



## POLICY & PROCEDURE DOCUMENT

NUMBER: 3.2550

DIVISION: Finance and Administration

TITLE: Grants and Contracts Accounting - Inter-Account Instructions

DATE: June 30, 2014

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### I. Purpose and Scope

Inter-accounts are used to move expenses or pay for services/goods between two or more university departmental accounts. The latter are used to record what would normally be revenue and expense transactions between two departmental or grant indexes. According to OMB Circular A-21, costs allocable to a particular sponsored agreement may not be shifted to another sponsored agreement in order to meet deficiencies, avoid restrictions, or for convenience sake.

### II. Policy

1. On occasion, there will be a need to move all or a part of an expense from one departmental or grant index into a different departmental or grant index. The transfer of an expense should not be made into or out of a restricted grant index **unless the original recording of the expense was in error**. It is the PIs responsibility to ensure all costs are related to a specific project and are properly coded to the project at the time of initial recording (such as on the purchase order, travel voucher, payroll form, etc.).
2. Grants and Contracts Accounting will only process an inter account for charges that are more than 90 days old under extreme/unusual circumstances.

### III. Procedure

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 or grant incurring the cost of the transaction). Tracking “true” business income and expenses between departments in this method will not only ensure that such inter-company transactions are eliminated for financial statement presentation purposes (required by Generally Accepted Accounting Principles) but may also enable University administration to recognize areas in which the University can both save resources and generate new revenues from outside sources.

1. Inter-departmental Credits/Charges to record business transactions between two or more university departmental indexes or a university departmental index and a grant.
  - a. The inter-account, credit to/charge from, is used to record true business transactions between two or more departmental indexes or a departmental index and a grant
  - b. The charge account code (739xx) and corresponding credit account code (739xx) must balance in total and will have a “zero” impact on the University’s consolidated financial statements.
  - c. The inter-account must be signed by the appropriate financial managers that populate at the bottom of the form and the original forwarded to GCA.
2. Inter-departmental Credits/Charges to move actual line-item expenses between indexes.

Unlike the method used to record true inter-departmental business transactions described above, the account code(s) where the original expense was charged should be used. In these instances, the same account code should be used for both the credit and the charge (leaving an end result with a “zero” impact on the University’s consolidated financial statements).

*For example, if departmental index 111111 incurs a charge of \$1,000 for supplies (account code 71102) in error and the charge was intended for grant index 555555 , then the following will be needed to post this transaction properly:*

*Credit index 111111, account code 71102 for \$1000  
Charge index 55555, account code 71102 for \$1000*

*The net effect on account code 71102 is zero*

#### A. Inter-departmental Credit/Charge Form Instructions

1. To complete an inter-departmental transaction, please follow the steps prescribed 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. **Include Grant ending date in description.** If moving expense charges- the Banner screen showing the expense and date **must be attached** to the 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 revalidate. Verify that this information is correct. If corrections/changes were made, revalidate.

**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 forward on to the remaining department(s) to be charged for their signature(s). Keep copies for your files and mark them as **COPIES** so transactions will not be duplicated. Department Charged should forward Inter-Account to Grants & Contracts Accounting 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 revalidate and print.

**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 totals all entries and will be double the credit total. The form will automatically provide all totals; just make sure you enter all account codes and amounts for each code.*

**For additional information or assistance, please contact the GCA office at 5-8882**

**IV. Related Policies**

All 3.25xx, 3.26xx and 3.27xx policies