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.