University of Missouri System
Accounting Policies and Procedures

Policy Number: APM- 70.15

Policy Name: Transfers—Intra Unrestricted Current Funds, Non-Mandatory, and Mandatory

Overview:

The purpose of this policy is to ensure the consistent and appropriate recording of transfers in the University's financial records. A transfer is the movement of funds from one Chartfield string to another. Transfers are needed to carry out accounting and fiduciary responsibilities as defined by the Governmental Accounting Standards Board (GASB) and the National Association of College and University Business Officers (NACUBO).

Transfers are neither expenditures of the contributing fund nor revenue to the recipient fund. Under GASB 34/35 reporting standards, transfers are not included with expenditures, but are shown in the transfers section of the financial statements.

Definition of Key Terms:

Agency Fund – Monies held by the University on behalf of others. These monies do not belong to the University and are recorded in Fund (6000-6030).

Fund Group – A grouping of funds of a similar nature such as Unrestricted Current Funds (0XXX), Restricted Current Funds (2000-2299), Loan Funds (1100-3400), Endowment & Similar Funds (12XX, 3000-3350), and Plant Funds (10XX, 23XX, and 24XX).

Nonexchange Transaction – a transaction where one party gives (or receives) value without directly receiving (or giving) equal value in return.

Restricted Funds – Funds that are restricted in purpose by a third party covenant or agreement recorded in the Fund range of 20XX, 2100-3400. Examples include gifts and sponsored program (grant and contract) funds from donors, grantors, or other external sources that are restricted as to how they can be spent.

Unrestricted Current Funds – Funds that are available to be spent in the near term for operation purposes that are not restricted by external sources.

Types of Transfers:

Intra Unrestricted Current Fund transfers are movements of monies between chartfield strings within unrestricted current funds, whether within or between Business Units.

Non-mandatory transfers are used to move unrestricted funds from one fund to another at the discretion of administrative management (excludes transfers within unrestricted current funds). Non-mandatory transfers can serve various purposes, such as, funding the renovation or construction of fixed assets or increasing the amount of financial aid available to students through voluntary additions to the loan fund, or transferring funds to or from a Quasi-Endowment fund. Transfers within a fund group other than unrestricted current funds should be done as Non-mandatory transfers.

Mandatory transfers are used to move funds as required by a third party (external to the University). Examples of mandatory transfers include debt service payments, required institutional matching on financial aid and/or student loan programs and the transfer of funds to or from an endowment as required by the endowment agreement.

Principles:

The following guidelines apply for both budget and actual transactions.

- Responsible parties of transfer transactions must coordinate budget requests for transfers to ensure both sides of the transfer are budgeted.

- Transfers in total should net to zero on the consolidated financial statements. Both sides of a transfer journal entry must use a transfer account.

- Transfers between unrestricted and restricted funds are not allowed except when the restricted funds require a match or the transfer is expressly required or allowed in the restrictive covenant/agreement. Campus Accounting Offices must approve these transfers and the required supporting documentation.

- A transfer journal entry should only be made to move funds between chartfields to record "non-exchange" transactions. Common transactions confused with transfers include:
    - *Correcting Entries* should be used to correct errors in previously recorded transactions where original transactions occurred in the current fiscal year, with the exception of grants and contracts.
    - *Internal Sales and Services Accounts* should be used to account for the exchange of goods and services between departments.
    - *Full Costing Accounts* should be used to allocate the cost of a department that is shared among other departments or to allocate institutional costs. Examples include service centers spreading costs back to departments or the charge to auxiliaries for institutional support.

- Transfers are NEVER allowed between any University fund and an Agency fund. However, transfers are allowed within Agency funds.

- See the Transfer Grid for allowable transfers between funds and related accounts.

RESPONSIBILITIES:

Departments:

- Ensure transfers are properly budgeted and executed.
- Ensure the prescribed accounts are consistently used.

Campus Accounting Offices:

- Monitor transfers and provide oversight.
- Review transfers on an as needed basis for appropriateness.
- Approve exceptions to policy.

Campus Budget Office:

- Ensure internal budget transfer entries net to zero within their business unit.

System Budget Office:

- Ensure budget entries net to zero at the beginning of the budget year.

Controller's Office

- Ensure the balances of transfer accounts net to zero.

A quick reference guide is available by clicking the following link,
APM 70.15.01-Transfer Quick Reference Guide

Effective Date: October 1, 2009
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