Information

Payroll and Other Expense Transfers

Effective

December 1, 2006

Applicability

This policy applies to the University Community (administrators, faculty, staff, and students).

Administrative Authority

Vice President for Finance and Chief Financial Officer

Responsible Unit

Controller's Office
Accounting Operations
Service Complex, Louisville, KY 40292
502-852-2978
payroll@louisville.edu

History

Revision Date(s): November 1, 2016
Reviewed Date(s): March 1, 2010; November 1, 2016; February 21, 2020

Categories

Reason for Policy:

The University abides by generally accepted accounting standards when recording and reporting financial transactions. Additional fiscal restrictions and reporting requirements may apply in the stewardship of funds associated with the fulfillment of government, corporate or other external contractual obligations.

It is the University's expectation that financial transactions will be recorded promptly and accurately when incurred. Generally accepted accounting standards, and notably government cost accounting standards, promote the consistent treatment of financial transactions. Expenses are to be charged directly in total or reasonably allocated to the appropriate program or function when incurred. See Timely Posting of Transactions Policy. The transfer or reclassification of expenses previously posted is discouraged and should be prevented whenever possible.

It is the University's expectation that all payroll and other expense transfers be posted within 90 days following the date of the original expense or pay-end date. Payroll and other expense transfers should be kept to a minimum by initially charging proper program accounts in a timely and accurate manner. Federal regulations regarding cost transfers can be found in OMB Circular A-21, Section C.4.b. The University's Research Handbook, Chapter 6.2 provides similar guidance regarding expenses related to sponsored programs.

University programs and account transaction activity should be reviewed and reconciled on a monthly basis to actual transaction balances appearing on official University Reports. The purpose of these regular reviews is to confirm that transactions posted to programs and account classifications are appropriate, complete and accurate. It is the University's expectation that errors and omissions will be detected and corrected in a timely manner by the parties responsible for initiating and authorizing the original transaction posting.

Statement:

Payroll and other expense transfers must be processed within 90 days following the date of the original expense or pay-end date. Approval of non-payroll expense transfers for posting is contingent upon submission of supporting documentation to substantiate the propriety of the transfer. Documentation for payroll expense

transfers must be retained with the originating department records for audit purposes. At minimum, the documentation supplied or retained must include dates and transaction references necessary to identify the original expenses and an adequate explanation to justify the requested transfer.

Payroll and other expense transfers requested after 90 days of the original posting or pay-end date will not be posted unless approved by a Dean or a Vice President.

The Controller's Office, Grants Management, and the Office of Industry Contracts reserve the right to reject all expense transfers requested more than 90 days after the incurrence of the original expense or pay-end date. In exceptional or extenuating circumstances, approval and posting will be contingent upon the circumstances and documentation supplied to justify the need for transfer. For example, detection of errors or omissions despite evidence that transactions were promptly reviewed and program balances were regularly reconciled may provide sufficient justification for posting. Transfers of expenses from sponsored programs intended to correct an error or to remove unallowable expenses or overcharges must be identified and submitted for posting when discovered.

Procedures:

1. Review transactions and reconcile account balances on a monthly basis.

2. Prepare sufficient, adequate documentation for review, approval, retainage and submission of any necessary transfer entries.

3. Complete an appropriate transfer entry form and submit with adequate documentation for approval and posting.

4. Obtain approval signatures from the Dean or Vice President for transfers exceeding 90 days of original expense or pay ending posting date.

5. Submit transfer entries for review and approval along with required signatures and appropriate documentation to Payroll or the Controller's Office as previously indicated.

6. If approved, the transfer will be processed. If rejected, the transfer request will be returned to the requesting department.

Responsibilities:

Deans and Vice Presidents
Approval by the responsible Dean or Vice President is required for payroll and expense transfers submitted more than 90 days following the date of the original expense or pay-end date prior to submission to the Payroll (payroll system transfers within the current fiscal year) or the Controller's Office (all non-payroll sponsored or non-sponsored program transfers) for approval and posting to the financial system.

Administrative Offices
Departmental administrative offices are responsible for providing availability of University Reports to those responsible for the regular review and reconciliation of programs and accounts. When expense transfers are required, the departmental administrative offices responsible for the fiscal administration of a program will initiate and submit the appropriate university forms with approval signatures and supporting documentation to the Controller's Office for final review and posting.

The Controller's Office is responsible for the final review and approval of non-payroll expense transfers submitted within 90 days of the original expense and payroll transfers that cannot otherwise be processed through the payroll system. The Controller's Office is responsible for the approval of expense transfers that include charges to sponsor and other programs and are submitted more than 90 days following the original expense or pay-end date. In certain circumstances, the Controller's Office will consider recommendations from the Office of Grants Management or the Office of Industry Contracts in their final review before posting or disapproval for posting.

Payroll is responsible for processing approved payroll system transfers submitted in accordance with the current payroll system requirements. Payroll transfers related to expenses from a previous fiscal year must be posted through the Controller's Office. Transfer requests must include proper signatures and supporting documentation for consideration.

VIOLATIONS OF THIS POLICY

Payroll and expense transfers submitted more than 90 days following the original date of the expense or pay-end date that do not include the required justification and signatures for review and approval will not be processed.

Chronic, recurring submissions of untimely payroll and expense transfers may result of loss of future spending authority.