**BC 10.140 - Labor and Non-Labor Cost Transfer Policy**

## I. POLICY:

Baystate Health, Inc.(BH) will comply with all requirements related to cost transfers on sponsored funds and will provide controls to account for monitoring allowability, allocability, and reasonableness of cost transfers on sponsored funds in accordance with the Uniform Guidance (2 CRF 200), Generally Accepted Accounting Principles (GAAP) and/or applicable sponsor and award regulations.

## II. PURPOSE:

As the steward of funds associated with sponsored agreements, BH is responsible for ensuring that the management of sponsored funds complies with BH, Sponsor, and Award requirements.

As such, all Cost Transfers to or from sponsored projects, including the transfer of payroll and other charges, must be made in compliance with federal regulations, sponsor terms and conditions, and internal guidelines for responsible stewardship of sponsored funds. BH must comply with federal regulations in the Cost Allocation Standards (CAS) and the Office of Management and Budget (OMB) Unform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Specifically Cost Transfers must meet the Office of Management and Budget (OMB) cost principles of allowability, allocability, and reasonableness.

This policy provides guidance and establishes guidelines for Principal Investigators and BH personnel on the transfer of costs to, from or among sponsored projects.

## III. SCOPE:

This policy applies to all individuals responsible for the management of sponsored funding at BH, namely the Principal Investigator, Sponsored Programs Administration (SPA), and other individuals responsible for compliant and timely sponsored award management. This policy applies to all sponsored funding, including both federally and non-federally sponsored projects.

## IV. DEFINITIONS:

Cost Transfer: After-the-fact transfer of costs to or from a sponsored project after the expense was initially charged either to another sponsored project or to non-sponsored sources.

Effort: The time dedicated towards a sponsored project, written as a percentage of the total time spent on all activities under the requirements of employment.

Labor Cost Transfer: A cost transfer involving the transfer of labor or salary costs to or from a sponsored project.

Non-labor Cost Transfer: A cost transfer involving the transfer of non-labor costs, such as equipment, materials & supplies, travel, etc., to or from a sponsored project.

Sponsored Projects: A type of project that is funded by an entity to achieve specific goals.

## V. GENERAL STANDARDS:

### *A. Allowability of Cost Transfers*

Costs should ideally be charged to the appropriate sponsored project or institutional account when first incurred. However, there are circumstances in which it may be necessary and appropriate to transfer expenditures to, from, or among sponsored projects after the initial recording of the charge in BH systems of record.

Cost transfers to, from or among sponsored projects and cost share activities are allowable only when there is a direct benefit to the project being charged.

Cost transfers involving sponsored projects are normally appropriate, but not limited to, the following circumstances:

- To correct clerical and data entry errors identified during monthly review of grant ledgers.
- A reallocation of salary costs to reflect actual expended effort.
- Removal of unallowable expenses.
- Transfer of expenses from non-sponsored accounts used prior to the execution and setup of the award.
- Transfer of expenses incurred after the termination of the award period to a non-sponsored fund.
- To re-direct charges on overspent sponsored projects to non-sponsored accounts.

At no time should sponsored projects be used as holding accounts for expenses that will subsequently be transferred elsewhere.

### *B. Timeliness of Cost Transfers*

Cost transfers should be completed no later than 90 calendar days after close of the accounting month in which the original transaction was posted within BH systems of record. Transactions made after this window are considered "late cost transfers," and will only be allowed in extenuating circumstances.

As BH is obligated to remove all incorrect charges that are mis-applied to sponsored projects, regardless of the timeframe, cost transfers from a sponsored project to a non-sponsored source will be allowed beyond the 90 calendar days.

Late cost transfers will be permitted under extenuating circumstances which may include but not limited to:

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- Delays caused by sponsor actions, administrative errors, or unforeseen circumstances impacting timely processing

Late cost transfers will require additional Office of Research approvals and may be denied if the justification is not sufficient.

## VI. CROSS REFERENCES:

BC 10.800 - Effort Certification Reporting Policy

## VII. REGULATORY REFERENCE:

Office of Management and Budget: Uniform Guidance

**APPROVALS:**

| | | Date: |
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| Approved: | BH Policy Management Committee | 1/27/2026 |
| Policy Owner: (department name) | Office of Research | |
| Author: | Jennifer Sabbagh Peirce, Sr Director, Office of Research | |
| Reviewers: (Stakeholders) | Jennifer Pacheco, Director, Research Compliance | |
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