THE UNIVERSITY OF QUEENSLAND
AUSTRALIA
CREATE CHANGE

# Business with UQ

# Internals

The use of the word "Internals" with regards to finance at UQ can also be termed "Business with UQ" and refers to the following activities:

1. Exchange of Goods and Services
2. Internal transfer
3. Reimbursements

## Exchange of Goods and Services

This involves an exchange of goods or services for money between two or more units. The nature of this transaction is the same as it would be had an external entity been involved. The only difference is that two or more "UQ" units are involved.

Note: ***This approach is not to be used simply because it is easier to enact than a cost sharing internal transfer or reimbursement. The basis of exchange should reflect a commercial arrangement (e.g. by including a profit margin).***

**KEY: this is an internal exchange of goods or services**

### Accounts used

The revenue and expenditure account to use is defined by the good or service being exchanged.

The internal transfer accounts are **not** to be used for these transactions.

## Internal transfer

Internal transfer refers to the **transfer of funds** from one division to another. This only refers to the movement of funds and does not include paying for goods or services.

**KEY: this is a movement of FUNDS.**

THE UNIVERSITY OF QUEENSLAND
AUSTRALIA
CREATE CHANGE

# USE OF INTERNAL TRANSFER CODES FROM 1 JANUARY 2019

For the past 7 years the internal range of accounts have been operating on the basis that the same account be used for both sides of the transaction. The CFO has requested that the "internal" range of accounts revert to revenue and expenditure accounts to enable analysis as the netting off has made reviewing Portfolios difficult. When discussing the approach with the PST FMs, the overriding consensus to enable better analysis was to enable "internal transfers" to be viewed within the portfolio and external to the portfolio. To facilitate this the following major reporting levels were established:

- UQ Wide transfers
- Portfolio transfers
- Division transfers

More detail (including examples) regarding the application of these accounts is provided below.

## UQ Wide Transfers:

**General Concept:**

UQ Wide Transfers fall into one of the following categories:

1. Transfers from one portfolio[1] to another.
2. Transfers that move funds between the operating and corporate budget segments[2].

The current policy by which indirect costs are recovered from research and consulting projects with the credit being split between the ODVCR and the local portfolio presents a complication. The transfer from the project to the ODVCR is clearly between portfolios. However, a portion is also retained within the portfolio. As a matter of convenience it has been decided that both parts of the recovery transaction will be treated as if they were a cross-portfolio transfer.
The distribution and recovery of unspent Corpus allocations are considered to be a movement between budget segments. The same applies for transfers to Capital Projects (normally managed by P&F or ITS).

**Specific Rules:**

| Account Combo | | Short Description | Purpose |
|---|---|---|---|
| CR | DR | | |
| 521110 | 591110 | UQ Shared Services CoA Ref: 1(a) | To track the recovery of shared central service costs. This includes the charging of Finance and HR PST, and ITS SLA costs to operating areas[3].<br>Example:<br>DR 5021201-01-101-01-591110-000000 School is charged for a share of Finance PST support.<br>CR 8433401-01-101-01-521110-000000 Recovery is receipted in FBS against the PST's budget. |
| 521210 | 591210 | UQ Contribution CoA Ref: 1(b) | Used to record the recovery of UQ Contributions as per the 'Contribution Model' (CM) against operating areas[3]. The credit is receipted into a corporate chartstring for subsequent disbursement as either a Central or Institute Operating Allocation. The disbursement uses the same account combination so that the movement can be clearly discerned from other cross-Portfolio transfers and easily reconciled to the CM.<br>Examples:<br>DR 5021201-01-101-01-591210-000000 School is charged for its share of UQ Contributions as per the CM.<br>CR 9999902-01-101-01-521210-000000 Recovery is receipted in the Corporate UQCM chartstring.<br>DR 9999902-01-101-01-591210-000000 DVCR operating allocation is debited to the Corporate UQCM Chartstring.<br>CR 8937801-01-101-01-521210-000000 DVCR operating allocation is receipted in the DVCR's portfolio. |
| 521310 | 591310 | UQ Operating Transfer CoA Ref: 1(c) | This is the coding combination that is used to record any other transfer between portfolios or budget segments that has not already been specifically described above. The intention is to allow portfolios to quickly reconcile how much funding they have received from and transferred out to, other portfolios.<br>Examples:<br>DR 0100102-01-201-41-591310-000000 Debit side of a transfer from the VC's Strategic Fund to a FIA project in an operating area.<br>CR 5021204-01-299-21-521310-601234 VC Strategic Funding transfer being receipted into the operating area FIA project[5].<br>DR 5021201-01-101-01-591310-000000 Debit side of a transfer from a school in one faculty to a project in a different faculty.<br>CR 8228804-01-298-21-521310-601235 Credit side of a transfer to a school project from another school in a different faculty.<br>DR 5021204-01-299-21-591310-601234 Debit side of a transfer from a FIA project to a non-FIA project in a different faculty[6].<br>CR 8228804-01-298-21-521310-601235 Credit side of a transfer to a non-FIA project from an FIA project in a different faculty.<br>DR 8430185-01-101-01-591310-000000 Funding is transferred from P&F maintenance budget to a capital project.<br>CR 8430185-01-233-41-521310-698765 Contribution is received into the P&F Capital Project chartstring. |

