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August 31, 2006

**TO:** Finance Directors  
**FROM:** Don Boselovic   
Associate Vice President for Budget  
**SUBJECT:** Transfers Between Funds C & R

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The attached document outlines the procedures to use when transferring monies between Funds C and R. Please address any questions you may have regarding the procedures to your point of contact within this office.

Attachment

cc: Ed Schonfeld

OFFICE OF THE  
EXECUTIVE  
VICE PRESIDENT

2121 I STREET, NW  
WASHINGTON, DC 20052

202-994-6600  
FAX 202-994-9304



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**Procedures for Budget Office  
Review of Journal Entries  
Involving Transfers Between  
C & R Funds**

**University Budget Office**

**August 28, 2006**



# **Procedures for Budget Office Review of Journal Entries Involving Transfers Between C & R Funds**

## **Purpose**

This document establishes the Budget Office's role in reviewing requests involving the transfer of funds between Funds C and R.

## **Background**

Because R Funds are not budgeted, transferring funds between Funds C and R cannot be accomplished through a budget journal (Budget Change Request or BCR). Instead, a journal entry or other accounting transaction is required to:

- 1) Correct an error involving a revenue account or change the C or R fund to which revenue is credited
- 2) Correct an error involving expenditures or change the C or R fund to which an expenditure is charged
- 3) Transfer money from one fund to pay for an expenditure charged to another fund

## **Procedures**

### **1) To Correct/Change the Fund to Which Revenue is Credited**

If the error or change involves a gift revenue account (revenue accounts beginning with 44xxx), the correction/change must first be reflected in the Advancement Office's donor records. Once the donor records are changed, the general ledger will be updated to reflect the correction/change. All requests to redirect where a gift has been credited should be sent to the Director of Advancement Records within the Advancement Office.

A journal entry is used to correct/change the fund to which all other revenue is credited. For example, a department mistakenly deposits revenue for services it provides (account 47121 – Service Fees) to its C fund instead of an R fund. For all changes/corrections involving \$5,000 or more, the department should submit a written request to the Budget Office requesting that the error be corrected. The request should include:

- Documentation (e.g., copies of a Budget Performance report) identifying the accounting string to which the revenue was originally credited.
- The accounting string to which the revenue should be credited. In most cases, the revenue account used to record the original entry (in the above example, account 47121) should be used to record the correcting entry.

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- The signature of the Finance Director of the school or administrative unit indicating their approval of the request.

The Budget Office will review the request and confirm that all of the required information has been provided. The Budget Office will then submit a written request for the journal entry to the Comptroller's Office. The Finance Director requesting the transfer will receive a copy of the Budget Office's request to the Comptroller's Office. The Comptroller's Office will review the request and, assuming there are no questions, will process the journal entry. The Comptroller's Office will notify the Budget Office and the requesting department when the journal entry has been processed.

Corrections/changes involving amounts less than \$5,000 may be submitted directly to the Comptroller's Office.

### **2) To Correct/Change the Fund to Which an Expenditure is Charged**

If the error or change involves a salary or wage expense, a Change in Status (CIS) form is required to redirect the expense to the appropriate fund. The CIS form is used whether the correction/change involves only C funds or both C and R funds. The CIS form can be found at the Human Resources website: <http://www.gwu.edu/%7ehrs/cisalert.html> .

If the error or change involves a non-salary expense (e.g., supplies, travel, etc.) a Departmental Correction Form (DCF) is required to redirect the expense to the appropriate fund. The DCF form is used whether the correction/change involves only C funds or both C and R funds. The DCF can be found at the Supply Chain Office website: <http://eas.gwu.edu/home/forms/sc/corrections.pdf> . Instructions for completing the form are also available: <http://eas.gwu.edu/home/forms/sc/CorrectionsInstructions.pdf> .

The DCF should not be used if the expense involves a service provided by a GW department. Expenses related to services provided by a GW department are charged to the 59xxx series of expense accounts and can only be corrected by a journal entry. For example, if a department rents space at the Marvin Center and the Marvin Center charges the wrong fund, the department should submit a written request to the Comptroller's Office requesting that the error be corrected. A journal entry is required whether the correction/change involves only C funds or both C and R funds. The request should include:

- Documentation (e.g., copies of a Budget Performance report) identifying where the expense was originally charged.

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- The accounting string to which the expense should be charged. The expense account used to record the original entry (e.g., account 59518 - Marvin Center) should be used to record the correcting entry.
- The signature of the Finance Director of the school or administrative unit indicating their approval of the request.

