

UC Davis Policy and Procedure Manual

Chapter 330, Financial Management and Services

Section 63, Expenditure Adjustments (Cost Transfers)

Date: 2/8/16

Supersedes: 8/29/11

Responsible Department: Accounting and Financial Services

Source Document: Business and Finance Bulletin A-47, Direct Costing Procedures

I. Purpose

This section outlines policy and procedure regarding adjustments of expenditures recorded in ledgers that should have been recorded in a different account.

Expenditure adjustments for University Extension concurrent courses are exempt from this section.

II. Policy

- A. Expenses must be charged directly to the account to which they pertain.
- B. Expenditure adjustments may occasionally be necessary to correct an erroneous recording, to record a change in the decision made originally as to use of the goods or services or to redistribute payroll costs based on effort reporting certification, in compliance with [Business and Finance Bulletin \(BFB\) A-47](#).

III. Procedures

- A. All expenditure adjustments must meet the conditions described in Business and Finance Bulletin (BFB) A-47, section III.3.A and the criteria in section III.3.B.
- B. When the adjustment is to transfer a cost to a restricted fund by an external agency for a specific purpose (e.g., funds provided under a gift, endowment, grant, or contract for a specific purpose), the adjustment must meet the criteria described in BFB A-47, V.B.
 1. Departments may establish their own criteria when the adjustment is to transfer a cost between unrestricted University funds as long as the conditions described in BFB A-47, V.B 1-6 are met.
- C. The department must initiate all expense transfers in the financial system. Error corrections should be initiated on the appropriate document in the financial or payroll system, depending on the type of error.
- D. The transfer document must provide a full explanation of the expenditure adjustment. A departmental pre-approval form with full explanation of the adjustment and the appropriate approval signatures are required for all payroll transfers.

IV. Responsibilities

- A. Department heads must review and approve expenditure adjustments to validate and ensure compliance with University policies and terms of funding source agreements. This responsibility may be delegated in accordance with PPM Section 330-10.
 1. In the case of adjustments which involve Federal grants and contracts, the certification and approval signature must also include that of the principal investigator.
 2. In the case of work-study, transfers are not to be processed unless by an approved exception. Written approval must be obtained from the Student Employment Center. Written approval must be retained by the department and stored in a manner that allows it to be readily available if requested.

- B. Accounting and Financial Services must review and approve transfers to ensure compliance with applicable University policies and terms of funding source agreements for the following transactions.
 - 1. Capital Asset Accounting must review and approve transfers involving capital expenditures.
 - 2. Contracts & Grants Accounting must review and, upon approval, process transfers to Federal and Federal flow-through accounts later than 120 days from the close of the ledger month in which the original charge posts.

V. Further Information

Additional information may be obtained from the following units:

- A. Contact Accounting and Financial Services, Payroll Services for payroll adjustments;
http://afs.ucdavis.edu/our_services/payroll-services/index.html
- B. Contact Contracts & Grants Accounting for adjustments involving extramural funds;
http://afs.ucdavis.edu/our_services/contracts-e-grants/policies/cost-transfers.html.
- C. Contact Capital Asset Accounting for capital asset adjustments;
http://afs.ucdavis.edu/our_services/equipment-management/general-information/
- D. Contact the Financial Aid Office for Work-Study expense transfers;
<http://financialaid.ucdavis.edu/Jobs/>
- E. Contact General Accounting for all other adjustments;
http://afs.ucdavis.edu/our_services/accounting-e-financial-reporting/index.html

VI. References and Related Policies

- A. Office of the President (<http://policy.ucop.edu/>):
 - 1. [Business and Finance Bulletin \(BFB\) A-47, University Direct Costing Procedures](#)
 - 2. [UC Records Retention Schedule](#)
- B. UC Davis Policy and Procedure Manual (<http://manuals.ucdavis.edu/PPM/about.htm>):
 - 1. [Section 230-06, Advance Account Request](#)
 - 2. [Section 330-10, Approval Authorization](#)
 - 3. [Section 330-31, Administration of Contract and Grant Projects](#)