| | | | |
|---|---|---|---|
| 521410 | 591410 | UQ Project Overheads<br>CoA Ref:<br>1(d) | This combination is used by FBS to charge agreed (i.e. as per a contract or agreement) overheads/indirect cost recoveries toexternally funded projects. As per the PPL, the benefit may be directed toward multiple recipients (normally the DVCR + faculty/institute executive)[4].<br>Example:<br>DR 5021204-01-474-21-591410-601234 School project is charged the negotiated overhead (100%).<br>CR 8937802-01-209-31-521410-000000 DVCR's portion of the overhead is receipted to the DVCR's portfolio (60%).<br>CR 5000101-01-101-01-521410-000000 Local portion of the overhead is receipted to the Faculty (40%). |
| 521420 | 591420 | Corpus Allocation<br>CoA Ref: 1(e) | Used by FBS to distribute the annual allocation from Corporate Corpus chartstring to the operating area. Example:<br>DR 9999901-01-301-41-591420-012345 Allocation is charged to the Corporate Corpus chartstring.<br>CR 8228804-01-306-21-521420-012345 Allocation is receipted into the local operating area chartstring. |
| 521425 | 591425 | Corpus Re-Allocation of Previously returned unspent - Spending Units<br>CoA Ref: 1(f) | Used by FBS to distribute the previously returned unspent (spending units) from Corporate Corpus chartstring to the operating area.<br>Example<br>DR 9999901-01-301-41-591425-012345 Re-allocation of previously returned unspent is charged to the Corporate Corpus chartstring<br>CR 8228804-01-306-21-521425-012345 Re-allocation of previously returned unspent is receipted into the local operating Area chartstring. |
| 521430 | 591430 | Corpus Allocations Return Revenue – Capital Units CoA Ref: 1(g) | Used by FBS to recover unspent Corpus funds as capital units for return to the Investment<br>Example:<br>DR 8228804-01-306-21-591430-012345 Unspent balance is debited to the local operating chartstring.<br>CR 9999901-01-301-41-521430-012345 Unspent balance is credited to the Corporate Corpus chartstring. |
| 521435 | 591435 | Corpus Allocations Return Expense – Spending Units<br>CoA Ref: 1(h) | Used by FBS to recover unspent Corpus funds as spending units for return to the Investment Portfolio.Example:<br>DR 9999901-01-301-41-591435-012345 Unspent balance is debited to the local operating chartstring<br>CR 8228804-01-306-21-521435-012345 Unspent balance is credited to the Corporate Corpus Chartstring |

**Notes:**

**1]** "Portfolio" is a collective term used to describe an area of budget responsibility equivalent to a faculty, UQ institute, or central major area.

**2]** "Operating" budget segment = Operating + Restricted Fund Groups. "Corporate" budget segment = Corporate + Capital Fund Groups. Quite different budget and financial management rules apply to the different segments.

**3]** When charging for UQ Shared Services and UQ Contributions the preferred approach is for the cost to be worked down to the Divisional level. This enhances our capacity to better understand the relationship between our costs and the associated output. It is understood that it might not be possible in the short term to work shared costs down below the level of a Portfolio.

**4]** See the PPL for the conditions under which indirect costs recoveries should be charged and how they are to be disbursed.

**5]** Whether or not the funding is being disbursed using the FIA process is irrelevant when it comes to choosing which transfer account to use. What matters is where the funds are going from and to, and what organizational or accounting boundaries are being crossed when that happens.

**6]** Under the new rules DR transfers can be made from a FIA project to a non-FIA project. The transfer will be treated as a completed expense against the FIA project.

# Portfolio Transfers:

## General Concept:

Portfolio[1] Transfers must meet the following criteria:

1. They are from one division to another within the same portfolio.
2. They do not move funding between the corporate and operating budget segments[7].

Whether or not any particular portfolio elects to use the 'Portfolio Shared Services' and 'Portfolio Contribution' charge combos will depend on their local approach to budget management.

