

<b>System-wide Policy: FI0520 - Internal Transfers</b>	
<b>Version: 1</b>	<b>Effective Date: 10/01/2017</b>

## FI0520 – Internal Transfers

### Topics:

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### Objective:

To provide guidelines on the use of internal transfers for conducting business between university departments by ensuring the timely allocation of charges or credits to the correct WBS element or cost center.

### Policy:

#### [Use of Internal Transfers](#)

1. Internal transfers are used to allocate costs or credits in conducting interdepartmental business. The internal transfer authorizes charges to be made to department cost center/WBS elements for items such as goods and services from university service departments e.g., campus bookstores, telephone services ), for equipment and supply transfers between departments, sharing costs among cost centers, and correcting erroneous entries in deposits and invoices, among other uses.

#### [Types of Internal Transfers](#)

2. Two types of internal transfers are used, as follows:

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- a. An internal transfer (document type ZD) is completed by the service or initiating department and sent electronically to the receiving department through the university's accounting system. This transaction requires the electronic approval of all departments involved before it is posted to the accounting system. Such transactions include equipment transfers between departments, sharing costs among cost centers, and correcting errors in deposits and invoices.
- b. An internal transfer (document type ZE) is electronically charged to a cost center/WBS element and does not require approval through the accounting system. Tentative approval for these transactions occurs in advance when the department orders goods or services. Final approval of these transactions occurs passively when a department does not object to the charges appearing on their cost center/WBS element ledgers. Such transactions may include direct billings for bookstore purchases, facilities services, telephone services, postage charges, and computing services in which departments receive supporting information separately.

For more details, see [FI0425 - Campus Bookstore Purchases](#) on campus bookstore purchases and [FI0605 - Equipment](#) on equipment.

### Special Requirements for ZD Documents

3. The internal transfer must include a good description and dates of the goods or services provided and should clearly describe the reason for the transfer. In the accounting system, this description should be entered in the header text, line item text, and document text as a note. Applicable backup documentation should be scanned and attached to the document in the accounting system.
4. The original source document and its posting date must be referenced, if applicable. If the amount of the internal transfer differs from the original source document, this should be adequately explained. The general ledger accounts should match the original source document. If multiple types of costs (general ledger accounts) are being transferred, they should be shown as separate lines,

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not aggregated, in order to retain the original nature and amount of the source transaction.

5. The internal transfer should be processed in a timely manner and should not cross fiscal years.
6. All supporting documentation should be retained six years for audit purposes in either paper or electronic format.
7. Internal transfers affecting sponsored projects should also follow guidance in [FI0220 - Sponsored Projects - Cost Transfers](#).

### Restrictions

5. The internal transfer may **not** be used for the following types of transactions:
  - Budget adjustments
  - Fund balance adjustments
  - Funding given by one department to another
  - Salary or benefit costs
  - Most asset and liability GL accounts
  - An internal transfer cannot be processed on a closed WBS element or cost center.

**PROCEDURES:** [https://policy.tennessee.edu/fiscal\\_policy/fi0520/](https://policy.tennessee.edu/fiscal_policy/fi0520/) - top

To view links to campus policies and procedures, click here:

<https://policy.tennessee.edu/campus-policies-procedures/>

### **FOR MORE INFORMATION:**

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**Related Policies:** [FI0425 - Campus Bookstore Purchases](#), [FI0450 - Moving Stipend](#), [FI0605 - Equipment](#)