

# UNIVERSITY CONTROLLER'S OFFICE STANDARD OPERATING PROCEDURES

# ACCOUNTING PROCEDURES FOR FUNDING TRANSFERS

Updated April 7, 2021

#### Overview

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# 1. Definition of Funding Transfers

Funding transfers (exclusively for internal use) are the flow of funds from one chart string (general ledger or projects) to another. Funding transfers have a similar impact as revenues (transfers in) and expenses (transfers out) but from an institutional perspective, transfers do not represent "real" revenues or expenses and must net to zero at the University level.

### 2. Purpose of the Funding Transfers Accounting Procedures

The purpose of implementing the funding transfer accounting procedure is to:

- Ensure adherence with Generally Accepted Accounting Principles (GAAP).
- Standardize and promote the consistent accounting treatment for funding transfers across the University.
- Ensure that internal transfers of funds do not increase the total University revenues or expenses, or misstate the operating results of any University unit.
- Properly allocate resources across different chart segment values such as Unit-Division-Organization, Location, Fund Type or Business Line.
- Some examples of Funding Transfers are:
  - o Providing funds to an academic unit to cover the expenses of a special event,
  - o Moving current year funds for current repair and replacement needs in plant funds,
  - o Moving a balance to close a deficit in GL or Projects,
  - o Moving funds to a designated fund type such as Faculty start-up funds
- Transfers are:



- o NOT intended to re-class revenues or costs from one general ledger string to another.
- o NOT permitted on sponsored projects.
- Funding from donors (i.e., restricted gifts) cannot be commingled with other unrestricted funds. If a gift is in deficit, it is required that expenses are moved out. Do not transfer funding in.

# 3. Recording of Funding Transfers

Funding transfers are to be recorded using the following guidelines:

- Funding transfers between projects, between projects and general ledger and general ledger to general ledger must be recorded using a general ledger journal or project cost journal.
- When recording a funding transfer between or within fund types, find the correct account value by using the <u>Transfer Account Matrix</u> found on the Controller's website. These values are not valid in PeopleSoft and RU Marketplace.

Sample portion of the Transfer Account Matrix

Sample portion of the transfer Account Matrix									
Transfer Matrix for All Fund Types		100	10 110 145 150 190		190	160 & 165	120 & 130		
		Unrestricted Operating General	Unrestricted Operating Auxiliary	Unrestricted Medical Contracts State of New Jersey	Future Use to be Cleaned up in FY19	ned up Unrestricted Faculty a		Unrestricted Endowment Principal Quasi Type 3B and Unrestricted Endowment Operating Quasi Type 3B	
100	Unrestricted Operating General								
110	Unrestricted Operating Auxiliary								
145	Unrestricted Medical Contracts State of New Jersey	90190				90200	90500		
150	Future Use to be Cleaned up in FY19								
190	Unrestricted Cost Share								
160 & 165	Internally Designated Faculty and Internally Designated General	90200					90202	90501	
120 & 130	Unrestricted Endowment Principal Quasi Type 3B and Unrestricted Operating Quasi Type B	90500					90501	90502	

- The same funding transfer account must be used on all lines of the journal entry to ensure the transaction will net to zero by account.
- All general ledger journal transfers require a second approval by the University Controller's Office.
- Journal entries that do not balance, or that do not have the same single funding transfer account on all lines of the journal entry, will be rejected.



• There should be only one purpose per funding transfer journal with a detailed description at the journal entry and the journal line level.

The funding transfer account values in the table below have been created to facilitate the funding transfer journals.

Transfer Account	Transfer Account Description
90020	Transfers Mandatory Transfers Debt Service
90030	Transfers Mandatory Transfers Deferred Maintenance Costs
90190	Transfers Within Unrestricted Operating
90199	Transfers Year End Balances
90200	Transfers Between Operating and internally Designated Funds
90201	Transfers Between Internal Bank & Operating Funds
90202	Transfers Within Internally Designated Funds
90203	Transfer Within Internal Bank
90204	Transfers Between Service Centers & Core Facilities & ORED CMR & Internal Fee for Service & Recharge Units
90300	Transfer Within Student Loan Federal Funds
90400	Transfers Between Plant and Operating Funds
90401	Transfers Between Plant and Internally Designated Funds
90402	Transfers Within Plant/Capital Funds
90403	Transfers Between Restricted Operating Endowment & Restricted Plant Funds
90500	Transfers Between Unrestricted Endowment and Operating Funds
90501	Transfers Between Unrestricted Endowment and Internally Designated
90502	Transfers Within Unrestricted Endowment Funds
90503	Transfers Between Unrestricted Endowment and Plant Funds
90504	Transfers Between Term & True Endowment & Restricted Operating & Principal Endowment
90505	Transfers Between LTIP & Separately Invested Endowment & Restricted Operating & Principal Endowment
90507	Transferss with Term & True Endowment
90508	Transfers Within Restricted Operating & Principal Endowment
90509	Transfers Within LTIP & Separately Invested Endowment
90510	Transfers Between Term & True Endowment and LTIP & Separately Invested Endowment
90511	Transfers Between Unrestricted Quasi Principal Endowment & Internally Designated Funds
90512	Transfers Within Unrestricted Quasi Operating & Unrestricted Quasi Principal Endowment Funds
90513	Transfers Between Unrestricted Operating & Unrestricted Quasi Principal Endowment
90514	Transfers Within Restricted Quasi Operating & Restricted Quasi Principal Endowment Funds



