

# UC Davis Policy and Procedure Manual

## Chapter 330, Financial Management and Services

### Section 63, Expenditure Adjustments (Cost Transfers)

Date: 8/29/11

Supersedes: 10/11/10

Responsible Department: Accounting and Financial Services

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

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#### 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 shall 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.
- C. The University is committed to the accurate and timely maintenance of its financial records. Situations requiring the transfer of recorded costs must be identified and processed expeditiously.
- D. Special considerations must be given to transfers of cost to federal funds to ensure that the University action meets the administrative standards established by the federal government.
  1. If the expense is being transferred to a federal or federal flow-through account, it must be recorded in the general ledger within 120 days from the close of the ledger in which the original charge posts to the ledger.
  2. If under certain circumstances the principal investigator must begin a project before actual receipt of the executed award, an advance account should be requested to avoid the necessity of cost transfers (see Section 230-06).

#### III. Procedures

- A. All expenditure adjustments must meet the conditions described in Business and Finance Bulletin (BFB) A-47, V.A.
- 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.

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 shall 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 and Principal Investigators shall review expenditure adjustments to validate and ensure compliance with University policies and terms of funding source agreements.
  - 1. In the case of adjustments which involve Federal grants and contracts, the certification and approval signature must include that of the principal investigator.
  - 2. In the case of non-extramural awards, the certification and approval signature must be that of the department or unit head (e.g., ORU director).
  - 3. In the case of work-study, transfers are not to be processed unless by an approved exception. Written approval shall be obtained from the Student Employment Center. Written approval shall be retained by the department and stored in a manner that allows it to be readily available if requested.
- B. Accounting and Financial Services shall review and approve transfers on a sampling basis to ensure compliance with applicable University policies and terms of funding source agreements.
  - 1. Capital Asset Accounting shall review and approve transfers involving capital asset projects.
  - 2. Extramural Funds Accounting shall review and, upon approval, process transfers to Federal and Federal flow-through accounts later than 120 days from the close of the ledger in which the original charge posts to the ledger.

#### V. Further Information

Additional information may be obtained from the following units:

- A. Contact Accounting and Financial Services Payroll Division for payroll adjustments;  
<http://payroll.ucdavis.edu/>.
- B. Contact Extramural Accounting for adjustments involving extramural funds;  
<http://accounting.ucdavis.edu/EX/costtransfer.cfm>.
- C. Contact Capital Asset Accounting for capital asset adjustments;  
<http://accounting.ucdavis.edu/CA>.
- D. Contact the Student Employment Center for Work-Study expense transfers;;  
<http://financialaid.ucdavis.edu/Jobs/>.
- E. Contact General Accounting for all other adjustments; <http://accounting.ucdavis.edu/GA/>.

#### VI. References and Related Policies

- A. Office of the President (<http://www.ucop.edu/ucophome/coordrev/ucpolicies/>):
  - 1. Business and Finance Bulletin A-47, University Direct Costing Procedures(<http://www.ucop.edu/ucophome/policies/bfb/a47.pdf>).
  - 2. UC Records Retention and Disposition Requirements([http://www.ucop.edu/research/policies/documents/retention\\_disposition\\_reqs.pdf](http://www.ucop.edu/research/policies/documents/retention_disposition_reqs.pdf)).
- B. UCD Policy and Procedure Manual (<http://manuals.ucdavis.edu/PPM/about.htm>):
  - 1. Section 230-06, Advance Account Request (<http://manuals.ucdavis.edu/PPM/230/230-06.pdf>).

2. Section 330-31, Administration of Contract and Grant Projects  
(<http://manuals.ucdavis.edu/PPM/330/330-31.pdf>).