



MERRIMACK COLLEGE

Cost Transfer Policy

Office of Research and Sponsored Programs

Approved By:	Dr. Christopher E. Hopey, President
Effective Date:	June 1, 2025
Supersedes:	
Official Responsible:	Vice President of Research or their Designee
Legal Counsel Review Date	May 31, 2025

I. POLICY STATEMENT

Merrimack College is committed to ensuring compliance with the Office of Management and Budget (OMB) Uniform Guidance [2 CFR Part 200 subpart E](#) and relevant federal agency policies regarding cost transfers. This Cost Transfer Policy ("Policy") establishes requirements for timely, appropriate, and well-documented cost transfers to ensure that all charges to sponsored awards are reasonable, allowable, and allocable in accordance with award terms.

II. PURPOSE

The purpose of this Policy is to:

- Establish guidelines for cost transfers to maintain compliance with federal regulations and institutional policy.
- Ensure cost transfers are processed in a timely manner and appropriately documented.
- Prevent inappropriate cost reallocations that could lead to financial mismanagement or noncompliance with federal funding requirements.

III. SCOPE

This Policy applies to all cost transfers related to externally sponsored research awards, including but not limited to:

- Faculty, staff, and administrators managing sponsored research funding.
- Principal Investigators (PIs) and research personnel responsible for charging expenses to awards.

- Departments and offices involved in financial administration, such as the Office of Research and Sponsored Programs (ORSP).
- This Policy covers both labor (e.g. salary) and non-labor (e.g. supplies, travel, equipment) cost transfers.

IV. DEFINITIONS

Allowable Cost Transfers

A cost transfer is the after-the-fact reallocation of a cost either labor (salary) or non-labor (supplies, travel, equipment) to a sponsored award.

To be permissible, a cost transfer must meet **both** of the following conditions:

- **Timeliness** – Merrimack requires the transfer should be initiated within ninety (90) calendar days of the original transaction date. In extenuating circumstances, transfers beyond this timeframe will be reviewed by the Vice President of Research or designee on a case-by-case basis and will require detailed justification that meets the federal regulatory standards outlined in [2 CFR 200.405](#) (subsections a-e).
- **Appropriateness** – The transfer must be adequately documented, including a clear explanation of why the charge was originally made and why it is being transferred.

Journal Entries (Non-Cost Transfers)

The following transactions *are not* considered cost transfers:

- Moving costs between accounts under the same award (e.g., main and sub-accounts).
- Pre-award cost transfers, if incurred within ninety (90) days before the award start date, as permitted by [2 CFR 200.458](#).
- Pre-Award Expenses charged to an unrestricted account while awaiting a fully executed award and then transferred to the award once it starts.
- Correction of coding errors (e.g., function or object code adjustments).

V. PROCEDURES

Step 1: Initiate a Cost Transfer Request Form (See Attached) following a review of the expenses. The PI, Grants Accountant, and/or other ORSP staff can initiate a request.

- Submit a Cost Transfer Request Form within ninety (90) days of the original transaction.
- Include a detailed justification.
- Attach supporting documentation, such as:
 - Original transaction records;
 - Justification memo signed by the PI; and/or
 - Evidence that the cost is allocable and allowable.
- If the request is made after ninety (90) days, the justification must include one of the following valid reasons:

- Delayed notification from a sponsor requiring cost adjustments.
- Administrative delay due to late award setup or financial system errors.
- Unanticipated sponsor-requested modifications to allowable costs.

Step 2: Review & Approval

- Sponsored Projects Accounting reviews the request for completeness and confirms that the justification aligns with federal requirements.
- For late cost transfers (beyond ninety (90) days), approval from the Vice President of Research or designee is required.

Step 3: Processing & Record Retention

- Approved transfers are processed in the College's financial system.
 - Documentation must be retained for a minimum of three (3) years after the final financial report submission as required by [2 CFR 200.334](#)

Roles and Responsibilities

Principal Investigator (PI)

- Ensures expenditures are correctly allocated.
- Identifies and notifies ORSP of errors promptly.

