

UC Santa Barbara
Policies

Policy 5115

Issuing Unit: Administrative Services

Date: January 1, 1986

ADJUSTING EXPENDITURES

I. PURPOSE AND SCOPE:

Direct costs or expenses are recorded in the University general ledger by means of initial payments (e.g., invoices, payrolls), by recharges from University service units, and by adjustments of expenditures (cost transfers). This procedure, in accordance with UCSB Policy 5110, provides guidelines for adjustments of expenditures, i.e., when charges recorded in the general ledger should have been reported in a different account/fund/sub/object code category.

II. REFERENCES:

- A. UCSB Policies Manual, Policy 5110, Policy on Expenditure Adjustments (Cost Transfers).
- B. University of California Payroll/Personnel System Departmental Procedures Manual.

III. PROCEDURE:

A. Adjusting Expenditures Not Involving Federal Funds:

1. Payroll Expenditures (Non-Federal Funds):

To request payroll expenditure adjustments not involving federal funds, and for certain types of adjustments involving federal funds as specified in III. B. below the department shall:

- a. Complete the Payroll Expenditure Transfer Form (UPAY 646, available from Central Stores) to adjust payroll expenditures between or among accounts/funds/subaccounts. Instructions for completing the form are outlined in the Payroll/Personnel Departmental Procedures Manual, Section V-A.

- (1) Each item of information requested on this form is available from the Distribution of Payroll Expense Report, distributed monthly by the Accounting Office.
- (2) The reason for the adjustment must be fully explained. Reason codes are printed on the form. If additional space for comments is needed, a separate sheet may be attached.
 - (a) For Reason code A or B, explain what information was not received in time and why it was late.

- (b) If Reason Code B is indicated, a photocopy of the pertinent Personnel Action Form (PAF; UPAY 560) must be attached.
 - (c) For Reason Code D, a full explanation justifying the cost transfer must be made. If the employee is expected to perform services again under this account/fund, a photocopy of the pertinent PAF must be attached.
 - b. Annotate corrections on the departmental payroll, Personnel Activity Report, time records and other records necessary to support and justify the cost transfers requested on the UPAY 646 form.
 - c. Obtain the appropriate approval signatures:
 - (1) If Reason Code A is indicated, the form must be approved by the person(s) authorized to approve personnel transactions (PAFs) and by the person(s) authorized to approve payroll transactions (payroll time sheets, special pay rolls, etc.).
 - (2) If Reason Code B, C, or D is indicated, the form must be approved by the person(s) authorized to approve payroll transactions.
 - d. Forward the form (including supporting documentation) to the campus Accounting Office for review and approval for recording. The form may be returned by Accounting to the department for correction or for further justification or clarification.
 - e. Retain departmental records for five years.
2. Non-Payroll Expenditures (Non-Federal Funds):

To request nonpayroll expenditure adjustments not involving federal funds, and for certain types of adjustments involving federal funds as specified in III.B.2. below the department shall:

- a. Complete the Nonpayroll Expenditure Adjustment Request (UFIN 120) to adjust nonpayroll expenditures between or among accounts/funds/subaccounts/objects.
 - (1) Each item of information requested on this form is contained in the Departmental Report of Appropriations and Expenditures (GL060), distributed monthly by the Accounting Office. General ledger entries in account/funds/subs/objects labeled "no title" will be adjusted by the Accounting Office.
 - (2) The reasons for the adjustments must be fully explained. Reason codes are printed on the form. If additional space is needed, a separate sheet can be attached.

- (a) If Reason Code A or B is indicated, a reference must be made to the object code, voucher number, and ledger date. Also, explain what caused the incorrect recording, or why the cost of these goods or services is being transferred.
 - (b) If Reason Code C is indicated, and is identifiable to GL060, reference to the original object code, ledger date, and description must be entered. If not identifiable, departments must maintain internal records/logs to support these cost transfers. (If xerox charges, use object code 5505.)
 - (c) If Reason Code D is indicated, a full explanation justifying the transfer must be made.
 - b. Obtain the signatures of authorized officials for all accounts/funds cited on the form.
 - c. Forward the form (including supporting documentation) to the campus Accounting Office for review and approval for recording.
 - d. Retain departmental records for five years.
- B. Adjusting Expenditures Involving Federal Funds (Fund Range 21000-33999) Including Federal Flow-Through Funds Awarded by Non-Federal Agencies (Sub-Contracts):
 - 1. Payroll Expenditures (Federal Funds):
 - a. If expenditure adjustments consist of the types of transfers listed below, departments shall proceed as in paragraph III.A.I. above (page 1).
 - (1) Transfer from federal funds to departmental operating funds (e.g., to 19900).
 - (2) Transfer between sub-budget codes within the same account/fund.
 - (3) Transfer between budget years but within the same project period where the agency award document contains financial commitment for more than one budget year (e.g., transfer between 01 & 02 budget years for an N.I.H. grant).
 - (4) Transfer within core funds: i.e., any fund with multiple accounts, such as Biomedical Research support grants.
 - b. For all other payroll expenditure adjustments involving federal funds, the department shall (within 120 days of the original transaction):

