



Types of Cost Transfers



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Types of Cost Transfers

Cost transfers can be completed in 4 different ways, depending on how the original transaction was completed. Each cost transfer requires a Cost Transfer Justification form.

- Journal Voucher
- APEX
- Retro Funding Change Journal Entry
- Journal Entry



Types of Cost Transfers

Allowable Scenario:

You have a lease payment that is posted to a project. During your monthly review you realize that the lease payment should have posted to the next year of funding and you enter a Journal Entry to correct the charge to the correct project. .

Allowable Scenario:

During the monthly review, your expected supply expenses are higher than what was expected. After reviewing the expense on the project, you see that a P-Card transaction was posted in error to the project. You immediately take action to complete an APEX form to move the expense to the correct project.

Allowable Scenario:

A project has a start date of January 1, 2025, but was not set up in PeopleSoft until February 16, 2025. A student has been working on the project, but her salary was charged to a departmental account. As soon as the project and the combo codes were active, a Payroll Account Change is processed to move the student to the project, and a Retro Funding Change JE is entered to move the student's pay that has already charged, properly allocating her time and effort to the project.



Types of Cost Transfers

Allowable but Increased Audit Risk Scenario:

You have a consultant, and they were charged to one project however during your monthly review with the PI, they realized they were not allocated proportionately to the correct projects. The PI provides you with a detailed breakdown of the allocation which you use as an explanation on the Cost Transfer Justification.

Allowable but Increased Audit Risk Scenario:

An employee who is paid on a grant is receiving additional pay for work on a departmental project. When the additional pay ePAF was entered, the “use current base pay funding” button was toggled on, so the pay is being charged incorrectly to the project. A Retro Funding Change JE is requested to move this additional pay off the project.

Note: In general, all Cost Transfers put us at risk for an audit.



Types of Cost Transfers

Not Allowable Scenario:

Large supply purchase on a purchase order that was charged to one project. The PI realizes he has another project that is ending soon, and he wants to spend down the balance. He asks you to process a JV to move a portion of the supply charge to that project that is ending.

Not Allowable Scenario:

A payment request was processed and approved by the PI to post a membership charge to a project. The PI wants to move the charge to another project in which the membership expense is not allocable to free up budget for some additional expenses she is expecting on the original project.

Not Allowable Scenario:

It is March 2025 and Time and Effort reports have been released. Upon reviewing the T&E reports, a PI tells you that a student's salary was on the incorrect NIH project for the Fall 2024 semester. The PI asked you to correct the salaries for the period however the July through December salaries are outside the 90-day window. The salaries need to be moved off the award however instead of moving the salary to another NIH project, it will need to be moved to a departmental account.



Risk of Noncompliance

If we are not in compliance, sponsors may:

- Disallow expenses and/or require repayment
- Require additional oversight of systems and controls
- Reduce or eliminate future funding
- Pursue other remedies legally available, including federal fines and penalties



Risk of Noncompliance

Does it pass the newspaper test?

“Contemplating any business act, an employee should ask himself whether he would be willing to see it immediately described by an informed and critical reporter on the front page of his local paper, there to be read by his spouse, children, and friends.”

--- Warren E. Buffet

This test isn't just about transparency. It's also about consequences!

It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you'll do things differently.

--- Warren E. Buffet



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Resources & Contacts



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General Accounting

Grants and Funds Management

Sponsored Award Set Up

Sponsored Award Management

Sponsored Award Invoicing and AR

Sponsored Award Reporting

Sponsored Post Award Close Out

Grants and Funds Staff Directory

Compliance and Tax Management

Payroll Department

Operational Management and Reporting

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Resource and Training Toolbox

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Sponsored Award Management

Award management occurs once the grant, contract or cooperative agreement has been awarded to the university. During award management, the principal investigator (PI), along with assistance from department grant support staff, is responsible for fulfilling the proposed project and overseeing financial and personnel activity, all while ensuring compliance with university and sponsor policies and procedures.

Sound management of sponsored projects is critical to maintain the public trust in research results and outcomes. Success of a sponsored project is contingent on both the ability of the PI and grant support staff to carry out the project by ensuring proper stewardship of the awarded funds.

Award Management Activities

Major activities that may occur during award management include:

- expending funds, including purchasing, managing personnel and travel
- making modifications to the award budget, personnel, and timeframe
- monitoring financial activity on the award, and when necessary, initiating cost transfers in a timely fashion
- issuing project reports, including both financial and technical
- if an award has one or more subawards, it is important for the PI to carefully monitor the sub awardee's activity

Cost Share

Expand all



Expense Monitoring



Expense Timing



Cost Transfers



Monthly Payroll Account Funding Review Checklist for Business Managers/PI



Where to Find the Resources

For cost transfer resources, visit the Sponsored Award Management page in the Grants and Funds Management section.



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Grants and Funds Management

Compliance and Tax Management

Payroll Department

Operational Management and Reporting

External Financial Reporting and Transparency

Resource and Training Toolbox

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Grant Administration

Grant Administration of Sponsored Awards supports academic and administrative business units to include personnel management, fiscal operations, and coordination with multiple governing areas to ensure compliance with Uniform Guidance and grant awards.

