HARVARD UNIVERSITY FINANCIAL POLICY

Responsible Office: Financial Accounting and Reporting
Date First Effective: January 1, 2004
Revision Date: June 30, 2013

Internal Transfers

Policy Statement

This policy establishes the proper methods to transfer monies between funds and units. Tubs transfer monies between University funds for various reasons. These internal transfers must not increase total University income or expenses nor misstate the operating results of any University unit.

Reason for Policy

To ensure adherence with Generally Accepted Accounting Principles (GAAP); to promote consistent accounting treatment across the University; to ensure income and expenses are not overstated as a result of transactions that are internal to the University; and to ensure the operating results of University units are not misstated as a result of transfers.

Who Must Comply

All *consolidated* (meaning included in the University's annual financial report and related financial statements) Harvard University schools, tubs, local units, Affiliate Institutions, Allied Institutions and University-wide Initiatives must comply with this policy. Non-consolidated tubs excluded from this policy are as follows:

130   Magazine
185   Agencies
190   Yenching Institute
295   American Repertory Theater
455   HBS Research Centers
595   HPRE 3rd Party
670   Master Trust

Procedures

1. **Characterize transfers as operating or non-operating properly**. When deciding whether to use an operating (income or expense) or non-operating code for a transfer, the tub must consider how the transaction should affect the unit's reported operating results. Clear and accurate operating results are essential; use an income or expense object code only if the transfer should properly adjust the current year operating results of each affected unit. The flowchart in Appendix A provides guidance on this topic.

    A. Operating transfers affect the transferring unit's current year net revenue/deficit. Operating transfers are made in income (4000-5999) and expense (6000-8999) object codes, which are referred to as "operating codes" i.e., "above-the-line" activity. Examples of operating items are tuition income, gift income, salaries and wages, supplies expense, etc.

    B. Non-operating transfers do not affect the transferring unit's current year net revenue/deficit. Non-operating transfers are made in the 9000+ range of object codes, which are referred to as "non-operating object codes" (i.e., "below-the-line" activity). Examples of non-operating items are appreciation on investments, changes in pledge balances, capitalizations to and decapitalizations from endowment principal, etc.

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2. **Ensure all internal transfers net to zero in the same object code**. Transfers of monies between Harvard units must not increase total University income or expenses. Therefore, whether operating or non-operating, all transfers must either:
    A. Debit and credit the same income object code; *or*
    B. Debit and credit the same expense object code; *or*
    C. Debit and credit the same non-operating transfer object code.

3. **Record transfers to appropriate object codes.** See Appendix B for detailed instructions on using object codes for transfers. In particular, record expense transfers to specific, natural object codes whenever possible.
    A. To transfer expenses from one fund to another, debit and credit the same natural expense object code used to record the expense. For example, to transfer a $3,000 computer purchase originally recorded to object code 6750, "Computer Hardware < $5,000, GENERAL," credit the transferring fund in 6750 (to offset the original expense transaction) and debit the receiving fund in 6750 (to record the final location of the expense). In this way, the transactions properly net to zero within the same object code at the University level.
    B. For unrestricted funds, units may use the general transfer object codes 8921-8928 ONLY when it is impractical to transfer expenses using the natural expense object codes, such as for a group of commingled expenses (like conference expenses). BOTH the transferring fund and the receiving fund must record the transfer in the same object code.
    C. Units are strongly encouraged to transfer expenses individually when transferring to restricted funds, as this provides the strongest supporting documentation. Transferring aggregated expenses to a restricted fund is allowable if adequate supporting documentation is maintained. However, aggregated expenses must be transferred 100%; transfers of pro-rated aggregate expenses are prohibited.

4. **Include identifying information in transaction.** When processing the transfer, the transferring unit should include in the journal line description sufficient identifying information so the receiving unit can research the transaction; ideally this information should include a description of the transaction, and the first initial/last name and Harvard phone number of a contact person. Transferring units are also encouraged to send the recipient unit a copy of the journal entry and any relevant supporting documentation for their records. See Appendix D for details.