## Specific Rules:

| Account Combo | | Short Description | Purpose |
|---|---|---|---|
| **CR** | **DR** | | |
| 521510 | 591510 | Portfolio Shared Services<br><br>CoA Ref:<br><br>2(a) | To track the recovery of shared service costs within a portfolio. The use of this combo assumes firstly that the portfolio has shared costs and that it wants to recover them (e.g. the cost of a faculty office being shared amongst schools within a faculty). It also assumes that the amount to be recovered from each division is determined by the **proportional use of services** as opposed to each division's capacity to pay. If the later applies then the 'Portfolio Strategic' combination should be used. This account combination should balance to nil when consolidated for a portfolio.<br><br>Example:<br><br>DR 5021201-01-101-01-591510-000000 School is charged for a share of Faculty marketing support.<br>CR 5000109-01-101-01-521510-000000 Recovery is receipted against the Faculty marketing unit's budget. |
| 521610 | 591610 | Portfolio<br><br>Contribution<br><br>CoA Ref:<br><br>2(b) | To manage the recovery of contributions from divisions to fund portfolio services and strategic initiatives where the funds required have not been recovered on a user pays basis (in which case 'Portfolio Services' will have been used). The use of this combo assumes that the contribution rate for each division is based primarily on their **capacity to pay**. This account combination should balance to nil when consolidated for a portfolio.<br><br>Example:<br><br>DR 5021201-01-101-01-591610-000000 School is charged its contribution to the Faculty strategic initiatives fund.<br>CR 5000199-01-101-01-521610-000000 Recovery is receipted into the Faculty's strategic initiatives fund for subsequent disbursement. |

| | | | |
|---|---|---|---|
| 521710 | 591710 | Portfolio Transfer<br>CoA Ref<br>2(c) | This is the coding combination that is used to record any other transfer between divisions within the same portfolio that has not already been covered by the combos described above. This account combination should balance to nil when consolidated for a portfolio.<br><br>Examples:<br><br>DR 5000199-01-101-01-591710-000000 Transfer from the Faculty Strategic Fund to a FIA project in a School within the same Faculty.<br>CR 5021201-01-299-21-521710-601234 Faculty Strategic Funding transfer being receipted into the School's FIA project.<br><br>DR 5021501-01-101-01-591710-000000 Transfer from a School to a project in a different School in the same Faculty.<br>CR 5021204-01-299-21-521710-601234 Credit side of a transfer to a School project from another School in the same Faculty.<br><br>DR 5000199-01-101-01-591710-000000 Transfer from the Faculty Strategic Fund to a School to offset a budget operating shortfall.<br>CR 5021501-01-101-01-521710-000000 Faculty Strategic Funding is received in the School to offset a budget operating shortfall.<br><br>DR 8937802-01-209-31-591710-000000 Transfer from DVCR Strategic Fund to support an initiative within the DVCR portfolio.<br>CR 8937804-01-101-31-521710-000000 Contribution is received in the different division within the DVCR portfolio. |

**Notes:**

**1]** "Portfolio" is a collective term used to describe an area of budget responsibility equivalent to a faculty, UQ institute, or central major area.

**7]** These are 'UQ Wide Transfers' - see the previous section.

# Division Transfers:

## General Concept:

Division[8] Transfers must meet the following criteria:

1. They are from one operational unit or project to another within the same division.
2. They do not move funding between the corporate and operating budget segments[7].

Whether or not any particular division elects to use the 'Division Services' and 'Division Strategic' charge combos will depend on their local approach to budget management. The availability of these combinations reflects the reality that divisions are not uniformly sized and structured across UQ. That the combos might be required should not be taken as a direction that they must be utilized. In most circumstances it is expected that individual operational unit or project budgets within a division will simply be established using the 'Division Transfer' combo.

## Specific Rules:

| Account Combo | | Short Description | Purpose |
|---|---|---|---|
| CR | DR | | |
| 521810 | 591810 | Division Shared Services<br><br>CoA Ref:<br><br>3(a) | To track the recovery of shared service costs within a division. The use of this combo assumes firstly that the division has shared costs and that it wants to recover them (e.g. the cost of a divisional management group being shared amongst operational units within the division). It also assumes that the amount to be recovered from each division is determined by the **proportional use of services** as opposed to each unit/workgroup's capacity to pay. If the later applies then the 'Division Strategic' combination should be used. This account combination should balance to nil when consolidated for a division.<br><br>Example:<br><br>DR 5021211-01-251-61-591810-000000 A clinic that is being run on a commercial basis is charged for divisional shared services.<br>CR 5021201-01-101-01-521810-000000 Recovery is receipted against the OU where the divisional shared service costs have been incurred. |
| 521910 | 591910 | Division<br><br>Contribution<br><br>CoA Ref:<br><br>3(b) | To manage the recovery of contributions from units to fund divisional services and strategic initiatives where the funds required have not been recovered on a user pays basis (in which case 'Division Shared Services' will have been used). The use of this combo assumes that the contribution rate for each sub-unit within the division is based primarily on their **capacity to pay**. This account combination will balance to nil within a Division.<br><br>Example:<br><br>DR 5021212-01-241-51-591910-601236 A charge to a division (opal/project) is made to support the division's strategic initiatives.<br>CR 5021201-01-101-01-521910-000000 Recovery is receipted into the divisional opal where strategic costs have been incurred. |

