

**Office of Budget and Finance**  
**Best Practices: Internal Support Non-sponsored Accounts**  
**(Effective July 1, 2019)**

There are two options for providing internal support to other departments: (1) funding or (2) sharing of costs. When providing support, the best practice is to share costs (move expense) on the general ledger (g/l) code used in the original entry (see [Best Practice: Internal Transfers](#)).

Occasionally support is provided that is not designated for a particular type of expense but given as a lump-sum to cover different types of costs (e.g. sponsoring an event or initiative). When support is given as a lump sum, the process utilized depends upon the type of accounts involved.

Funding support impacts the budget (i.e. budget revision using Form T-15) for E to E assistance or are transfers (705700/605700) for R to R assistance. Sharing of costs by the lump sum method is accomplished through the use of an expense g/l code (e.g. 444700).

**1. Unrestricted Funds to Unrestricted Funds (E→E Funding)**

Unrestricted funds are funds in which the university retains full control of their use. Use a budget revision to provide E to E funding, since this is the process to officially recognize adjustments to the previously approved university budget and allows for proper CBO review. Transfer of funds by an internal transfer document circumvents the budget approval process.

**EXCEPTIONS:**

- Support that crosses business areas (Auxiliary 1301 to E&G 1101) cannot be processed via a budget revision. In this case, a journal transfer by SA document is the only option available to provide lump sum sharing of costs. A new g/l code, 444700, has been created to record these transfers. G/L 444700 can only be entered by the CBO. Complete the [Excel Upload Fund Document](#) and send to [bfforms@utk.edu](mailto:bfforms@utk.edu). The Office of Budget and Finance will evaluate these transfers on a case-by-case basis.
- Funding that crosses budget entities/campuses (ex. UTK (E01) to UTIA (E11, E12, E18)). This type of transfer is a two-step process. Budget will be reduced or added from a departmental cost center in each budget entity, and then a fund balance transfer will be made between the budget entities. Only the Office of Budget and Finance can process these type of funding transfers.

**2. Restricted Funds to Restricted Funds (R→R Funding gift accounts)**

Restricted fund are funds which are externally restricted (by a donor or other source outside the university) and may be used only in accordance with the purposes established by the provider.

For this reason, funds initially recorded as restricted should be spent in the restricted fund where they are recorded. In some instances, transfers between restricted funds

are allowable provided the restrictions on the funds are not violated by such a transfer. Entries should only be made after considering the criteria and function of the funds. For example, the funding account should have the same function as the receiving account (e.g. scholarship). Additionally, both funds should have the same/similar awarding criteria. **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).**

To provide R to R lump sum funding, process an internal transfer (ZD document) on g/l codes 705700/605700. For **each** funding source, attach the [Non-sponsored Restricted Funds Transfer Justification Form](#) to the ZD document in IRIS.

### **3. Restricted Funds to Unrestricted Funds (R gift accounts→E Sharing of Costs)**

As stated above, funds are recorded as restricted due to spending restrictions imposed by outside sources. In some cases, these restrictions may be minimal and only require that the funds be used in a particular program, department or college with no accounting or reporting back to the donor required. For funds with such loose restrictions, a transfer to an unrestricted account may be allowable with the appropriate documentation.

To share costs from R to E on a lump sum basis, a transfer by journal voucher (SA document) is the only mechanism available. A new g/l code, 444700, has been created to record these transfers. 444700 can only be entered by the CBO. Complete the [Excel Upload Fund Document](#) and the [Non-sponsored Restricted Funds Transfer Justification Form](#) for **each** funding source and send to [bfforms@utk.edu](mailto:bfforms@utk.edu). The Office of Budget and Finance will evaluate these transfers on a case-by-case basis. **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. Unrestricted Funds to Restricted Funds (E→R gift accounts Sharing of Costs)**

Funds can only be classified as restricted by an outside source. For this reason, it is very important that departments move expense on the original g/l code when sharing costs from unrestricted funds to restricted funds. Should lump sum sharing of costs be needed, complete the [Excel Upload Fund Document](#) using 444700 as the g/l code and send to [bfforms@utk.edu](mailto:bfforms@utk.edu), along with a justification in the email explaining the need for the entry. The Office of Budget and Finance will evaluate these transfers on a case-by-case basis.

**Please do not use the cost sharing (444400) or other expenditures (449100) g/l codes for these entries.** 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), Pamela Arrowood [parrowoo@utk.edu](mailto:parrowoo@utk.edu), Michelle McBee [mmcbee5@utk.edu](mailto:mmcbee5@utk.edu) or Melissa Johnson [johnsonm@utk.edu](mailto:johnsonm@utk.edu).