5. **Observe special limits on transfers involving restricted funds.**
    A. Operating transfers: only gift income, endowment distribution, related interest income and other income required to be added to the fund by the donor may be credited or moved to restricted funds. RSO and donor approval is required to move monies between restricted funds. Restricted fund monies are subject to the terms of the fund, and must be spent directly from the fund. If a restricted fund will be used to support allowable expenses from another University unit, the owning tub can cross-validate the fund to enable the other unit to spend directly from it. These funds are referred to as "cross-tub" funds. Once the fund has been cross-validated through the Chart Security Maintenance Application (CSMA), the owning unit records an income transfer to the receiving unit, using the same cross-validated fund on both sides of the entry. The other University unit may then spend directly from the cross-validated fund.

    B. Non-operating transfers: occasionally, tubs may need to move restricted fund balances from one unit to another. These transfers should be recorded in the same fund through the same cross validation process as described for operating transfers above. Non-operating transfers between restricted funds are prohibited unless approved by the donor and RSO[1].

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[1] Non-operating transfers between restricted funds are allowed ONLY for transfers of funding for construction-in-progress (CIP) or work-in-progress equipment (WIP) projects. The University's Facilities and Equipment Funding Procedures contain further information regarding CIP and WIP project funding entries.

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    C.   Other considerations

        a.   Prior-year restricted fund corrections: corrections to prior-year income or expenses in sponsored or restricted donor funds must be recorded in the specific income and expense object codes, respectively, not through the non-operating transfer object codes.

        b.   Responsibility for restricted fund transfers: individuals processing transactions against restricted funds are responsible for ensuring that the funds are spent in accordance with donor terms. This applies to all expenditures for which the person has direct responsibility, including those made with monies transferred from other tubs (such as those received under a "cross-tub" fund arrangement).

        c.   Cost transfers on sponsored projects: cost transfers relating to federally sponsored projects must comply with the Office of Sponsored Programs Cost Transfer Policy.

6. **Record multi-year funding arrangements properly.** If two tubs have a multi-year funding agreement, the funding must be transferred in the appropriate fiscal periods, depending upon the tubs' agreement.

7. **Process internal transfers timely.** Internal transfers must be processed as soon as possible after the related expenses have been incurred or income has been earned. In particular, internal transfers must be processed within the proper quarterly and fiscal year periods.

Roles and Responsibilities and Contact Information

School/tub finance offices are responsible for ensuring that local units abide by this policy and accompanying procedures when processing transfers.

Financial Accounting and Reporting (FAR) is responsible for maintaining and answering questions about this policy. Contact: (617) 495-8032

Definitions

N/A

Related Resources

Internal Billing Transactions: http://hwpi.harvard.edu/fad_policies/pages/internal-billing-transactions
Sponsored Programs Cost Transfer Policy: http://osp.fad.harvard.edu/content/cost-transfer-policy

Revision History

6/30 2013: Updated format, clarified procedures, moved certain detailed information to appendices, required internal transfers be processed quarterly (instead of annually).

Appendices

Appendix A: Internal Transfers Flowchart – Operating vs. Non-Operating
Appendix B: Detailed Object Code Usage Guidelines for Internal Transfers
Appendix C: Examples of Proper Internal Transfer Coding
Appendix D: Internal Transfer Journal Line Description Requirements

