

Expenditure Transfers

It is extremely important that all expenditures be initially charged to the correct FOPs. OMB Circular A-21 (Section C.4.B.) directs that:

"Any costs allocable to a particular sponsored agreement under the standards provided in this Circular may not be shifted to other sponsored agreements in order 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."

For this reason, the project director and others involved in administering awards should seek to ensure that expenditures are always recorded correctly.

If it does become necessary to transfer an expenditure from one FOP to another, if either of the FOPs is a contract or grant FOP, these procedures should be followed.

Salary and Wage Transfers

Please see the Business Office forms located on the Finance tab of AUAccess for examples of the Salary/Wage Transfer Request and the Revised Personnel Activity Report (PAR). The forms themselves contain instructions on how to complete them.

Salary and wage transfers are very difficult to justify to auditors and granting agencies. Throughout a project, the project director and/or department head should make sure that all salary and wage distributions reflect current work assignments.

Note: Any employees who spend 5% or more of their time on a particular sponsored project should have a portion of their salaries charged to the award FOP or to a cost sharing FOP. If a transfer is necessary to properly distribute salaries or wages, a Salary/Wage Transfer Request should be submitted. The request must clearly explain why the salaries/wages were charged to the incorrect FOP initially and why the new FOP was determined to be the correct FOP. Please note that a copy of the Labor Distribution Report showing the original charges must be attached to the Salary/Wage Transfer Request form.

If salaries or wages are being transferred "TO" a contract/grant FOP or Federal Appropriations account, including cost share FOP, a Revised Personnel Activity Report must be completed and attached; this must be signed by the project director or department head—a person with FIRST-HAND KNOWLEDGE of the work performed on the sponsored project.

Transfer of Materials, Supplies, Services and Other Operating Expenditures

This type of transfer is used most frequently when an award FOP needs to be cleared of disallowed costs, over-expenditures, or late charges. These costs cannot be shifted to other sponsored agreements under the circumstances noted above. A Department Error Correction Form (DEC) should be completed for all non-payroll transfers. Please see the "Business Office Forms" section on AUAccess for an example of this form.

Unreimbursed Contract/Grant Costs

Deans' Cost Share FOPs: OMB Circular No. A-21, Cost Principles for Educational Institutions, requires that any direct costs on sponsored projects, whether paid by the sponsor, a third party or by the University, be captured in the appropriate major function: Organized Research, Instruction, or Other Sponsored Activities. Therefore, any project costs charged to the sponsored FOP which are unreimbursable must be transferred to another FOP within the same major function; that is, to another FOP with the same A-21 code as the sponsored FOP.

For example, unreimbursed project costs on an organized research "OR" FOP cannot be transferred to an instruction "IN" FOP. Unreimbursed costs normally are project costs in excess of the award amount, project costs incurred after the expiration date, and specific costs disallowed by the sponsor. Unreimbursed project costs must be accounted for as cost sharing. (This does not apply to costs which are charged to a sponsored account in error.)

In order for each department to have access to a FOP in the appropriate major function, three FOPs (hereinafter referred to as the Deans' cost share FOPs) will be created for each college--for Organized Research, Instruction, and Other Sponsored Activities. These will serve as "cost share FOPs," but ***will not replace the normal cost share FOPs specifically required for some projects.*** Unreimbursed project costs can be transferred to the appropriate Dean's FOP when there is not another appropriate FOP identified.

If the sponsored FOP has a companion cost share FOP, any project costs which are in excess of the award amount, but which are otherwise allowable, should be transferred to the project cost share FOP. If there is not a project cost share FOP, or if the expenditures are not allowable on the sponsored project, the over-expenditures should be transferred to the Dean's cost share FOP.

These FOPs will not be given an original budget. The departments transferring project costs to one of those FOPs should process a Budget Transfer transferring funds to that FOP to cover the transferred expenditures. Each Dean should assign someone in his/her area to monitor this process to ensure that the departments cover all their costs that are transferred to the Dean's cost share FOP. Viewing the transfer document in Self-Service Banner will show the contract/grant fund involved. If the Dean wishes to handle the budget deficit in another way, he/she may do so; however, the budget deficits resulting from the expenditure transfers must be covered in a timely manner.

To facilitate the closeout of contract/grant FOPs with internal problems only (not involving the sponsor), the office of Contracts and Grants Accounting is authorized to process expenditure transfers to the Deans' cost share FOPs for any unreimbursed costs remaining on the

contract/grant FOP more than 90 days after the award expiration. These costs must remain on the Deans' cost share FOP and be funded by University unrestricted funds; they cannot subsequently be transferred to other FOPs.

These accounts will be classified as "cost share FOPs" and will be named as follows, for example:

ENGIN COST SHR-OR	AGRIC COST SHR-OR
ENGIN COST SHR-IN	AGRIC COST SHR-IN
ENGIN COST SHR-OS	AGRIC COST SHR-OS

Instructions for Completing the Department Error Correction Form (DEC)

The DEC form is the input document for transferring expenditures from one FOP to another. It can be found on the Finance tab of AUAccess. The form contains guidance on how to complete it. Read the form carefully and fill in all blanks and answer all questions. Information requested through item 4 is necessary to identify the original charge and transfer the expenditures you have designated to the correct FOP. Item 5. a, b, and c, if completed properly, should provide the justification for the transfer which is required by Federal regulations for all costs transfers involving contract/grant FOPs.

Remember to attach a copy of the document (voucher, etc.) requiring correction(s) with all backup pertaining to the expenditure being transferred.

NOTE: Contract/grant expenditures should not be intentionally charged to departmental FOPs or to other contract/grant FOPs as a temporary measure. A separate contract/grant FOP (and cost sharing FOP, if appropriate) should be obtained before any contract/grant expenditures are incurred.

The Business Office requires approval at the originating department level only. Some colleges or schools may require other approvals. If a contract/grant FOP is involved, including cost-sharing FOPs, the form should be forwarded to Contracts and Grants Accounting after the form has been approved at the college/school/department level(s). If no contract/grant FOP is involved, it should be sent to Financial Reporting.