90600	Transfers Within Restricted General Non Grants
90601	Transfers Between Restricted Operating & Principal Endowment and Restricted Non
	Grants
90602	Transfers Within Contributions
90603	Transfers Within Contributions and Plant/Capital Funds
90604	Transfers Between Term & True Endowment and Contributions and Restricted
	Endowment Operating From
90605	Transfers Between Restricted Operating & Principal Endowment and Contributions
	and Restricted Endowment
90611	Transfers Between Restricted Quasi Principal Endowment and Restricted Non Grants
90615	Transfers Between Restricted Quasi Principal Endowment and Contributions and
	Restricted Endowment Operating

# 4. Examples of Funding Transfers

Examples of funding transfers are listed below:

- Providing funds to an academic unit to cover the expenses of a special event.
- Moving current year funds for current repair and replacement needs into plant funds.
- Moving a balance to close a deficit in the general ledger or projects.
- Moving funds to a designated fund type, such as faculty funds start up.

Example General Ledger to Project Transfer:

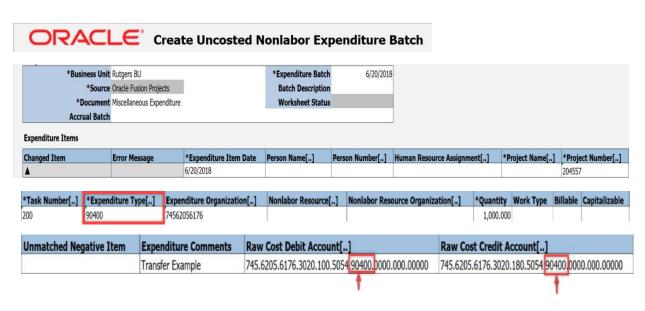
The example below shows a General Ledger to Projects transfer. In this example, funds are being transferred between Fund Types 100 (Unrestricted Operating General) and 180 (Unrestricted Capital Projects), using Transfer Account 90400 (Transfer between Plant and Operating Funds).

Refer to <u>Transfer Account Matrix</u> and find the intersection of the 2 Fund Types as shown in the example below.



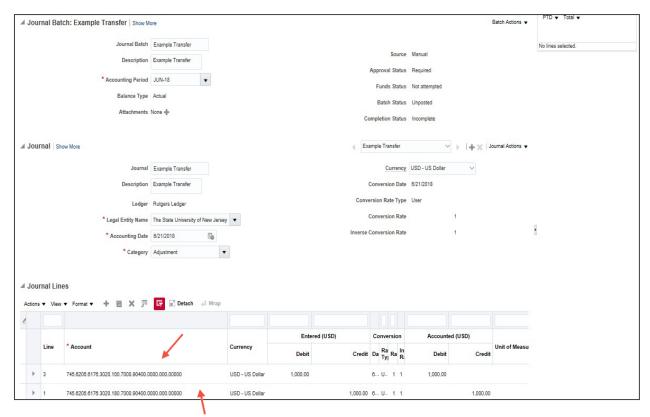
Transfer Matrix for All Fund Types		150	120 & 130	210 & 220	230 & 240	700 & 710	180 & 610	620	900	650
		Unrestricted Internally Designated	Unrestricted Endowment Principal Quasi Type 3B and Unrestricted Endowment Operating Quasi Type 3B	Principal & True	LTIP Endowments & Separately Invested Endowments	True & Quasi Type 3A and Restricted	Unrestricted Capital Projects and Restricted Capital Projects	Restrict ed Debt Service	Net Investment in Capital Assets	Contributions Gifts
100	Unrestricted Operating General			NOT AVAILABLE FOR TRANSFERS			-			NOT AVAILABLE FOR TRANSFERS
110	Unrestricted Operating Auxiliary									
145	Unrestricted Medical Contracts State of New Jersey	90200	90500				90400			
190	Unrestricted Cost Share									
150	Unrestricted Internally Designated	90202	90501	NOT AVAILABLE FOR TRANSFERS			90401			NOT AVAILABLE FOR TRANSFERS
	Unrestricted Endowment Principal Quasi Type 3B and									

#### Example project journal entry:





### Example general ledger journal entry:



### 5. Reporting on Transfers

There are two reports available to review and reconcile transfers. The reports can be accessed via the Oracle financial management system by following the paths listed below under the "Tools" tile.

- Tools/Reports and Analytics /Shared Folders/Custom/RU Custom/Reports/ATC Reports/RU GL 085
- Tools/Reports and Analytics /Shared Folders/Custom/RU Custom/Reports/PGM Reports/RU PJ 084

### 6. Resources and Support

Please send inquiries or questions regarding the new Funding Transfers procedure to the Financial Management Help Desk:

• Phone: (848) 445-2100

• Email: finance helpcenter@finance.rutgers.edu