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

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                    ┌─────────────┐
                    │   Start.    │
                    └──────┬──────┘
                           │
                    ╱──────────────╲
                   ╱ Is the transfer ╲        Yes
                  ╱  moving a fund     ╲──────────┐
                  ╲  balance in its    ╱          │
                   ╲   entirety?      ╱           │
                    ╲────────────────╱            │
                           │ No                   │
                    ╱──────────────╲              │
                   ╱ Is the transfer ╲            │
                  ╱ covering an        ╲          │
                 ╱ operating/budgetary  ╲   Yes   │
                ╱ deficit or moving an    ╲───────┤
                ╲ operating/budgetary     ╱       │
                 ╲ surplus from one unit ╱        │
                  ╲ or fund to another?  ╱        │
                   ╲ (See General       ╱         │
                    ╲ Comments:        ╱          │
                     ╲ Restricted Funds.)╱        │
                      ╲──────────────╱            │
                           │ No                   │
                    ╱──────────────╲       ┌──────────────┐
                   ╱ Is the transfer ╲ Yes │ Process as a │
                  ╱  correcting prior- ╲───▶│ below-the-line│
                  ╲  year non-sponsored╱    │   transfer.  │
                   ╲ and non-restricted╱    │ (9300-9312)  │
                    ╲ donor activity or╱     └──────────────┘
                     ╲ transactions?  ╱
                      ╲──────────────╱
                           │ No
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          ╱──────────────╲
         ╱ Is the transfer ╲       Yes
        ╱  the result of an ╲─────────┐
        ╲ agreement to subvent╱       │
         ╲ or share in the   ╱        │
          ╲ costs of a       ╱        │
           ╲ current-year    ╱        │
            ╲ activity?     ╱         │
             ╲────────────╱           │
                 │ No                 │
          ╱──────────────╲            │
         ╱ Should the      ╲    Yes   │
        ╱  transfer affect   ╲────────┤
        ╲  each unit's       ╱        │
         ╲ operating results?╱        │
          ╲────────────────╱          │
                 │ No                 │
          ┌──────────────┐            │
          │ Process as a │            │
          │ below-the-line│           │
          │   transfer.  │            │
          │ (9300-9312)  │            │
          └──────────────┘            │
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                                                      ╱──────────────╲
                                                     ╱ Should the      ╲         ╱──────────────╲
                                                    ╱  transfer impact   ╲  Yes  ╱ Can a specific  ╲  Yes   ┌──────────────┐
                                                    ╲ each unit's         ╱──────▶╲ expense object   ╱──────▶│ Process as an│
                                                     ╲ expenses (i.e.,    ╱        ╲ code be used    ╱        │   expense    │
                                                      ╲ should the unit  ╱          ╲ for the       ╱         │ transfer     │
                                                       ╲ transferring the╱           ╲ transfer?   ╱          │ through the  │
                                                        ╲ funds be paying╱            ╲───────────╱           │ specific     │
                                                         ╲ the University╱                 │ No              │ expense      │
                                                          ╲ assessment on╱                 │                 │ object       │
                                                           ╲ these       ╱                 │                 │ code(s).     │
                                                            ╲ expenses?) ╱                 │                 └──────────────┘
                                                             ╲──────────╱                  │
                                                                 │ No                      │
                                                          ┌──────────────┐         ┌──────────────┐
                                                          │ Process as an│         │ Process as an│
                                                          │   income     │         │   expense    │
                                                          │  transfer.   │         │  transfer.   │
                                                          │ (5910-5930)  │         │ (8921-8924)  │
                                                          └──────────────┘         └──────────────┘
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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.

Appendix B: Detailed Guidance on Object Code Usage for Internal Transfers

Part I: Operating Income Transfers

The table below provides a list of income transfer object codes and their recommended usage. The object codes that are used for assessments are further discussed in the University's Administrative Assessments Policy.

Used with transfers where income is moved within a fund or from one fund to another and **where, as a result, the expenditures are recognized in the unit receiving the funds.** The same code must be used for both sides of the journal entry.

