

**Office of Budget and Finance**  
**Best Practices**  
**Internal Transfer (Sharing of Costs): Non-sponsored Accounts**

Per FI0520, internal transfers (ZD documents) are used to allocate costs or credits in conducting interdepartmental business. This document provides guidance on a specific type of internal transfer – sharing of costs (moving of expense) among cost centers and **non-sponsored** wbs elements.

When sharing costs or moving expense between cost centers (E→E), **non-sponsored** wbs elements (R→R) or cost center/**non-sponsored** WBS element (E→R or R→E):

1. The general ledger (g/l) codes should be the same on both sides of the transaction and match the original source document, unless the expense was originally posted to the wrong g/l code. When multiple types of costs (multiple g/l codes) are being transferred, use separate lines by g/l code on the ZD document in order to retain the original nature and amount of the source transaction. **Do not use the cost sharing (444400), other expenditures (449100) or any other g/l code that was not the original entry g/l code.**
2. The original source document number and posting date must be referenced in the text field of the new internal transfer entry. For tuition waivers, student's last name, first name, MI; student's PERNR and term (ex. FA19, SP19, SU19 space permitting) will suffice.
3. Consider the function and criteria of the funds sharing the cost. In the case of expense cost centers, instruction costs should only be shared with other cost centers that are functionalized as instruction (1010). Similarly, when sharing the cost of student awards between wbs element funds, both funds should be functionalized as scholarship (1080) and have the same award criteria to ensure that the donor-imposed restrictions are not violated. **Departments are responsible for ensuring that funds are used in accordance with the donor's intentions (i.e., the expenses meet the restriction on the gift or endowment fund).**
4. Payroll charges cannot be moved via internal transfer. Process the appropriate payroll form to move the payroll charges by the applicable deadline.
5. Generally, funding given by one department to another cannot be made via internal transfers (see [INTERNAL SUPPORT](#) for more details).
6. Internal transfers should be processed timely so that they do not cross fiscal years, when possible.
7. Charges for the provision of services from one department to another should be posted to 446600 (department receiving the services) and 446900 (department providing the services).

Adherence to this procedure promotes consistency and accuracy in financial reporting. If you have any questions, contact Suzan Thompson [thompson@utk.edu](mailto:thompson@utk.edu), Pam Arrowood [parrowoo@utk.edu](mailto:parrowoo@utk.edu), or Melissa Johnson [johnsonm@utk.edu](mailto:johnsonm@utk.edu).