Funding Transfer and Distributed Charge Guidelines

As part of the Chart Enhancement Project, the University is discontinuing recording funding transfers from the revenue and expense account hierarchies, and instead recording them within the new transfer account hierarchy. In the past, many departments have used a combination of Cost Sharing (72121) and University Contribution (54900), or Distributed Charges (76010), to record the transfer of funding between Funds/Organizations. However, each of these account codes will be inactivated effective July 1, 2013. Going forward, approved distributed charges will have a distinct set of account codes within the expense hierarchy (76xxx) that align with the University’s Transfer Pricing Guidelines. Funding transfers will be recorded within the transfer account hierarchy (8xxxx). This change increases the transparency of funding movements between Funds/Organizations, and does not distort the revenue and expense accounts of the University.

Funding transfers and distributed charges represent two distinct practices, and will be evaluated separately moving forward. Below you will find guidelines for each of these practices:

Funding Transfers

Typically, transfers will occur between funding sources of similar types (i.e. Restricted to Restricted, Unrestricted to Unrestricted). If a department agrees to fund or transfer monies from one of its Funds/Organizations to another Fund/Organization, the transfer of funds should be handled as follows:

- Debit 81071 (Funding Transfer-Out) for Fund/Organization providing the funding
- Credit 81072 (Funding Transfer-In) for Fund/Department receiving the funding

Generally, it is preferable NOT to move funding between Restricted and Unrestricted resources. Rather, funding movements between these resources should be accomplished by obtaining approval to move funds into/out of the Divisional Incentive Plan Restricted Fund where any better than budget performance for a division or college overall is placed at the end of each year. The primary exception to this rule is if the movement is budgeted.

Budgeted transfers will be reviewed by the Office of Budget and Financial Planning for approval. Once the fiscal year has begun, the Controller’s Office will review all transfers as they occur. If a transfer between Unrestricted resources and Restricted resources is requested, but not reflected in the budget, the request will require approval by the Office of Budget and Financial Planning before being processed. If the requested transfer is budgeted, the transfer account codes noted above should be used to accomplish the movement of funds. However when Restricted resources are being utilized to fund salary and benefits charged to an Unrestricted resource, account code 69011 (Payroll Distributed Charges) should be used on both sides of the transaction.

If a department would like to make a transfer between Unrestricted and Restricted funding that is not currently reflected in the departmental budget, please contact the Office of Budget and Planning at budget@nd.edu for approval.
Distributed Charges

A department’s use of distributed charges must be approved by the rules set forth in the Transfer Pricing Guidelines. Transfer pricing is the practice of distributing a charge that is incurred by one department, and subsequently charging it to another. In the case where a department is approved to perform distributed charges, an account code will be assigned, and should be used on both sides of the transaction as outlined below:

- Debit 76xxx (Distributed Charge) for Fund-Organization being charged
- Credit 76xxx (Distributed Charge) for Fund-Organization distributing the charge

The Transfer Pricing Guidelines and a list of approved distributed charges can be found on the websites of the Controller’s Office and the Office of Budget and Financial Planning. If you believe your department requires a distributed charge account, please contact the Controller’s Office at control@nd.edu.