Understands and executes the various stages of the grant lifecycle including pre-award review, grant progress monitoring, and award closure in coordination with the Principal Investigators.

Below is a list of Grant Administration tasks you may be responsible for within your college/department. Sections include links to training resources that support each task.

Note: Each year the Controller's Office provides refresher trainings starting the month of February thru the end of April. Registration links for all scheduled trainings are sent to our BIZMANAGER listserv end of January, provided in our monthly newsletter, and in a prior week reminder email. On demand training can be found in the sections below.

Account Funding Change

Expand all



Close Out Matrix



Cost Share



Cost Transfers



Indirect Cost (IDC)



Introduction to Grants Management



Milestone Notifications



Monitoring Awards



Where to Find the Resources

For cost transfer training resources, visit our [Grant Administration](#) page in the Resource and Training Toolbox section.



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PeopleSoft Finance Training Schedule

Top Ten Q&A Series

This webinar series is designed to address the most frequently asked questions we receive. The session will begin with a review of the top ten questions and answers noted by our office, providing clear guidance and best practices. Following this overview, the second portion of the session will be dedicated to open Q&A, allowing participants to ask questions directly and receive real-time clarification from our team.

What	When	Where
Accounts Payable Top Ten Q&A	Wednesday, October 22nd, 2025 at 2:00 PM	Online (Teams Meeting)
Travel Top Ten Q&A	Wednesday, November 5th, 2025 at 2:00 PM	Online (Teams Meeting)
Supplier Top Ten Q&A	Tuesday, November 11th, 2025 at 2:00 PM	Online (Teams Meeting)
Chart of Accounts Top Ten Q&A	Wednesday, January 14th, 2026 at 2:00 PM	Online (Teams Meeting)
Card Programs Top Ten Q&A	Thursday, January 15th, 2026 at 2:00 PM	Online (Teams Meeting)
Transaction Corrections Top Ten Q&A	Tuesday, January 27th, 2026 at 2:00 PM	Online (Teams Meeting)
Time and Effort Top Ten Q&A	Thursday, January 29th, 2026 at 2:00 PM	Online (Teams Meeting)
P-Card Purchasing Shared Service Q&A	Tuesday, February 3rd, 2026 at 9:00 AM	Online (Teams Meeting)
Payroll Top Ten Q&A	Tuesday, February 3rd, 2026 at 2:00 PM	Online (Teams Meeting)
Time and Labor Top Ten Q&A	Thursday, February 5th, 2026 at 2:00 PM	Online (Teams Meeting)

On Demand Training

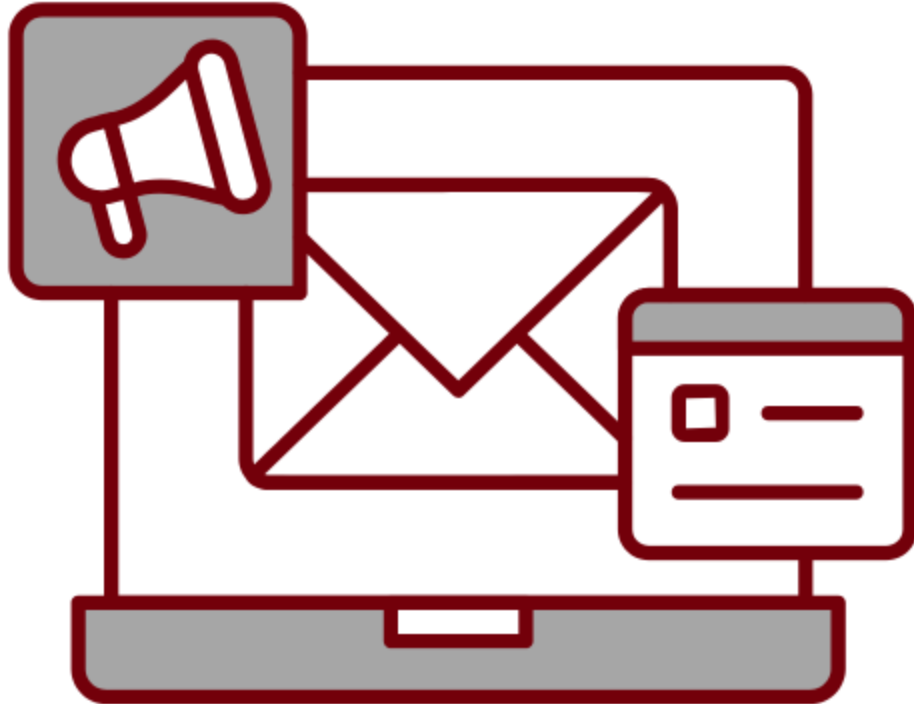
The Controller's Office offers on demand training. To complete the training, click the corresponding link that will take you to the training quiz. Once you finish the training with a score of 80% or higher, a confirmation email will be sent to you with additional information.

Where to Register for Training

To register for scheduled trainings, visit our [PeopleSoft Finance Training Schedule](#) page.



Contact Us



For specific questions, please visit our [website](#) to find the appropriate contact.



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Questions



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THANK YOU!

Office of the Controller



Alone, we can do so little; together,
we can do so much.



Address:

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