

## Budget Reallocation vs. Journal Entry

As a general rule, expenses should charge the appropriate department, program or project that incurred the cost and the account that best describes the nature of the expense (i.e. professional services, supplies, travel, etc). The class should reflect the College function that benefits from the expense (i.e. instruction, academic support, institutional support/administration, etc). This is all designated by the chartfields that are used on check requests, travel requests or for internal charges (phones, photocopies, postage, and conference center charges) which record the actual expenses seen in the Actual column in Web Reports. For more information on chartfields, see the Chartfield Combination Requirements document here: <http://finance.tcnj.edu/operating-procedures/>.

While budget is allocated to specific chartfields through the College's budget development process based on what is projected to be needed for a given fiscal year, those needs may change based on the actual expenses incurred. Budget is reflected in the Original Budget and Revised Budget columns in Web Reports. Revised Budget reflects the current budget inclusive of reallocations and supplemental budget requests. Budget should be reallocated to follow the actual expenses. A budget reallocation moves funds in the Revised Budget column of your Web Report. Below are some examples of when a budget reallocation is needed (not an exhaustive list):

- *An expense is incurred for an account that does not exist in a department's/program's/project's budget or that does not have sufficient budget to support the expense.* For example, a check request is submitted for a subscription or membership using account 53565 – Subscriptions/Memberships but account 53565 does not currently exist in your budget or does not have sufficient budget to support the expense. Budget needs to be reallocated from an existing line in the budget with budget available to account 53565 to support the cost.
- *A department or program wishes to contribute to an expense of another department or program.* For example, one department hosts a speaking event and pays for the speaker from its budget. Other departments or programs on campus wish to contribute to the cost of the speaker regardless of whether or not they are directly benefitting from the cost. The other departments or programs that wish to contribute to the cost would submit a budget reallocation to move available budget funds from their department or program to the hosting department.
- *A department or program transfers funds from the TCNJ Foundation.* When funds are transferred from the TCNJ Foundation to the College, they are deposited into class 08, account 60490 within the department or program as a credit (negative) balance similar to revenue. Expenses should not be charged to account 60490. A budget reallocation needs to be done to move budget from class 08 account 60490 to the class and account(s) where the funds have been or will be spent. It is the responsibility of the department to maintain documentation that the Foundation funds have been spent in accordance with the specified purpose.

A journal entry is used when you need to move an expense in the Actuals column of your Web Report to follow the general rule described above. Below are some examples of when a journal entry is needed (not an exhaustive list):

- *An expense is charged but is not in the correct department, program, project, class and/or account.* For example, a membership for the department is renewed online using the department's p-card

and is charged to account 53201 – Procurement Card Charges but should be charged to account 53565 – Subscriptions/Memberships. A journal entry should be submitted to move the actual expense from account 53201 to account 53565.

- *An expense is charged to one set of chartfields on behalf of multiple departments, programs and/or projects.* For example, one department coordinates conference registrations for individuals from multiple departments or programs and charges the registrations to its budget. Since other departments are directly benefitting from the expense and the cost to allocate to the other departments or programs can easily be determined, a journal entry needs to be submitted to allocate the expense to the respective departments or programs. Each department or program that is sharing in the cost must ensure they have sufficient budget available in the appropriate account for the journal entry.