Code	Description	Recommended Use
4351	Gift Transfers, Intra-Fund^ Current Use Gifts	Gift transfers within one tub and fund. Used to change org, activity, sub-activity or root only (i.e., must net to zero by tub and fund). *Note: Current Use Gifts are initially credited to object code 4350, which is a "Central Only" code and may not be transacted to by tubs.*
4411	Treasurer's Distribution Transfers, Intra-Fund^ Treasurer's Distr on Endow	Treasurer's Distribution transfers within one tub and fund. Used to change org, activity, sub-activity or root only (i.e., must net to zero by tub and fund). *Note: The Treasurer's Distribution is initially credited to object code 4410, which is a "Central Only" code and may not be transacted to by tubs.*
4531	GOA Interest Transfers^Interest Income, GOA, Tub Net Assets	Used to transfer GOA interest income to the appropriate 33-digit string, generally within one tub/fund. Interest income on restricted funds must be used in accordance with donor terms, and generally may not be transferred out of the fund. Restricted fund interest income coding for tub, org, activity, subactivity, or root may be changed using this object code. This object code must always net to zero. *Note: Interest income is initially credited to object code 4530, which is a "Central Only" code and may not be transacted to by tubs.*
5910	Income Transfer for Subvention/Support, INTRATUB	Used for transfers of income within a tub or multi-tub school[1]. An income transfer is used when the transfer is a funding source for a current year activity. In this case, the department receiving the funding transfer recognizes the expenses for the activity being supported, and therefore incurs the full University assessment[2] on these expenses. Both the debit/charge and credit must be booked to this code. *Notes:* – *This is the default transfer object code used for intratub income transfer activity.* – *This object code may __not__ be used to transfer an operating surplus or deficit from one fund to another. Such transactions must be transferred below the line using the 9300+ range of object codes, if permitted (see Section C).* – *__This object code 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). The section of this policy entitled "Transfer considerations for restricted funds" contains further information on how to transfer monies to or from restricted funds.*

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[1] An example of a multi-tub school is FAS, which consists of eight distinct tubs (e.g., FAS Core, the College, FAS Continuing Education, Athletics, etc.). Other multi-tub schools include HKS, HBS and HMS. Tubs that comprise a multi-tub school (e.g., FAS Core or the College) are expected to use the appropriate intratub income transfer code (e.g., 5910 or 5920) with other tubs within its multi-tub school, but 5921 for transfers with tubs outside of its multi-tub school. Any tub that is not part of a multi-tub school is expected to use 5921 for all of its income transfers with other tubs (e.g., GSD would use 5921 for income transfers with the College or with HLS).

[2] The University assessment covers the costs of Central Administration and is charged to all of the schools and business units outside of Central Administration.

	Part I, continued: Operating Income Transfers	

Code	Description	Recommended Use
5920	Income Transfer of Operating Income, INTRATUB	Used for transfers of income within a tub or multi-tub school. An income transfer is used when the transfer is a funding source for a current year activity. In this case, the department receiving the funding transfer recognizes the expenses for the activity being supported, and therefore incurs the full University assessment on these expenses. *Notes:* - *Transfer object code 5910 is the default object code used for intratub income transfer activity. Individuals booking intratub income transfers must contact their tub financial office for guidance on when transfer object code 5920 may be used.* - *This object code may **not** be used to transfer an operating surplus or deficit from one fund to another. Such transactions are transferred below the line using the 9300+ codes, if permitted (see Section C).* - ***This object code 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). The section of this policy entitled "Transfer considerations for restricted funds" contains further information on how to transfer monies to or from restricted funds.*
5921	Income Transfer of Operating Income, INTERTUB	Used to record income transfers between tubs. An income transfer is used when the transfer is a funding source for a current year activity. In this case, the department receiving the funding transfer recognizes the expenses for the activity being supported, and therefore incurs the full University assessment on these expenses. Both the debit/charge and credit must be booked to this code. *Note: **This object code 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). The section of this policy entitled "Transfer considerations for restricted funds" contains further information on how to transfer monies to or from restricted funds.*
5922	Income Transfer for Academic Initiatives Fund, INTERTUB	Used to record the annual Academic Initiatives Fund (AIF) tub-level assessment. The AIF assessment is calculated based on a formula that considers the tub's a) year-end endowment assets and b) non-sponsored, non-student salaries and wages (50% each).
5930	Administrative Fees to Income, Internal, INTRATUB	Used for income transfers within a tub or multi-tub school to cover administrative costs. In particular, used to record tub-level assessments on endowment income. Both the debit/charge and credit must be booked to this code.

