

Texas Tech University
Animal and Food Sciences

MEMORANDUM TO: All AFS employees

SUBJECT: Cost Transfers

PURPOSE: The purpose of this Operating Policy/Procedure (OP) is to ensure a uniform procedure for processing of interdepartmental cost transfers for the Animal and Food Sciences Department.

This OP has been reviewed by Crista McCune from Accounting Services and Rebecca Contreras from Accounting Services on April 24, 2007.

Summarized from TTU OP 62.27 & TTU OP 65.04. Please refer to TTU OP 62.27 & TTU OP 65.04 for more information.

TTU OP Website- <http://www.depts.ttu.edu/opmanual/>

POLICY/PROCEDURE

Faculty/Staff Responsibility

- 1) If the money you are moving from one account to another is an expense that you incurred on the account, a cost transfer should be done. The following information should be provided from the account you are moving the money to (before this action can happen you should have had an RI, PO, etc. paid from this account for that exact amount of money you want credited back):
 - a) Document Number
 - b) Vendor
 - c) Date
 - d) Amount
 - e) Account number that should have been charged
 - f) Reason for moving the funds
- 2) Please send a memo with the above-mentioned information stating what account to credit and debit. A interdepartmental cost transfer will then be prepared. The interdepartmental cost transfer will be sent to the appropriate professors for signatures and then to accounting services.
- 3) All interdepartmental cost transfers must be submitted for processing within two- months from the date the original document was processed. Any cost transfers received after the two month period will not be processed unless approval is granted by the AFS Department Chair or the AFS Associate Chair, the Manager of Accounting Services, the Director of Accounting Services, or the Manager of Sponsored Programs Accounting & Reporting.
- 4) All transfers are subject to local, state or federal audit review; therefore, it is necessary that adequate justification is provided.

- 5) Cost transfers are proper under the following circumstances:
 - a) To correct clerical and data entry errors;
 - b) When subsequent information is received indicating an incorrect original charge;
 - c) When expenses to a continuing project have been charged to the prior year account number because the current account was not established when the charge was incurred, provided there are no agency restrictions for such actions; and
 - d) When a sponsor specifically authorizes in writing the charging of pre-award costs to a new project.

- 6) Unallowable cost transfers:
 - a) In compliance with federal regulations, requests for cost transfers may not be submitted "...to meet deficiencies caused by overruns or other fund considerations, to avoid restrictions imposed by law or by terms of the sponsored agreement, or for other reasons of convenience" (Federal Office of Management and Budget, *Circular A-21*). A request will not be approved if the explanation is a general statement such as "to correct an error" or "to transfer to correct project."

- 7) From date of original receipt for grant accounts that are past 90 days you will need to fill out the justification form.

- 8) Payroll Cost Transfers
 - a) When a payroll cost transfer is requested, a *Personnel Action Form* (PAF) must be prepared for salaried persons and submitted through normal channels. PAF's are not required for hourly employees, but a memo must be sent to the Payroll Department's Hourly Office asking for specific payroll charges to be moved. Please send the information to the AFS Business Office to prepare the PAF or memo for payroll cost transfers.

Business Office Responsibility

- 1) AFS Business Office will decide if the cost transfer is an appropriate request before preparing the cost transfer.

- 2) AFS Business Office will prepare the cost transfer.
 - a) Pull the document that is requested to be moved to another account.
 - b) Fill out on the Cost Transfer with the credit information, charge information, original document number, date of original document, dollar amount, reason for transfer, prepared by, date prepared, department, phone number, campus address & mail stop.
 - c) Make two copies of cost transfer and backup document.
 - d) Send the cost transfer to the appropriate account managers to sign.
 - e) Once the cost transfer has been signed by all appropriate account managers send to the Accounting Service Department.
 - f) File the copies of the cost transfer in the posting folder for the appropriate account manager.

**Attachments: Cost Transfer Request Memo
Justification Form
Cost Transfer Form**

Contacts:

General questions on how to do a cost transfer:

**Susan Matchett- 742-2970
Susan.Matchett@ttu.edu**

Account questions for a cost transfer:

Please visit website to see who handles the account in question-

<http://www.depts.ttu.edu/far/ContactByFund.htm>

Effective Date:	<u>04/01/06</u>	Replaces:	<u>New</u>	Review Date:	<u>APR ANNUAL</u>
Responsibilities:	Review-	Chair & Administrative Counsel	Policy/Procedure-	AFS Business Office	
Approved:	<u>Kevin Pond</u>				