

CENTRAL SERVICES PROCEDURE—ACCOUNTING

EXPENDITURE TRANSFERS

Purpose: The purpose of expenditure transfers is to record:

- ▶ posting corrections
 - ▶ cost recoveries
 - ▶ cost allocations
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Definitions:

Posting Corrections are journal entries that reclassify expenditures from an erroneous account to a proper account or from an account of initial entry to the account where the expenditure should be applied.

Cost Recoveries are also known as indirect costs. These are expenditures allowed by the granting agency for expenses that are not directly charged to the grant (office space, utilities, etc.). The calculation of Cost Recovery is usually a percentage of total expenditures.

Cost Allocations are journal entries that distribute expenses (e.g., vehicle usage, postage, duplicating/IMC) out to user departments.

General Rules:

Object Codes The object code of the "transfer to" account number will generally be the same as the object code of the "transfer from" account number.

Example: Transfer from #11-0000-7210-672000-**54431**
 Transfer to #11-0000-7310-673000-**54431**

(Note: Exceptions include transfers made between accounts within the same family. For example, object code #54301 can be used to transfer from or to object code #54331.)

Fringe Benefits When expenditure transfers are prepared for salary expenses, the associated fringe benefits must also be transferred. The only exception to this rule is when a grant specifically **excludes** fringe benefits, which should be so stated on the face of the expenditure transfer form.

Cost Recovery Cost recovery entries should only be prepared for grants that contractually allow them. Cost recovery entries can be made only if they are offset by actual expenditures. In other words, even if cost recovery is allowed according to a grant contract, a cost recovery cannot be recorded if it is for more than the actual costs incurred.

Division Development In cases where grants provide for division development, the resulting credit must be transferred back to the unit or program that was originally charged. For example, if a unit supports a grant with division efforts, the division development credit should be transferred back to the appropriate cost recovery account (object code #57299) in Fund 11.

Supporting Documentation:

Supporting documentation is required for posting corrections and cost recoveries. It is **not** needed for cost allocations.

Posting Corrections A printout of the ACBL screen showing the account where the original charge occurred must be attached to the expenditure transfer. The original charge should be identified in some fashion (i.e., circled or highlighted). If the amount being transferred is different from the amount identified on the ACBL printout, an explanation for the difference must be noted.

Cost Recoveries A General Ledger printout showing the actual expense and the cost recovery computation must be attached to the expenditure transfer.

Approvals:

MJC Fund 11 - Responsibility Code Manager, College Administrative Services
Fund 12 - Program Manager

Columbia Fund 11 - Responsibility Code Manager, Vice President-Administration
Fund 12 - Program Manager, Vice President-Administration

Central Services Fund 11 - Responsibility Code Manager
Fund 12 - Program Manager

Revised: 10/1995**Updated:** 05/2009

Questions:	<u>Columbia College</u>	Vice President - Administration (X5112)
	<u>MJC</u>	College Administrative Services (X6867)
	<u>Central Services</u>	Controller's Office (X6527)