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**Research Administration 101  
Cost Transfers**

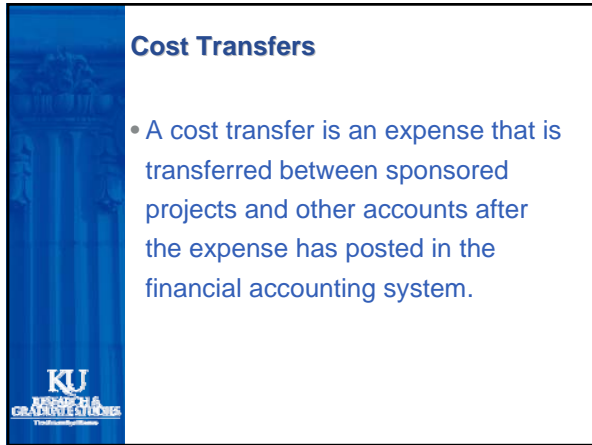
Research and Graduate Studies  
Fall 2007



**Overview**

- Cost Transfers
- Allowable Costs
- Allowable/Unallowable Cost Transfers
- Cost Transfer Procedures

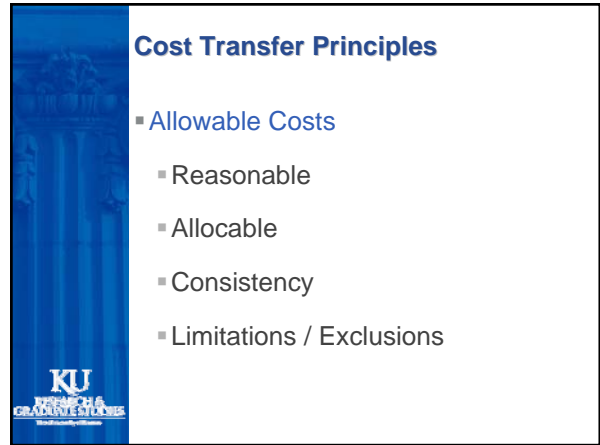
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**Cost Transfers**

- A cost transfer is an expense that is transferred between sponsored projects and other accounts after the expense has posted in the financial accounting system.

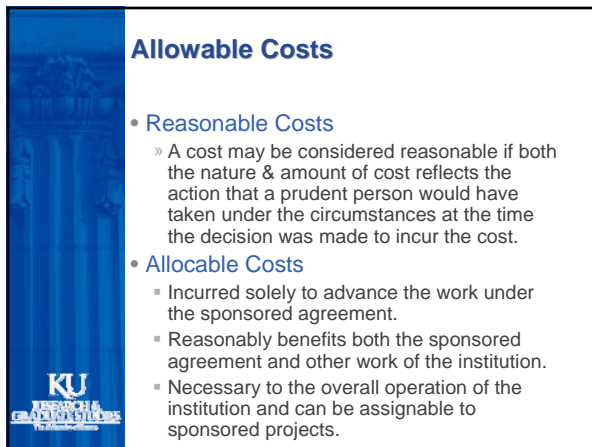
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**Cost Transfer Principles**

- Allowable Costs
  - Reasonable
  - Allocable
  - Consistency
  - Limitations / Exclusions

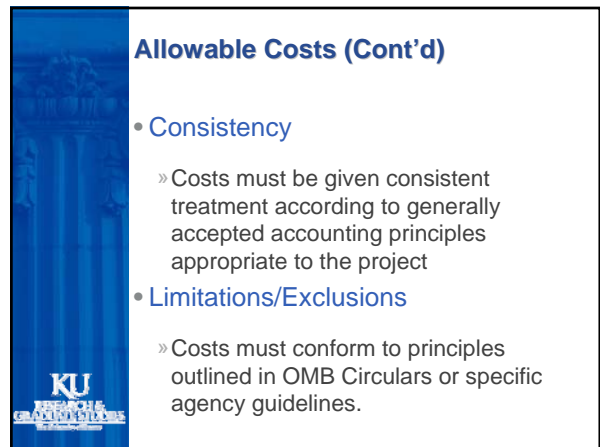
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**Allowable Costs**

- Reasonable Costs
  - » A cost may be considered reasonable if both the nature & amount of cost reflects the action that a prudent person would have taken under the circumstances at the time the decision was made to incur the cost.
- Allocable Costs
  - Incurred solely to advance the work under the sponsored agreement.
  - Reasonably benefits both the sponsored agreement and other work of the institution.
  - Necessary to the overall operation of the institution and can be assignable to sponsored projects.

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**Allowable Costs (Cont'd)**

- Consistency
  - » Costs must be given consistent treatment according to generally accepted accounting principles appropriate to the project
- Limitations/Exclusions
  - » Costs must conform to principles outlined in OMB Circulars or specific agency guidelines.

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