



Boston College: OFFICE FOR SPONSORED PROGRAMS Cost Transfer and Labor Reallocation Policy

Policy Statement

The purpose of this policy is to document the Boston College and the Office for Sponsored Programs' (OSP) cost transfer and labor reallocation policy for costs moved onto a sponsored project at Boston College.

Activities related to sponsored awards must comply with the following (commonly referred to as the Order of Precedence) sponsor's terms and conditions in the agreement (whether directly with BC or passed through to BC as a sub), Program Announcement, Agency Specific Terms and Conditions, Federal regulations including those from the Office of Management and Budget (OMB) such as OMB's 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"), other public laws, and Boston College's policies.

Reason for Policy

To comply with Federal regulations, it is necessary to explain and justify transfers of charges onto federally funded sponsored awards, when the original charge was previously recorded elsewhere in Boston College's general ledger (GL). Timeliness and completeness of the explanation of the transfer are important factors in supporting allowability and allocability in accordance with federal requirements.

Policy Effective Date and Revision Dates

The effective date of this policy was December 26, 2014; revised in March 2018, June 2020, September 2020, September 2023, and October 2023.

Scope and Applicability – Who Must Comply

This policy is applicable to all individuals involved with the administration and conduct of a sponsored award. Any individual, including a central administrator, departmental sponsored award administrator, a principal investigator, or other research personnel **must** comply with this policy.

Responsibilities

Principal Investigator (PI):

- Primary responsibility for ensuring compliance with this policy including the Order of Precedence (noted in the Policy Statement section above), and monitoring costs charged to a sponsored award, timely correction of errors, and proper allocation of costs charged.
- Review charges on sponsored awards on a regular basis (e.g. monthly), and communicate with DRA any needed changes, so the DRA can assist with processing the appropriate paperwork, or post corrections as needed;
- Approve / sign cost transfers and labor reallocations in line with this policy.

Department Research Administrator (DRA) and their Supervisor

- Review and monitor charges on sponsored awards on a regular basis (e.g. monthly), in order to assist the PI with timely review and reconciliation of expenses.
- Initiate the appropriate paperwork or online process, on a timely basis and in line with this policy, for cost transfers and labor reallocations, and ensure sufficient documentation and explanation is provided.
- *If a cost transfer or labor reallocation is rejected by OSP as not allowable, it is the responsibility of the DRA to ensure that the cost is removed and assigned to a non-sponsored account in a timely manner.*
- Ensure that the costs transferred or labor reallocations are allocable, allowable, and reasonable.
- Ensure costs transfers or labor reallocations are approved in line with this policy.
- Follow up on any cost transfer or labor reallocation to ensure it is properly recorded in Boston College's general ledger (e.g. PeopleSoft accounting system).
- Supervisors should ensure all personnel engaged in the financial administration of a sponsored award are familiar with this policy.

Associate Deans and Chairs:

- Provide oversight to ensure personnel (e.g. PI, DRA, etc.) adhere to this policy and accompanying procedures when processing cost transfers or labor reallocations.
- Approve / sign cost transfers and labor reallocations in line with this policy.
- The Associate Dean is expected to take corrective action or implement process changes to mitigate the risk of future costs transfers or labor reallocations being greater than 90 days from the PeopleSoft accounting date.

Office for Sponsored Programs (OSP):

- Maintain the BC-OSP Cost Transfer and Labor Reallocation Policy and associated procedures, and process transactions in line with them.
- Address business processing questions regarding this policy.
- Review and approve a cost transfer or labor reallocation after determining the documentation and explanation for the change is sufficient to ensure the cost charged is allowable, allocable, reasonable, and timely. This includes: checking

the sponsored award's budget for available dollar amounts and to ensure the charge falls within the scope of the work and budget period.

Overview

Costs should be charged to the appropriate chart string when incurred. However, there may be circumstances when it is necessary to transfer a cost to a sponsored project subsequent to the initial recording of that cost (PeopleSoft accounting date).

Such transfers require monitoring for compliance with internal and external policies and procedures, such as sponsor specific terms and conditions, Boston College's and OSP's policies and procedures, and Federal regulations including OMB's 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance").

A cost transfer (moving a non-salary cost) or a labor reallocation (moving a salary cost) requires thorough documentation because a cost transfer or labor reallocation invites the assumption that the transaction was not handled properly initially. The cost/charge will be scrutinized for allowability and allocability to the benefiting sponsored project. The documentation or justification for moving a cost will also be scrutinized.

Timing and Timeliness

Cost transfer requests or labor reallocation requests should be completed within 90 days from when the cost was initially charged (i.e. recorded in Boston College's general ledger / PeopleSoft – accounting date), **and no later than six months from that date.**

Effective as of October 1, 2020, **labor reallocations have additional time restrictions.** Due to system limitations and sponsors' invoicing requirements and deadlines, it is impractical to continue the practice of allowing charges to be posted back to a sponsored program once BC has closed a fiscal year, regardless of a sponsored program's year. As a result, labor reallocations that cross BC fiscal years will **no longer be allowed** unless there are extreme circumstances and the Director of OSP in conjunction with BC's Controller Office agree.

In order to prevent labor reallocations crossing fiscal years, Principal Investigators (PI's) should periodically review the list of employees who are being paid from sponsored awards under the PI's purview. The Office for Sponsored Programs (OSP) expects PI's, in conjunction with their Departmental Research Administrator (DRA), to utilize the ERS Effort on Demand Report, as well as the PeopleSoft Transaction Detail Report (TDR) in their review process along with other tools at their disposal.

When transferring a cost onto a sponsored project, the date the original cost was incurred or date of services performed must fall within the effective dates / period of performance of the sponsored project the cost is transferred onto.

