

VI. When to Use Transfer Journal Entries

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 (3rd 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 5th 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 5th 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 is available on the Controller’s Office web page: <http://finweb.rit.edu/controller/accounting/forms/glcorrection.pdf> and send it to Accounting (GEM, 6th 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).