Part II: Operating Expense Transfers (A21 Activity Required)

The table below provides a list of expense transfer object codes and their recommended usage. The object codes that are used for assessments are further discussed in the University's Administrative Assessments Policy.

Used with transfers of expenses within a fund or from one fund to another and **where, as a result, the expenditures are recognized in the unit being charged/debited**. The same code must be used for both sides of the journal entry.

Code	Description	Recommended Use
6432	Transfer of Graduate Tuition and Fee Grants, Internal GENERAL	Used to transfer graduate student tuition and fees from one Harvard unit to another.
6442	Transfer of Graduate Stipend Grants, Internal, GENERAL	Used to transfer graduate student stipend support from one Harvard unit to another. Use this object code for stipends or fellowships only; do not use for transfer of salaries.
6490	Recovery of Scholarships and Awards, GENERAL	Used to record student support from external sources (e.g., the Broad Institute, MIT, affiliated hospitals). Do not use to record transfer of funds from other Harvard units. Do not use for salary recoveries, use 6230 instead.
7632	GOA Interest Transfers^Interest, Other, Internal	Used to transfer GOA interest expense to the appropriate 33-digit string, generally within one tub/fund. Interest expense transferred to restricted funds must comply with donor terms. This object code must always net to zero. *Note: Interest expense is initially charged to object code 7630, which is a "Central Only" code and may not be transacted to by tubs.*
8921	Expense Transfer for Subvention/Support, Internal	When transferring expenses from one unit to another, use the specific relevant expense object codes(s). When it is impractical to record the reimbursement in the original object codes where the expenses were incurred, this code may be used for the reimbursement (e.g., where the reimbursement is for a group of expenses, such as sharing the costs of a conference). Also used for various fees/service center recoveries. Both the debit/charge and credit must be booked to this code. An expense transfer is used to allocate current year costs to the unit(s) that are benefiting from the activity. The allocation of expenses determines who bears the cost of the related University Assessment. *Note: **This object code 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). Section 4 of the procedures in this policy contains further information on how to transfer monies to or from restricted funds.*
8922	Transfer of Admin Fees, Internal, GENERAL	Used for administrative assessments against various types of funds. In particular, used to record tub-level assessments on gift expenses. Both the credit to the unit assessing the fees and the charge to the fund assessed must utilize this code (i.e., since debits and credits to this code must net to zero, the balance of this code must always be zero.). *Note: Gift assessments must be calculated based upon expenses incurred in the gift fund.*
8923	Space/Occupancy Fees to Expense, Internal, GENERAL	Used for space/occupancy allocations to various types of funds. Both the credit to the unit allocating the costs and the charge to the fund must utilize this code (i.e., since debits and credits to this code must net to zero, the balance of this code must always be zero.).
8924	Transfer of Overhead, Internal, GENERAL	Used for overhead allocations to various types of funds. Both the credit to the unit allocating the costs and the charge to the fund assessed must utilize this code (i.e., since debits and credits to this code must net to zero, the balance of this code must always be zero.).

Part II, continued: Operating Expense Transfers

Code	Description	Recommended Use
8925	Transfer of Faculty Start-up/Research Costs, Internal, GENERAL	Used for allocations of faculty start-up and research costs to various types of funds. Both the credit to the unit allocating the costs and the charge to the fund must utilize this code (i.e., since debits and credits to this code must net to zero, the balance of this code must always be zero.).
8926	Transfer of Departmental Administrator/Office Support Costs, Internal, GENERAL	Used for allocations of departmental administrator and office support costs to various types of funds. Includes administrative costs incurred by one department that is performing administrative services on behalf of another department. Both the credit to the unit allocating the costs and the charge to the fund must utilize this code (i.e., since debits and credits to this code must net to zero, the balance of this code must always be zero.).
8927	Transfer of Instructional Support Costs, Internal, GENERAL	Used for allocations of instructional support costs for teaching fellows/assistants to various types of funds. Both the credit to the unit allocating the costs and the charge to the fund must utilize this code (i.e., since debits and credits to this code must net to zero, the balance of this code must always be zero.).
8928	Transfer of Faculty Recruitment/Relocation Costs, Internal, GENERAL	Used for allocations of faculty recruitment and relocation costs to various types of funds. Both the credit to the unit allocating the costs and the charge to the fund must utilize this code (i.e., since debits and credits to this code must net to zero, the balance of this code must always be zero.).

