Financial Processing Module

Transfer of Funds

The Transfer of Funds (TF) document is used to transfer funds (cash) between accounts. The TF could be used to cover an overdraft, reimburse an account for an expense, or to fulfill a funding commitment.

There are two kinds of transfer transactions, mandatory and non-mandatory. Mandatory transfers are required to meet contractual agreements. Specific object codes are used to identify these transactions. An example of this type of transfer is moving dedicated student fees to the retirement of indebtedness fund group for principal and interest payments on bonds.

Non-mandatory transfers are allocations of unrestricted cash between fund groups, which are not required by any external agreements. These transfers are most commonly used throughout the university. Such transfers include (1) non-mandatory additions to loan funds; (2) additions to quasi-endowment funds; and (3) non-mandatory transfers to plant funds for (a) general or specific plant additions, (b) renewals and replacements of plant assets, and (c) voluntary payments of debt principal.

For example, a dean makes a commitment to give a department $500 in support of a mission without expecting reimbursement.

Document Layout

The TF document has only the standard financial transaction document tabs and does not have any unique tabs of its own.

Process Overview

Business Rules

- There must be at least one accounting line in the From section and one accounting line in the To section.
- The total in the From section must equal the total in the To section in the Accounting Lines tab.
- $0 accounting line amounts are not allowed.
- Negative amounts are not allowed (unless it is an Error Correction TF).
• The KFS automatically generates cash object code offset entries as defined by the information entered into the document.

• Object codes representing assets, liabilities, and fund balances (as indicated by the object code's object consolidation) may not be used.

• The Object code restrictions are as follows.

**Restricted object type code in the Transfer of Funds document**

<table>
<thead>
<tr>
<th>Object Type Codes</th>
<th>Description</th>
<th>Restrictions</th>
</tr>
</thead>
<tbody>
<tr>
<td>ES</td>
<td>Expense Not Expenditure</td>
<td>Unallowable</td>
</tr>
<tr>
<td>IC</td>
<td>Income Not Cash</td>
<td>Unallowable</td>
</tr>
</tbody>
</table>

• The object sub-types used must be sub-types of mandatory transfers and non-mandatory transfers.

• From accounting lines with an object sub-type of mandatory transfer must balance with To accounting lines with an object sub-type of 'Mandatory Transfer'.

• From accounting lines with an object sub-type of non-mandatory Transfer must balance with To accounting lines with an object sub-type of 'Non-Mandatory Transfer'.

### Initiating a Transfer of Funds Document

1. Select **Transfer of Funds** from the **Financial Processing** submenu group in the **Transactions** submenu on the **Main Menu** tab.

2. Log into the KFS as necessary.

   A blank TF document with a new document ID appears.

3. Complete the standard tabs.

   All accounting lines in the **To** section generate credits and all accounting lines in the **From** section generate debits.

4. Click **submit**.

5. Review the **General Ledger Pending Entries** tab.

   The pending entries include the offset generation to cash or fund balance object codes.

6. Review the **Route Log** tab.

   The document is routed to the fiscal officer for each account used in the Accounting Lines. The Route Status shows 'ENROUTE'.

7. Appropriate fiscal officers and organization reviewers approve the document.

For more information about how to approve a document, see “Workflow Action Buttons” in the **Overview and Introduction**.

### Example

The Psychology department is transferring funds from the General Fund to cover expenses for a faculty research project. Funds need to be transferred from account 1031400 to account 2231402 to fund research expenses.
The **Pending Ledger Entries** show a debit entry of $2000 to Object Code 9900 (Transfer Out) on Account 1031400 and a credit entry of $2000 to Object Code 9915 (Transfer of Funds - Revenue) on Account 2231402, with system generated offset lines to the appropriate cash object code for each account.

**Routing**

The document routes based on the account numbers used on the document as follows:

- The fiscal officer for each account must approve.
- Organization review routing occurs for the organization that owns each account.
- Sub-fund routing occurs based on the sub-fund of each account.

The document status becomes 'FINAL' when the required approvals are obtained and the transaction is posted to the G/L during the next G/L batch process.