Office of Research and Sponsored Programs (ORSP)

- Assists PIs in reconciling monthly expenditures on awards.
- Approves non-salary journal entries.
- Maintains documentation.
- Monitors compliance with the policy.
- Submits salary and cost transfer adjustments in a timely manner
- Ensures cost transfers comply with federal regulations.

Vice President of Research (or designee)

- Reviews and approves salary adjustments and cost transfers.
- Enforces policy.
- Approves late cost transfers.

Finance Office

- Provides guidance and monitors institutional compliance with federal cost principles.

Payroll

- Processes adjustments to payroll activity.

VI. FEDERAL REGULATIONS

OMB Uniform Guidance (2 CFR 200)

Merrimack College follows the cost transfer documentation and internal control requirements outlined in:

- [2 CFR 200.405](#) ("Allocable Costs")
- [2 CFR 200.430](#) ("Compensation—Personal Services")

Key compliance requirements include:

- Costs must be necessary, reasonable, and allocable to the sponsored award.
- Cost transfers should be well-justified, and documented with sufficient detail.
- The College will maintain strong internal controls to minimize errors and prevent misuse of federal funds.

[NIH Cost Transfer Policy \(GPS 7.5\)](#)

The National Institutes of Health (NIH) requires cost transfers to be:

- Processed within ninety (90) days of the discovery of an error.
- Fully documented with detailed explanations (e.g., "to correct error" is insufficient).
- Supported by strong internal controls to prevent recurring errors.
- Available for audit review upon request.

Repeated cost transfer issues may indicate weaknesses in the institution's financial management system, leading to increased federal oversight.

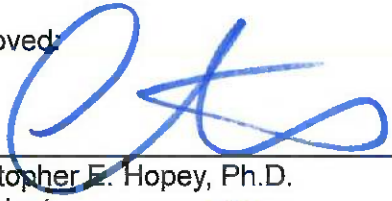
VII. RELATED POLICIES/FORMS

- Effort and Salary Confirmation Policy
- [Cost Transfer Request Form](#)

VIII. EFFECTIVE DATE

This policy is effective June 1, 2025.

Approved:

A handwritten signature in blue ink, appearing to read "C. Hopey", written over a horizontal line.

Christopher E. Hopey, Ph.D.

President

Date Approved: June 1, 2025

A handwritten signature in blue ink, appearing to read "Caitlyn Bosworth", written over a horizontal line.

Caitlyn Bosworth

Vice President and General Counsel

Date Approved: June 1, 2025

Attachment: Cost Transfer Request Form

SPONSORED PROGRAMS COST TRANSFER JUSTIFICATION FORM

Instructions

This form must be completed for **ALL** transactions that meet the definition of cost transfer. The complete cost transfer policy can be found ([insert link](#))

Please ensure this form and all appropriate supporting documentation is attached.

Prepared By:

Name:

Date:

Transfer Information

Posting date of original charge:

Direct cost to be transferred:

From Account:

Original Transaction Amount(s):

To Account:

For ALL cost transfers:

1. Why was this expense originally charged to the current funding source from which it is now being transferred? In other words, explain the error or circumstances for originally charging the incorrect account.
2. Why should this charge be transferred to the proposed receiving sponsored fund? In other words, provide an explanation as to how this expense benefits this project.

ONLY REQUIRED For cost transfers > 90 days from end of month original transaction was posted:

3. Why is the cost transfer being requested more than 90 calendar days after the close of the accounting period when the original transaction was posted in the University's general ledger? (Attach any necessary supporting documentation)
4. What action has been taken to eliminate the future need for cost transfers of this type, including date of implementation?

*If payroll is being transferred has the effort been certified? Yes

☐

No

☐

N/A

☐

Signatures

By signing below, requestors certify that the cost to be transferred is an appropriate and allocable expenditure for the sponsored project charged and that the expenditure complies with the terms and restrictions governing the sponsored project.

Principal Investigator

(If PI approval was provided via email, please include the email as an attachment to this form)

Name:

Signature