Salaries must be transferred using the original salary object code. If the fringe allocation is not suppressed within a salary transfer journal entry, related fringe costs will automatically be transferred within the current fiscal year. When prior year salaries are transferred, the fringe allocation must be suppressed within the transfer journal entry, and the fringe must be manually calculated and transferred in order to ensure the correct prior year fringe rate is used (rather than the current year fringe rate).

The following codes are NOT transfer object codes and are expected to be used for external recoveries, as described below.

Code	Description	Recommended Use
6230	Recovery of Salaries+Wages, GENERAL	Used to record recoveries for salary costs from external sources (e.g., Medical area hospitals).
6370	Recovery of Employee Benefits, GENERAL	Used to record recoveries for fringe benefit costs from external sources (e.g., Medical area hospitals).

As an exception, the salary recovery codes are also used for the capitalization of compensation costs to construction-in-progress (CIP) or work-in-progress equipment (WIP) projects. The following entries indicate how compensation costs would be capitalized to a CIP project.

To capitalize wages:
Object code 6230 (Recovery of Salaries + Wages, General) is credited and 1460 (CIP, CIP Salaries Capitalized) is debited.

To capitalize fringe benefits:
Object code 6370 (Recovery of Employee Benefits, General) is credited and 1461 (CIP, CIP Benefits Capitalized) is debited.

For a WIP project, the entries would be similar but with debits to WIP object codes instead of CIP object codes. There are separate WIP object codes for debt-financed, non-sponsored and sponsored WIP equipment:

1140	Equip, Debt-financed, WIP
6811	Non-Sponsored Work in Progress^Equip >=$5000
6812	Sponsored Work in Progress^Equip >=$5000

There are no WIP equipment object codes specific to capitalized salaries and benefits.

Part III: Non-Operating Transfers

The non-operating transfer object codes are used for transfers that are non-operating in nature. Examples of non-operating transfers include:

- Transferring the entire balance of a fund to another fund based upon a donor request or because the fund is being closed out to another fund
- Transferring monies between fund groups, including transfers to establish unrestricted undesignated (UD) reserves or other UD fund balances
- Transferring the net surplus or deficit of a particular activity
- Transferring an amount to correct a prior-year non-sponsored, non-restricted donor fund transaction (Note: Corrections to prior-year expenses in **sponsored or restricted donor funds** must be transacted through the specific expense object code(s), not the non-operating transfer object codes.)
- Any other transfers that should not affect each unit's operating results

<u>Note:</u> **This object code may <u>not</u> 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), unless it is a funding entry for a CIP or WIP project.** The section of this policy entitled "Transfer considerations for restricted funds" contains further information on how to transfer monies to or from a restricted fund.

When using non-operating object codes, the net of the transfer must be zero within the non-operating object code range.

The code chosen for each line of the entry is based on the other side of the entry – that is, where the funds are going to or coming from. For example, when transferring a fund balance from an unrestricted undesignated fund to an unrestricted designated fund, the entry would be as follows:

    DEBIT   Object code: **9301** *Transfers to/from Unrestricted Undesignated (UU) Balances*   Fund: **UD** (e.g., 000002)
    CREDIT Object code: **9302** *Transfers to/from Unrestricted Designated (UD) Balances*   Fund: **UU** (e.g., 000001)

Individuals booking transfers are encouraged to contact their tub financial office for guidance to ensure appropriate use of the non-operating object codes. Note that only those individuals whose responsibility includes use of the non-operating transfer object codes will be able to process non-operating transfers.

