

## VI. When to Use Transfer Journal Entries

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### A. Overview

Transfer journal entries are used to move funds, rather than budget dollars, between project accounts or from an operating account to a project account.

#### Objectives:

*In this chapter you will learn about:*

- what transfers are and when they are used
- how to request a transfer journal entry

### B. What is a Transfer?

1. A transfer is a type of journal entry used to move funds from one project account to another or from an operating account to a project account. The object code (3<sup>rd</sup> segment of the account number) for both the debit and the credit must be a transfer object code, beginning with a 63XXX.
2. Here's an example of when to use a transfer journal entry. The Accounting department has decided to purchase a computer for \$2,100 and there are sufficient funds in the department 15100 operating account ("00000" in the 5<sup>th</sup> segment of the account number) to make this purchase. However, since the computer is a *fixed asset*, it must be purchased from the department's capital project account ("84200" in the 5<sup>th</sup> segment of the account number).
  - i. Accounting can not move "budget" dollars from their operating account to fund the computer purchase because their capital equipment account does not have an annual budget.
  - ii. Since journal entry users can not enter transfer journal entries into the Oracle general ledger, Accounting will send a request to the Budget Office asking them to "transfer" funds to the Accounting department's capital project account.
  - iii. In the following example, the transfer object code on the operating account line is 63184 – this means that the funds are being transferred "to" a capital project. The transfer code on the capital project line is 63101 – this means that the funds are coming "from" an operating account.

**Key Word:**

***Fixed  
Asset***

Operating Account line:

01 . 15100 . 63184 . 00 . 00000 . 00000    \$2,100 debit

Capital Project line:

01 . 15100 . 63101 . 00 . 84200 . 00000                    \$2,100 credit

3. Transfer journal entries are also used when operating accounts fund cost share expenses on grants and contracts.
  - a. In the following example, the transfer object code on the operating account line is 63030 – this means that the funds are being transferred “to” a grant or contract cost share project. The transfer object code on the grant/contract project line is 63001 – this means that the funds are coming “from” an operating account.

Operating Account line:

01 . 63100 . 63030 . 00 . 00000 . 00000     \$1,000 debit

Capital Project line:

01 . 63150 . 63001 . 00 . C2500 . 00000             \$1,000 credit

A complete list of transfer object codes may be found on the Controller’s Office web page: <http://finweb.rit.edu/controller/accounting/chargeback.html>.

4. Since all operating accounts have budgets, budget journal entries are used to move budget dollars from one department to another.

Refer to Chapter IV, The Budget Process at RIT for information about how to process a budget journal entry.

### C. How to Request a Transfer

1. To request a transfer journal entry, complete a paper journal entry form available on the Controller’s Office web page: <http://finweb.rit.edu/controller/accounting/forms/glcorrection.pdf> and send it to Accounting (GEM, 6<sup>th</sup> floor) for processing. Include the reason for requesting the transfer on the paper form.
  - a. Both the debit and the credit in the journal entry must be a transfer object code (63001 through 63190).

### D. When Transfers are not Allowable

1. Transfers are never permitted between entities (i.e., 01 – RIT to 19 – RIT Inn in the 1<sup>st</sup> segment).
2. Transfers are not permitted from gift and endowment earnings accounts to operating account or vice versa. If an over expenditure occurs on a gift (20000 – 29999) or endowment earnings account (60000 – 79999), the expenses must be moved to the operating account via a regular journal entry.

- a. Gift and endowment earnings accounts are classified as temporarily restricted projects for financial statement purposes and therefore, funds cannot be moved to unrestricted accounts (e.g., operating accounts).
3. Transfers are not permitted from gift and endowment earnings accounts to capital projects or vice versa. If the restricted purpose of the gift is to purchase capital equipment, charge the purchase directly to the gift or endowment earnings account project.
  4. Refer to the table below for information about the type of entry between various account types: 1) transfer entries (move funds between two different budget organizations); 2) journal entries (move revenue & expenses from one account to another); and, 3) budget entries (move funds between the same budget organization):

<b>From (down) / To (across)</b>	<b>RIT Operating Account</b>	<b>NTID Operating Account</b>	<b>Capital Equipment &amp; Construction Projects</b>	<b>Gift/ Endowment Earnings Projects</b>	<b>Grants &amp; Contracts</b>	<b>Designated/ Special Projects</b>	<b>Agency Projects</b>
<b>RIT Operating Account</b>	Budget	Transfer	Transfer	Journal	Journal; Transfer to fund cost share	Journal (to move expenses); Transfer to move funds	Journal
<b>NTID Operating Account</b>	Transfer	Budget	N/A	Journal	Journal (to move expenses); Transfer to fund cost share	Journal (to move expenses); Transfer (to move funds)	Journal
<b>Capital Equipment &amp; Construction Projects</b>	Transfer	N/A	Journal	Journal	N/A	Journal (to move expenses); Transfer (to move funds)	Journal
<b>Gift/ Endowment Earnings Projects</b>	Journal	Journal	Journal	Journal	Journal	Journal	Journal
<b>Grants &amp; Contracts</b>	Journal (to move expenses)	Journal (to move expenses)	N/A	N/A	Journal	Journal; Transfer (to fund cost share)	Journal
<b>Designated/ Special Projects</b>	Journal (to move expenses); Transfer (to move funds)	Journal (to move expenses); Transfer (to move funds)	Journal (to move expenses); Transfer (to move funds)	Journal	Journal; Transfer (to fund cost share)	Journal	Journal
<b>Agency Projects</b>	Journal	Journal	Journal	Journal	Journal	Journal	Budget

Refer to Chapter XIV, Accounting for Gifts for more information about temporarily restricted gift and endowment earnings accounts.