**POLICY & PROCEDURE DOCUMENT**

NUMBER: 3.2011

DIVISION:  Finance and Administration

TITLE:  Departmental Inter-account policy

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Issued by:   Department of Accounting & Financial Reporting

## I. Purpose and Scope

Inter-departmental transactions are used to track arm's length business transactions between two or more university departmental accounts.  These transactions are used to record what would normally be revenue and expense transactions between two departmental indexes.  However, to ensure that "inter-company" revenues and expenses are properly eliminated during the annual financial statement presentation, it is necessary for all inter-departmental transactions to be recorded as inter-departmental credits (for the departmental index receiving the benefit or revenue of the transaction) and inter-departmental charges (for the departmental index incurring the cost of the transaction).  Tracking "true" business income and expenses between departments in this method will ensure that such inter-company transactions are eliminated for financial statement presentation purposes as required by Generally Accepted Accounting Principles (GAAP).

Please note that interdepartmental credits/charges should not be used for the purpose of moving funds between departmental accounts.  Should funds need to be transferred between departmental accounts, a budget transfer should be requested through the budget office.

**II. Policy**

1. Inter-departmental Credits/Charges to record business transactions between two or more university departmental indexes:

   a. The inter-departmental credit/charge form is only to be used to record true business transactions between two or more departmental indexes.

   b. The account codes to be used must fall within the 738XX (for credits) and 739XX (for charges).  Each completed and approved form must balance between the 738XX and 739XX account codes in total.  Thus, each completed and approved form will effectively record the necessary transaction between the two departmental indexes, but will have a "zero" impact on the University's consolidated financial statements.

2. Inter-departmental Credits/Charges to move actual line-item expenses between indexes:

   a. On occasion, there will be a need to move all or a part of expenses from on index into another.  The primary reason will be because one or more departments are sharing a specific cost or an expense has been miscoded and erroneously posted to an incorrect index.

   b. When one of the aforementioned instances occurs, the inter-departmental credit/charge form should be used.  However, unlike the method used to record true inter-departmental business transactions described earlier, the actual account codes housing the original expense charged should be used.  In these instances, the same account code must be used for both the credit and the charge.

      *For example, if departmental index 111111 incurs a charge of $1,000 for supplies (account code 71102) and departmental index 222222 is to share 50% in that expense, the following is needed to post this transaction properly:*

      *Credit index 111111, account code 71102 for $500*
      *Charge index 222222, account code 71102 for $500*

      *The net effect on account code 71102 is zero, and each index (111111 and 222222) reflects 50% of the original expense.*

3. Inter-departmental Credits/Charges should not be used to transfer funds or availability of funds between departmental indexes.  Please contact the Budget Office should you need to transfer funds to between indexes.

*Note: Exceptions related to departmental transfers into Study Abroad accounts exist.  Please contact the Accounting Office for instruction.*

**III. Procedure**

A. Inter-departmental Credit/Charge Form Instructions

1. To complete an inter-departmental transaction, please follow the steps described below:

   a. ***Fiscal Year***
      Enter fiscal year as yyyy.
      ***Tab*** thru the form or use the mouse.  DO NOT PRESS "**ENTER**."

   b. ***Date***
      Current Date will default automatically**.**

   c. ***Detailed Description***
      Provide description of transactions.  Multiple lines of description may be entered; however, only visible lines will print.  <u>If moving expense charges</u>- print screen in banner showing the document number and date and attach with form.

   d. ***Credit Index***
      Typically the credit department will initiate the form.  The department who initiates the form is responsible for entering the correct account code, index and amounts for credit *and* charge.

   e. ***Account Codes and Amounts**.*
      Enter Account Code(s) and Amount(s). Enter for Credit **and** Charge(s).

   f. ***Validate Button***
      After all appropriate data has been entered; click the Validate button located on bottom of form. The Validate button displays the financial manager, index title and totals. If any fields are highlighted in red, make the required additions or corrections and <u>*revalidate.*</u> Verify that this information is correct.  If corrections/changes were made, <u>*revalidate.*</u>

   g. ***Print Button*:**
      After all data has been entered correctly and validated, the Print button will be visible at the bottom of form. Click Print to print form.

   h. ***Signatures***
      Sign the original inter-account and send to Department(s) Charged for proper signatures.  Keep copies for your files and mark them as **COPIES** so transactions will not be duplicated.  Department Charged should forward Inter-Account to the proper Accounting Office for processing.

   i. ***Return Copy To***
      If you require copies to be returned after data entry, type Name & Address in the "Return Copy To" box and make an extra copy to send with the original so that it can be returned to you.   Then <u>*revalidate and print*</u>.

*j.* **Reset Button**
　　　　To clear form to start over, press Reset Button at the bottom of form.


 Note:  **Hash Total** is for Accounting use only!  It reflects the total of all entries.  The form will automatically provide totals.

**For additional information/help, please call the following numbers:**
**Unrestricted accounts - extension 5-5332**
**Restricted accounts – extension 5-8882**

**If you have a situation this form will not accommodate (ex: more than 1 credit dept. or more than 2 charge depts.) please contact the appropriate number above for assistance.**