Code	Description
9300	GOA Transfers within Fund Groups (*Note: Both the debit/charge and credit are expected to be booked to this object code.*)
9301	Transfers to/from Unrestricted Undesignated Balances
9302	Transfers to/from Unrestricted Designated Balances
9303	Transfers to/from Unexpended Endow Fund Balances
9304	Transfers to/from Current Use Gift Balances
9305	Transfers to/from Non-federal Sponsored Grant Balances
9306	Transfers to/from Non-federal Award Balances
9307	Transfers to/from Federal Grant+Contract Balances
9308	Transfers to/from Construction Gift Balances
9309	Transfers to/from Student Loan Funds
9310	Transfers to/from Fac+Staff Loan Funds
9312	Transfers to/from Other GOA Balances

Appendix C – Examples of Proper Internal Transfer Coding

1. A tub (HMS) provides a new faculty member with $100,000 of "start-up" funds from an unrestricted source:

      DEBIT   Tub: HMS   Object code: **5910** *Income Transfer for Subvention/Support, INTRATUB*

      CREDIT Tub: HMS   Object code: **5910** *Income Transfer for Subvention/Support, INTRATUB*

This is a point-in-time allocation for discrete costs incurred. Only the amount of funds that are allocated in the current year may be transferred. The yearly transfers would equal the exact expenditures incurred by the faculty member each year until the $100,000 allotment is reached.

2. HRES manages a building on behalf of a tub (FAS Core) and transfers the building's net income to the tub's unrestricted undesignated fund (fund 000001):

      DEBIT   Tub: HRES Object code: **5921** *Income Transfer of Operating Income, INTERTUB*

      CREDIT Tub: FCOR Object code: **5921** *Income Transfer of Operating Income, INTERTUB*

This is a transfer where the net income belongs in the tub that owns the building, and not in HRES. Therefore, the income transfer code is used, rather than a non-operating transfer code.

3. FAS Core holds a professorship, but the faculty member is appointed to and paid by HLS:

      DEBIT   Tub: FCOR Object code: **5921** *Income Transfer of Operating Income, INTERTUB*

      CREDIT Tub: HLS   Object code: **5921** *Income Transfer of Operating Income, INTERTUB*

The cost of the faculty member's salary and instructional support costs should be reflected in the tub where the work is being performed; the funding from the professorship would therefore be an income transfer. Since Professorships are usually supported by endowed funds, the receiving tub would spend directly from the endowment fund (the fund would be cross validated to allow the receiving tub to use the fund). The tub that "owns" the fund would record the subvention transfer using object code 5921.

4. A program award is made from an unrestricted Provost's Fund to a faculty member at HMS:

      DEBIT   Tub: CADM Object code: **5921** *Income Transfer of Operating Income, INTERTUB*

      CREDIT Tub: HMS   Object code: **5921** *Income Transfer of Operating Income, INTERTUB*

This transaction is an income support transfer, providing a source of funding for the faculty member's program work. The faculty member's tub should recognize the associated expenses for purposes of the University Assessment. This transaction assumes that the HMS fund is not a sponsored or restricted donor fund; income may not be transferred into a sponsored or restricted donor fund using the transfer object codes.

5. A Tub Administrative Assessment is charged to GSE endowment funds:

      DEBIT   Tub: GSE   Object code: **5930** *Administrative Fees to Income, Internal, INTRATUB*

      CREDIT Tub: GSE   Object code: **5930** *Administrative Fees to Income, Internal, INTRATUB*

This assessment is based upon a percentage of the fund's endowment income and is an allocation of a portion of the endowment income to support administrative costs associated with managing endowment funds. Thus an income object code should be used.

