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| <b>ADMINISTRATIVE DIVISION</b><br>FINA Administration and Finance   |  | <b>POLICY NUMBER</b><br>FINA 2.06 <del>(Formerly BUSF 2.06)</del> |
| <b>POLICY TITLE</b><br>Internal Charges   |  |   |
| <b>SCOPE OF POLICY</b><br>USC System  | <b>DATE OF REVISION</b><br>4/1/2024                                      |   |
| <b>RESPONSIBLE OFFICER</b><br>Executive Vice President for Administration and Finance and Chief Financial Officer | <b>ADMINISTRATIVE OFFICE</b><br>University Finance – Controller’s Office |   |

**PURPOSE**

University departments regularly transact with each other during their operations. This policy outlines the appropriate method to account for activity between departments.

**DEFINITIONS AND ACRONYMS**

Contra Expense – An account in the general ledger that is paired with and offsets a specific expense account.

Internal Charge – A transaction whereby one University department provides goods or renders services to another University department (e.g., printing, information technology, etc.), formerly known as an Intra Institutional Transfer (IIT). Internal charges are only used when charging for goods or services and will not be used to transfer funds or correct errors.

**POLICY STATEMENT**

The department providing the goods or services is responsible for initiating the internal charge. Internal charges are processed in the financial system as regular online journal entries (JEs). The use of a JE streamlines the process by eliminating the need to issue a paper check or make a bank deposit. The JE will capture the following offsetting account codes:

- 5XXXX Expense Account: Used for the department receiving the goods or services and will reflect a debit/positive value.
- 6XXXX Contra Expense Account: Used for the department providing the goods or services and will reflect a credit/negative value, acting as departmental revenue for financial reporting purposes.

Adequate documentation will be attached to support the JE, including a department created invoice, memo, spreadsheet, etc. Internal charge JEs do not require a copy of the general ledger balance to be submitted. In addition, entering “Internal Charge” in the JE description will speed up the approval and posting process.

## PROCEDURES

There are no official procedures for this policy. However, the Controller's Office webpage provides additional guidance on internal charges, including the proper account code combinations for specific charges. Questions may also be sent to the Controller's Office at [controller@sc.edu](mailto:controller@sc.edu).

## RELATED UNIVERSITY, STATE, AND FEDERAL POLICIES

FINA 1.00 – Chart of Accounts

## HISTORY OF REVISIONS

| DATE OF REVISION | REASON FOR REVISION  |
|------------------|--|
| 04/01/2024       | Language, content, and formatting updates <a href="#">commensurate with streamlining process in general ledger</a> |
| 02/17/2015       | Policy revisions due to departmental reorganization and name changes   |
| 10/10/2006       | Policy creation  |

~~NUMBER: FINA 2.06 (formerly BUSF 2.06)~~

~~SECTION: Administration and Finance~~

~~SUBJECT: Intra-Institutional Transfers (Within USC)~~

~~DATE: October 10, 2006~~

~~REVISED: February 17, 2015~~

~~Policy for: All Campuses~~

~~Procedure for: All Campuses~~

~~Authorized by: Leslie Brunelli~~

~~Issued by: University Finance – Controller's Office~~

### ~~I. Policy~~

~~The University uses intra-institutional transfer (IIT) for a University department to charge another University department for the cost of providing internal goods or services within the~~

~~University. IIT's are to be used only for charging goods or services and not for transferring funds, correcting mistakes, or transferring charges between accounts.~~

## ~~II. Procedure~~

~~A. The service department is responsible for initiating the charge.~~

~~1. Major service departments are assigned unique IIT numbers to be used for an electronic upload for specific, recurring charges. These files are transmitted electronically to Accounting Services on a monthly basis for processing. Major service departments may also use the on-line accounting IIT/RQ system.~~

~~2. Minor service departments may submit manual entries or use the on-line accounting IIT/RQ system to enter the transactions. For manual entries, departments may obtain paper forms from the Accounting Services. Manual transactions are limited to one transaction per document.~~

~~B. For manual and on-line entries, the service department sends the original(s) to the Controller's Office within one week of transaction(s), retains one copy for its records and sends another copy to the user department with adequate documentation supporting the charge(s).~~

~~Before month end (see <http://web.admin.sc.edu/fr/calendar.php> for dates) electronic upload files are transmitted to Accounting Services with a signed summary sheet. Adequate documentation must be provided by the servicing department to the receiving department(s).~~

~~Supporting documentation should be kept by the service department for audit purposes for a period of five years. The user department is responsible for verification of all IIT transactions and reconciliation of charges. Any disputed transactions should be resolved by the service department within thirty (30) days of notification by the user department.~~

~~C. IITs are listed on the University financial reports preceded by the letters "RQ."~~

~~1. The receiving department account is charged under the appropriate expenditure object code (5xxxx.)~~

~~2. The service department account is credited in an appropriate contra-expenditure object code (6xxxx).~~

## ~~III. Reason for Revision~~

~~Policy revised due to departmental reorganization and departmental name changes.~~