A request to correct/change the fund to which an expenditure is charged does not require Budget Office approval. Departments should submit:

- CIS forms to the Budget Office
- DCF forms to the Supply Chain Organizations
- Requests for journal entries to transfer expenses related to services provided by another GW department to the Comptroller's Office

### **3) To Transfer Money from One Fund to Pay for an Expenditure Charged to Another Fund**

Rather than changing the fund to which an expenditure is charged, a department may wish to transfer money from another fund to cover these costs. If the transfer of money is within C funds, a budget journal is used to make the transfer. If, however, the transfer of funds involves both C and R funds, a journal entry is required to make the transfer. For example, if a department exceeds its Fund C budget for travel and wishes to use an R fund to balance its budget, the department may request a transfer from its R funds. Similarly, if a department wishes to fund an expenditure charged to an R fund from its C fund budget, the department may request a transfer from its C funds. This might happen if several departments wish to combine funding to buy an expensive piece of equipment.

Departments wishing to transfer funds of \$5,000 or more between Funds C and R should submit a written request to the Budget Office. The request should include:

- 1) An explanation of the reason for the transfer.
- 2) The organization and funding source the funds will be transferred from and to. Account 58951 (To Current Funds) is always used to record the transfer of money between Funds C and R.
- 3) The signature of the Finance Director of the school or administrative unit making the request.

## **Procedures for Budget Office Review of Journal Entries Involving Transfers Between C & R Funds**

The Budget Office will review the request and confirm that all of the required information has been provided. The Budget Office will then submit a written request for the journal entry to the Comptroller's Office. The Finance Director requesting the transfer will receive a copy of the Budget Office's request to the Comptroller's Office. The Comptroller's Office will review the request and, assuming there are no questions, will process the journal entry. The Comptroller's Office will notify the Budget Office and the requesting department when the journal entry has been processed.

Transfers of less than \$5,000 may be submitted directly to the Comptroller's Office.

Following are two examples involving the transfer of funds (as opposed to revenue or expenditures) between Funds C and R.

### EXAMPLE #1

*A department has overspent its travel budget by \$5,000 and wishes to fund the budget deficit by using its R fund which currently has a balance of \$40,000. Before the transfer of \$5,000 from the R fund, the department's C and R funds look like this:*

<b>Account</b>		<b>YTD Actual</b>	<b>Budget</b>	<b>Budget Balance</b>	<b>R Fund Balance</b>
US Other Travel & Related Expense	53111	20,000	15,000	(5,000)	40,000

*Once the transfer has been made, the department's C fund budget is in balance because the money transferred to the C fund pays for \$5,000 of the department's travel expense. The department's R fund balance has been reduced by \$5,000.*

<b>Account</b>		<b>YTD Actual</b>	<b>Budget</b>	<b>Budget Balance</b>	<b>R Fund Balance</b>
US Other Travel & Related Expense	53111	20,000	15,000	(5,000)	40,000
To Current Funds	58951	(5,000)	0	5,000	(5,000)
Budget Balance/R Fund Balance after Transfer				0	35,000

## EXAMPLE #2

*Departments 1 and 2 each wish to contribute \$17,500 to purchase \$35,000 in lab equipment. Department 1 wishes to use R funds (current balance of \$50,000) to pay for its share of the equipment. Department 2 wishes to use its C fund equipment budget to pay for its share of the equipment. The equipment will be charged to Department 1's R fund. Before the transfer of \$17,500 from Department 2's C fund to Department 1's R fund, the C and R funds look like this:*

Account	YTD Actual	Budget	Budget Balance	R Fund Balance
Dept. 1 - R Fund Balance				50,000
Dept. 2 - Capitalized Lab & Instructional Equipment	58536	0	20,000	

*Once the transfer has been made, Department 1's R fund balance has been reduced by \$17,500 - the amount of R funds used to purchase the equipment. Department 2's C fund budget balance has been reduced by \$17,500 as a result of the transfer to Department 1's R fund.*

Account	YTD Actual	Budget	Budget Balance	R Fund Balance
Dept. 1 - R Fund Balance				50,000
Dept. 1 - Capitalized Lab & Instructional Equipment	58536	35,000		(35,000)
Dept. 1 - To Current Funds	58951	(17,500)		17,500
Dept. 1 - R Fund Balance				32,500
Dept. 2 - Capitalized Lab & Instructional Equipment	58536	0	20,000	
Dept. 2 - To Current Funds	58951	17,500	0	(17,500)
Dept. 2 - Budget Balance			2,500	