- (1) Complete the Payroll Expenditure Transfer, from information available on the Monthly Distribution of Payroll Expense Report. If an employee is expected to perform services again under the account/fund to which the expense is being transferred, a copy of the PAF must be attached, even if processing has not been completed through administrative offices.
 - (2) The reason for the adjustment must be fully explained. Reason codes are printed on the form. If additional space for comments is needed, a separate sheet can be attached.
 - (a) For Reason code A or B, explain what information was not received in time and why it was late.
 - (b) If Reason Code B is indicated, a photocopy of the pertinent Personnel Action Form (PAF; UPAY 560) must be attached.
 - (c) For Reason Code D, a full explanation justifying the cost transfer must be made. If the employee is expected to perform services again under this account/fund, a photocopy of the pertinent PAF must be attached.
 - (3) Annotate corrections on the departmental payroll, Personnel Activity Report, time records and other records necessary to support and justify the cost transfers requested on the UPAY 646 form.
 - (4) Obtain signatures of the principal investigator or the department chair for each agreement involved.
 - (5) Forward the form (including supporting documentation) to the campus Accounting Office for review and approval for recording.
 - (6) Retain department records for five years after close of award.
- c. If the transfer is to a federal contract or grant from an overdrawn account/fund, or to a terminated (past agreement end date) federal contract/grant with unexpended funds, the following additional documentation is required:
- (1) A dated statement, signed by the employee and principal investigator, indicating the specific task(s) performed during the period covered by the salary cost being transferred, which clearly documents the benefit derived by the contract/grant being charged.
 - (2) A copy of employee's properly annotated daily

attendance record for the period covered by the salary cost being transferred with a signed certification by the employee as to the correctness of the revised record (pertains to staff personnel only).

- (3) A dated statement signed by the employee listing specific dates (month, day and year) worked during the period covered by the salary cost being transferred (pertains to academic personnel only).
- (4) A dated statement signed by the principal investigator, explaining why salary was not charged initially to contract/grant that received the benefit from employee's effort.
- (5) If Personnel Activity Reports (PARs) have been produced and distributed by the Accounting Office for the reporting period that includes the month covered by the salary being transferred, revised PAR forms are required as follows:
 - (a) If a PAR form was previously received and completed, the original PAR should be annotated by the department to reflect the revised payroll and effort distribution percentages. These revisions should be initialed by the original PAR signatory and a copy of the annotated original PAR (marked REVISED) should be attached to the UPAY 646 form.
 - (b) If a PAR has not previously been received, the department should request Accounting provide a PAR reflecting the employee's entire payroll distribution for the PAR reporting period. This PAR should contain the entry "Late PAR" below the "PAR No." block, in the upper right corner. The data processing copy of the department completed PAR must be attached to the UPAY 646. The original of the PAR is to be retained in the department.

2. Non-Payroll Expenditures (Federal Funds):

- a. If expenditure adjustment consists of the types of transfers listed below, departments shall proceed as in paragraph III.A.2. above.
 - (1) Transfer from federal funds to departmental operating funds (e.g., to 19900).
 - (2) Transfer between sub-budget or object codes within the same account/fund.
 - (3) Transfer between budget years but within the same project period where the agency award

document contains financial commitment for more than one budget year (e.g., transfer between 01 and 02 budget year periods of an N.I.H. grant project period).

- (4) Transfer within core funds: i.e., any fund with multiple accounts such as Biomedical Research Support Grants, etc.
- b. For all expenditure adjustments consisting of other types of transfers involving federal funds, the department shall (within 120 days of the original transaction):
- (1) Complete the Nonpayroll Expenditure Adjustment Request (UFIN 120) from information available on the Monthly Departmental Report of Appropriations and Expenditures (GL060), including the following special instructions:
 - (a) If Reason Code A or B, a reference must be made to the object code, voucher number, and ledger date. Also, explain what caused the incorrect recording, or why the cost of these goods or services are being transferred.
 - (b) Reason Code C may be used to redistribute certain high numerical but small individual and/or minor charges. If identifiable to GL060 then reference to the original object code, ledger date, and description must be entered. If not identifiable then logs or other cost substantiation records must be retained in the department (if xerox charges, use object code 5505).
 - (c) If Reason Code D is indicated, a full explanation justifying the transfer must be made.
 - (2) Obtain signatures of the principal investigator or the department chair for each agreement involved.
 - (3) Forward the form (including supporting documentation) to the campus Accounting Office for review and approval for recording.
- c. If the transfer is to a federal contract or grant from an overdrawn account/fund, or to a terminated (past agreement end date) federal contract/grant with unexpended funds, the following additional documentation is required (except for redistribution of minor charges):
- (1) A copy of document supporting the original charge, e.g., vendor's invoice, Form 5, recharge statement, travel voucher, purchase order, etc.

- (2) A dated statement, signed by the principal investigator, and indicating the quantities and the specific goods or services being transferred and also explaining why cost was not charged initially to the contract/grant that used the goods or services. If the amount originally recorded in the ledger was not transferred in its entirety the goods or services are not quantifiable, include a statement explaining the method of cost allocation.
 - (3) For redistribution of high numerical, but small individual charges such as copy machine rental and paper costs, telephone charges, mailing charges, or office supplies, which are charged to a departmental account/fund, but a portion of which may apply to federal contracts or grants of the unit:
 - (a) Copy of internal records/logs of usage to support the redistribution, and
 - (b) A statement signed by the unit business officer explaining the pricing methodology. Price must not include any departmental markup.
 - d. Retain departmental records for five years after close of award.
- C. Availability of Assistance:
- Accounting Office personnel are available for consultation concerning cost transfers.

For questions or comments regarding the format of the above information, please contact webcontact@ucsbuxa.ucsb.edu.

Last Modified By: HMW, 5/21/97

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