6. A HKS junior faculty member is "loaned" to FAS Core, spending 50% of his time teaching at FAS this semester:

      DEBIT   Tub: FCOR Object code: **6020** *Junior Faculty Staff Salaries+Wages, General*

      CREDIT Tub: HKS   Object code: **6020** *Junior Faculty Staff Salaries+Wages, General*

The actual salary code is used for this transfer; the correct fringe amount will be calculated and transferred automatically when the object code 6020 transfer is processed.

Note: In some cases a faculty member's payroll is split-coded between the two schools so that the actual payroll charges are assessed to the individual schools. In this example, the faculty member continues to be paid from his "home" school and is coded 100% to that tub, requiring that a journal entry be processed for the reimbursement.

7. **Executive education costs for an individual in FAS Core are paid for by a sponsored fund or by a restricted gift or endowment fund:**

      DEBIT   Tub: FCOR Object code: **8630** *Professional Development, GENERAL*
      CREDIT Tub: FCOR Object code: **8632** *INTERTUB Sales^Professional Development*

With unrestricted funds (unrestricted undesignated and unrestricted designated funds), the student income code could be debited for the charge and credited for the recovery. However, non-gift income may not be credited to restricted donor funds, and non-sponsored income may not be credited to sponsored funds (excluding related income, such as interest, for both types of funds). Therefore, an internal billing transaction is utilized to charge the sponsored or restricted fund and credit FCOR. This example assumes that the fund that receives the credit in this transaction is not a sponsored or restricted fund, which would generally be the case for a fund related to executive education services.

8. **Building A mailroom costs are allocated to each of the occupants of Building A:**

      DEBIT   Occupant's tub/org   Object code: **8700** *Postage, Express Mail+Shipping, GENERAL*
      CREDIT Mailroom's tub/org   Object code: **8700** *Postage, Express Mail+Shipping, GENERAL*

When the expense and its related object code are specifically identifiable, that object code should be used for the expense reimbursement. This allows the area being charged to clearly see the nature of the expense, providing better information for financial management and budgeting purposes. The mailroom could use one of the inter-tub recovery codes for their expense recovery (8705 or 8706) if they wished to segregate their recovery.

9. **FAS Core hosts a conference, and HMS agrees to pay for half of the costs of the conference from unrestricted funds:**

      DEBIT   Tub: HMS   Object code: **8921** *Expense Transfer for Subvention/Support, Internal*
      CREDIT Tub: FCOR   Object code: **8921** *Expense Transfer for Subvention/Support, Internal*

This is a reimbursement for current year costs incurred where both units have agreed to support the expenses of the activity. As such, an expense transfer should be used, and each tub should bear the costs of the University Assessment on their portion of the expenses. This example assumes that both funds involved in the transaction are unrestricted.

If either of the funds were restricted, it would not be appropriate to use object code 8921 for this transfer. If the HMS fund were restricted, it would need to be cross-validated for use by FAS Core and a transfer would need to be made within the same restricted fund to provide FAS Core with the allocated balance for the conference. FAS Core would then spend directly from the restricted fund. Alternatively, specific expenses could be transferred from FCOR to HMS using the same expense object codes to which they were originally charged.

Internal Transfers – Appendix D
Journal Line Description Requirements

- **Internal transfers are processed as journals.**

- **Journal line description requirements:**
  Journal line descriptions should provide the receiving unit with enough information to easily understand the transfer. The following elements are required for all journal line descriptions:

  Journal line description requirements:
  - Transferring unit – tub (and org if appropriate) acronym (UPPERCASE)
  - Transferring unit contact person's name (first initial, last name – without any punctuation)
  - Transferring unit contact person's phone number
  - Brief description of the transfer
  - Time period transfer relates to

  Example:
  HKS J Doe 5-1234 Transfer of 50% Professor X salary spring 2013

  The contact person must be an individual who is able to answer questions about the journal, which is not necessarily the individual who processed the journal entry.

  The journal line description is limited to 240 characters in both ADI and manual journal entries. It is best to be as concise as possible when crafting these descriptions.

- **Copies of journals:** when processing an internal transfer journal, the transferring department is encouraged to send a copy of the journal to the receiving department for its files.