| | | | |
|---|---|---|---|
| 522110 | 592110 | Division Transfer<br>CoA Ref:<br>3(c) | This is the coding combination that is used to record other transfers between units or projects within the same division that has not already been covered by the other examples given for Division Transfers.<br><br>Examples:<br><br>DR 5021201-01-101-01-592110-000000 Transfer from a school's main operating chartstring to set the budget for a teaching clinic.<br>CR 5021216-01-251-61-522110-000000 Receipt of budget 'top-up' or subsidy to balance a loss being made by a teaching clinic.<br><br>DR 5021201-01-101-01-592110-000000 Annual staff development and support funds transferred to the staff member's AC&A project.<br>CR 5021209-01-296-21-522110-601236 Receipt of the funding allocation into the staff member's AC&A project for future use.<br><br>DR 5021201-01-101-01-592110-000000 Transfer from the division's main operating chartstring to set the budget for a subsidiary unit.<br>CR 5021204-01-101-01-522110-000000 Receipt of the annual operating budget allocation by the subsidiary unit.<br><br>DR 5021212-01-241-51-592110-601236 Transfer from an AC&A project to contribute to a FIA project in the same division[9].<br>CR 5021204-01-299-21-522110-601234 Contribution is received in the different project within the same division. |
| 522210 | 592210 | Division Project Margin Transfer<br>CoA Ref:<br>3(d) | This is the coding combination that is used to record any Project Margin (Profit) generated by a project. This Project Margin is determined once the project has paid UQ Project Overheads (UQ Wide Transfers) and all other costs attributable to the project, and the project outcomes have been delivered. As the Project Margin (Profit) is attributable to the division this account combination should balance to nil when consolidated for a division.<br><br>Examples:<br><br>DR 5021201-01-241-51-592210-601237 Transfer from a consultancy project to transfer Project Margin (Profit) to an AC&A project.<br>CR 5021216-01-241-51-522210-601239 Receipt of Project Margin to AC&A project from Consultancy project. |

**Notes:**

**8]** Division is being used as the generic term for units that sit immediately below the level of portfolio is the budget management organizational hierarchy. Typical examples are: Schools, Faculty Centres, Institute Support Group, Institute Research Group and Central Division (eg. HR, Finance, ITS, SAD, OMC, Office of the Provost, etc.).

**9]** Note that in this example project 601236 cannot also simultaneously be set up as a recipient for FIA.

## Reimbursement

Reimbursement is a process of repaying the cost that was incurred by one unit on another unit's behalf. The main purpose of this process (when between two UQ units) is to **record true cost against the right unit** and to avoid an overstatement of Income and Expenditure.

A reimbursement is processed by raising a journal **using the same expense account code (as the original payment) on both sides**. That is, debit against the unit that the cost is to be recorded against and credit against the unit that initially incurred the cost. If the reimbursement is within the Division this will be processed using the business unit's journal source. If the reimbursement is across Divisions the COJ journal source will be used and approval from both sides will need to be attached to the journal.

**KEY: this is the recognition of costs**

# Methods for processing internals

The following methods are available to process internals:

- Internal Service charge (ISC)
- Journal
    - Online
    - Spreadsheet

The ISC system has been amended so that an ISC can only be used for the Exchange of Goods and Services between 2 parties. All other internal transactions must be processed by journal.

The decision to process a journal online or via spreadsheet is at the discretion of the user. The only difference between these approaches is the mechanics of the process.

The journal source for processing of journals is the local journal source for those within the division or the COJ journal source for those journals across divisions.

**Note:** With regards to internal business involving the purchase from catalogues or Science warehouse the current process within UniFi still applies.

This is summarised in the table below.

| | | **Internal Service Charge (ISC)** | **Online Journal (Within Division)** | **Online Journal (Across Divisions)** | **Spreadsheet Journal (Within Division)** | **Spreadsheet Journal (Across Divisions)** |
|---|---|---|---|---|---|---|
| Corrections | | | ✓ | ✓ | ✓ | ✓ |
| UQ Wide Revenue / Expense (FBS Only) | | | | | | ✓ |
| Exchange of Goods and Services | Between 2 internal parties | ✓ | ✓ | ✓ | ✓ | ✓ |
| | Between internal parties (more than 2) | | ✓ | ✓ | ✓ | ✓ |
| Internal Transfers | Within a division | | ✓ | | ✓ | |
| | Across Divisions | | | ✓ | | ✓ |
| Reimbursements | | | | ✓ | | ✓ |