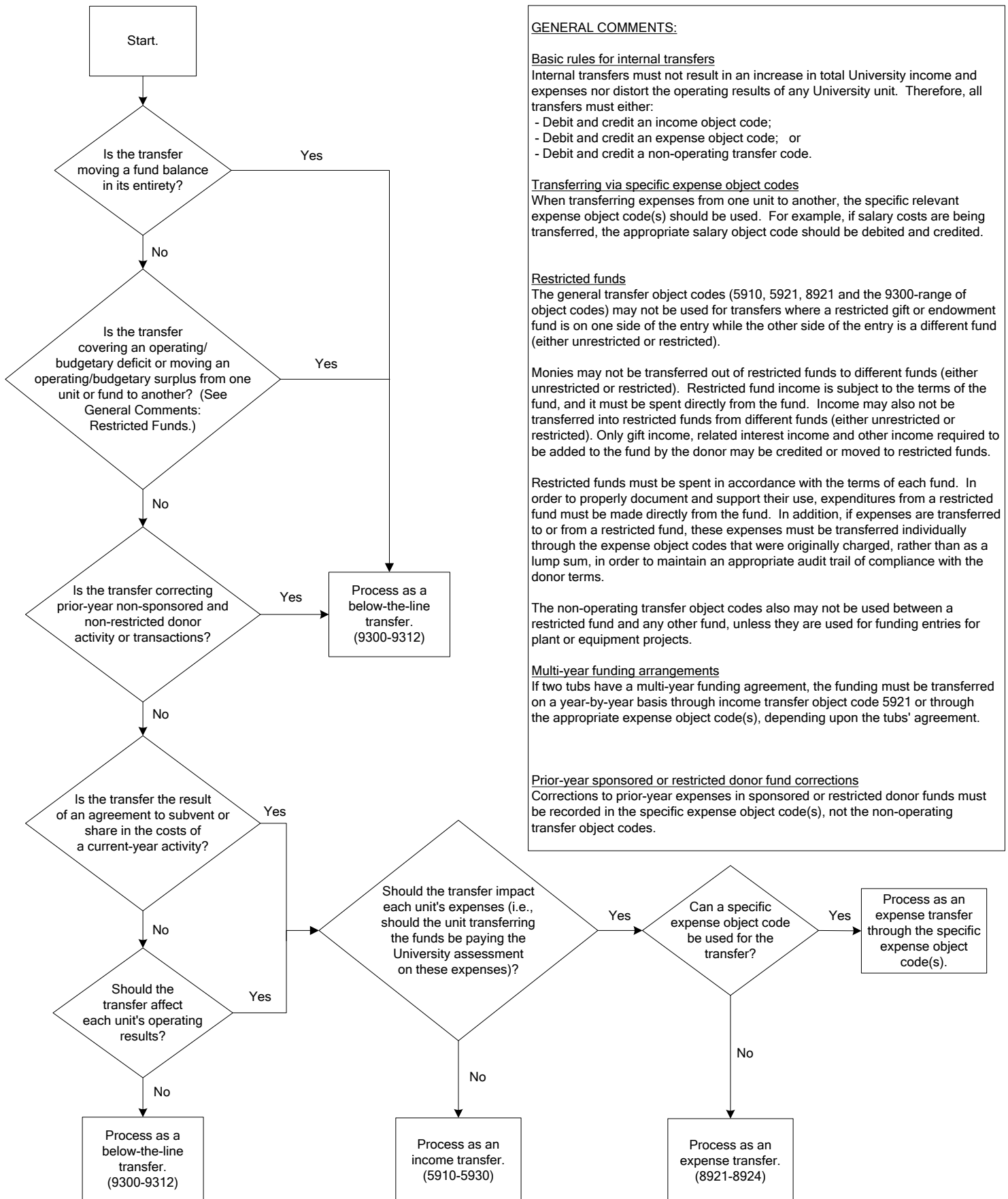


# Appendix A - Internal Transfer Flowchart - Operating vs. Non-Operating



**GENERAL COMMENTS:**

Basic rules for internal transfers  
 Internal transfers must not result in an increase in total University income and expenses nor distort the operating results of any University unit. Therefore, all transfers must either:  
 - Debit and credit an income object code;  
 - Debit and credit an expense object code; or  
 - Debit and credit a non-operating transfer code.

Transferring via specific expense object codes  
 When transferring expenses from one unit to another, the specific relevant expense object code(s) should be used. For example, if salary costs are being transferred, the appropriate salary object code should be debited and credited.

Restricted funds  
 The general transfer object codes (5910, 5921, 8921 and the 9300-range of object codes) may not be used for transfers where a restricted gift or endowment fund is on one side of the entry while the other side of the entry is a different fund (either unrestricted or restricted).  
 Monies may not be transferred out of restricted funds to different funds (either unrestricted or restricted). Restricted fund income is subject to the terms of the fund, and it must be spent directly from the fund. Income may also not be transferred into restricted funds from different funds (either unrestricted or restricted). Only gift income, related interest income and other income required to be added to the fund by the donor may be credited or moved to restricted funds.  
 Restricted funds must be spent in accordance with the terms of each fund. In order to properly document and support their use, expenditures from a restricted fund must be made directly from the fund. In addition, if expenses are transferred to or from a restricted fund, these expenses must be transferred individually through the expense object codes that were originally charged, rather than as a lump sum, in order to maintain an appropriate audit trail of compliance with the donor terms.  
 The non-operating transfer object codes also may not be used between a restricted fund and any other fund, unless they are used for funding entries for plant or equipment projects.

Multi-year funding arrangements  
 If two tubs have a multi-year funding agreement, the funding must be transferred on a year-by-year basis through income transfer object code 5921 or through the appropriate expense object code(s), depending upon the tubs' agreement.

Prior-year sponsored or restricted donor fund corrections  
 Corrections to prior-year expenses in sponsored or restricted donor funds must be recorded in the specific expense object code(s), not the non-operating transfer object codes.