



TEXAS TECH UNIVERSITY

Operating Policy and Procedure

OP 62.27: Cost Transfers

DATE: May 12, 2023

PURPOSE: The purpose of this Operating Policy/Procedure (OP) is to establish a uniform procedure for processing cost transfers for non-sponsored funds. The cost transfer policy for sponsored projects and cost share funds is set forth in [OP 65.04, Cost Transfers Involving Sponsored Projects and Cost Share Funds](#).

REVIEW: This OP will be reviewed in August of odd-numbered years by the Chief Accounting Officer and Controller with substantive revisions forwarded through administrative channels to the Senior Vice President for Administration & Finance and Chief Financial Officer.

POLICY/PROCEDURE

1. Definition

Cost Transfer – After-the-fact transfer of costs to or from a FOP after the expense was initially charged. Unless differentiated in this policy, both non-payroll and payroll-related cost transfers (i.e., labor redistributions) must meet the same criteria.

2. Procedure

- a. Cost transfers are generally initiated by the department charged, the department credited, or a central business office.
 - (1) Non-payroll cost transfers should be processed through the [Financial Transaction System \(FiTS\)](#) with the exception of account code reclassifications, transactions that involve multiple charts of accounts, or other excessively burdensome entries as approved by Accounting Services. Exceptions should generally be submitted on an appropriate form located at <https://www.depts.ttu.edu/accountingservices/forms.php>.
 - (2) Payroll-related cost transfers (labor redistributions) are typically submitted, via email, to the Budget Office on the [Labor Redistribution Form](#).
- b. Cost transfers should be submitted for processing within the same fiscal year of the date that the original document was processed. Because the university is obligated to remove incorrect charges made to sponsored projects (funds beginning with 21–23) or other restricted funds when deemed necessary, regardless of time frame, cost transfers from these funds to an appropriate, non-sponsored source may be allowed beyond the current fiscal year.

- c. The electronic submission or form should include a complete description of the reason for the transfer and the signature/electronic signature of both financial managers or their designee as defined in [OP 62.03, Financial Manager Designation and Approval Authority](#).
- d. For entries submitted on a manual form:
 - (1) If multiple accounts are involved, continuation sheets or attachments may be used.
 - (2) When possible, a copy of the original document creating the cost (e.g., voucher, invoice, etc.) should be attached. If a copy of the original document cannot be furnished, the original document number should be inserted in the space provided. If no number is given, the explanation should state why.
 - (3) Each account manager is encouraged to retain a copy of the entry and applicable attachments.

3. Special Requirements for Encumbered Funds

If a transfer applies to encumbered funds that have not been paid, Procurement Services should be contacted to appropriately allocate the encumbrance between the FOPs involved.