Costs determined to be incorrectly charged or unallowable to a sponsored project must always be removed from that sponsored project without regard to when the cost was initially charged.

At no time should a sponsored project be intentionally used as a holding account for known costs that will be subsequently transferred elsewhere.

Documentation and Justification

Cost transfers should be the exception and not occur frequently. Review of costs/expenditures on a sponsored project by a Principal Investigator (PI) in conjunction with his/her Department Research Administrator (DRA) on a regular basis (at least quarterly) will help to timely identify any issues or errors. For a non-salary cost transfer, the OSP Cost Transfer Request Form is to be completed.

For labor reallocations, the process to use will depend on when the labor reallocation is being completed. If the salary change/correction is for a semester that is not currently released for certification in ERS, then the OSP Labor Redistribution Form should be utilized. If the salary change/correction is for a semester that is released/active for certification in ERS, then the labor reallocation should be processed within ERS. NOTE: ERS refers to this type of activity as an ERS Cost Transfer (CT).

Supporting documentation should fully explain:

- The reason the cost was charged incorrectly to the first chart string
- How the cost directly benefits the receiving sponsored project
- How the cost is allowable on the receiving sponsored project
- The allocation methodology used if transferring costs to multiple chart strings
- That any systematic reasons which might cause this problem to be repeated have been addressed
- The reason for any delay in the timely processing of the transfer

Cost transfers and labor reallocations require careful monitoring for compliance with sponsors' specific terms and conditions, Boston College's policies, Federal regulations and policies, and the Federal cost principles that underlie all fiscal activities of sponsored projects.

All costs charged to sponsored projects must be allowable, allocable, and reasonable. Timeliness of the cost transfer or labor reallocation, and completeness of the supporting documentation are important factors to meet allowability and allocability requirements.

Keep in mind: Federal regulations require an expense (cost charged) to solely advance the work under the sponsored agreement, or benefit both the project and other work in proportions that can be approximated through reasonable methods. A cost that benefits more than one project should be allocated at the time of the expenditure. At no time should a sponsored project be used as a holding account for known costs that will be subsequently transferred elsewhere.

If there is a delay in submitting the cost transfer or labor reallocation and the reason for the delay is within control of the department, then the department is required to provide a plan to prevent future processing delays.

Supporting documentation to accompany a cost transfer or labor reallocation includes copies of the original transaction documentation (e.g. vendor's invoice, P-card receipt and statement, expense report, etc.), and the Transaction Detail Report (TDR) (or for a Fund 100 cost charged, the Transaction Detail Inquiry (TDI)) showing where and when the cost was initially charged. For the ERS process, answer all pertinent questions (outline above in the bullet points) prior to submitting it for approval.

Special Situations

Internal charges are not considered cost transfers - costs allocated from Recharge Centers (Clean Room, Lab Animal Care, etc.), BC catering costs, Tuition, etc.

Transfers between tasks of the same sponsored project are not considered cost transfers under this Policy because the cost remains in the same sponsored award. Changes in expense accounts within the same sponsored project are not cost transfers (for example: moving a cost from domestic travel to foreign travel).

Adjustments made by OSP for Fringe or Facilities and Administrative costs (F&A) are not considered cost transfers.

After OSP sets up an account, and if a setup error occurred, then OSP's correction of the account is not considered a cost transfer.

If a PI or departmental personnel has a refund that will credit a sponsored award, then it must be allowed to post to the sponsored award even if it may necessitate a closeout correction. If this scenario arises, the PI or departmental personnel should discuss with OSP to ensure correct reporting to the sponsor.

Signatures Required

Non-Salary Cost Transfer

A cost transfer of a non-salary cost made within 90 days of when the cost was initially charged (PeopleSoft accounting date), does not require the PI's signature. It is the responsibility of the OSP Cost Transfer Request Form's Preparer to ensure a cost transferred to a sponsored project is in compliance with the sponsor's terms and conditions, BC policies and procedures, and any laws or regulations.

If the date the cost was initially charged is greater than six months (or would cross BC's fiscal years) and the cost would be transferred onto a sponsored project, then the **PI must** obtain written approval from the Director of the Office for Sponsored Programs before a Cost Transfer

Request is completed. The OSP Director's approval must accompany the Form, and the Form still requires the signatures listed in the paragraphs above.

Labor Reallocations and ERS Cost Transfers (CT)

For labor reallocations involving a change/correction for a semester that is not currently released/active for certification in ERS, then the OSP Labor Redistribution Form should be completed.

For labor reallocations involving a change/correction for a semester that is released/active for certification in ERS, then the labor reallocation should be processed within ERS.

NOTE: ERS refers to this type of activity as an ERS Cost Transfer (CT).

For an ERS cost transfer or a labor reallocation made more than 90 days after the initial charge (PeopleSoft accounting date), the required approvers within ERS are the PI and the Associate Dean for Finance of the department/school. The Associate Dean is expected to take corrective action or implement process changes to mitigate the risk of future costs transfers or labor reallocations being greater than 90 days from the PeopleSoft accounting date. The PI and another responsible official must sign. **The PI cannot sign on both lines.**

Please see ERS CT / Labor Reallocation workflow chart at the end of this policy.

Definitions

See [OSP's Definitions](#) and *Glossary of Terms*, as well as *OMB's Uniform Guidance*.

Contacts

For assistance with BC-Maximus ERS (Effort Reporting System), please send an email to ERS_Support@bc.edu.

If you have any questions about this policy, or need additional information or training on the topic, please contact the Office for Sponsored Programs main number at 617-552-3344 or directly contact your area's OSP Liaison ([OSP Staff](#)).

Boston College - Labor Reallocation (LR) Process in ERS

