Internal Sales

What they are, the accounts to use, and how to record

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WHAT are Internal Sales at UNC

Sales of services or products between different areas of the university campus. An internal sale entry will record revenue for the area providing the service or product and will record an expense for the area receiving the benefit of the service or product. The service or products sold are normally sold by the department to students or outside parties but in the case of an internal sale the University is selling to itself.

Common Examples of Internal Sales

- Catering of an Official Function
- Purchase of computer supplies from Bear Logic
- Room rental for a conference or meeting
- Purchase of parking passes to give to guests
- Postage on letters sent through the mailroom

Examples you may not have thought about

- Counseling sessions for employees and family
- Purchase supplies and maintenance from the warehouse by facilities such as custodial supplies
- Purchase of Bear Bucks often given as prizes
WHO?

Who normally has transactions that use the Internal Sales Accounts?

Housing, Dining (Einstein, Subway, Munchy Mart, Bears Mojo, Dining Halls), Conference Services, Warehouse, Mailing Services Departments on Campus-some same as above, UNC Foundation Funded Programs

Who is NOT eligible to use the Internal Sales Accounts

Departments that are splitting expenses. No revenue is earned by a department. A reduction of expense for one and an increase in expense for the other.

UC Bookstore

Student clubs and other groups that track their money through Agency funds (funds # starts with 8).

University p-card purchases-These should always be external vendors. Pcards cannot be used for purchases from internal vendors.
Why do we record these transactions?

These types of transactions are recorded so that the supplier of the services and goods can have more accurate records of their efforts and the purchaser can have a more accurate picture of what it costs to run their program, grant, or event.

Why do we record these transactions?

These types of transactions are eliminated from our financial reporting. We do not want to reflect these transactions in our financial statements because they really did not bring new dollars into the University’s bank account. Recording these types of transactions in these specific accounts allows us to accurately eliminate them because they are readily identifiable.
Which accounts codes should be used for Internal Sales Transactions?

**Revenue account codes to use for Internal Sales**
- Internal revenue account codes begin with the numbers 579 and the last two digits change depending on the service or product being sold.
- Ex. 57958-Internal Sales Dining Catering

**Expense account codes to use for Internal Sales**
- Internal expense account codes begin with the numbers 729 and the last two digits change depending on the service or product being purchased.
- Ex. 72957-Internal Purchases-Room & Board

**There are numerous internal accounts that have been created. You should be able to find an account that describes the service or product being sold or purchased.**
WHEN?

When you use the internal account codes....

The revenue account code must correspond to the expense code.
   Ex. Account 57940-Internal Sales Printing goes with 72940 Internal Purchases-Printing

When you are correcting the accounts used for an internal sale with a journal entry.....

You must correct both the revenue and expense accounts.
   Ex. If an entry changes the expense account from 72940 to 72910 you must also changed the revenue codes that the revenue is recorded in from 57940 to 57910.

| 57910 ↔ 72910  |
| 57940 ↔ 72940  |
| 57962 ↔ 72962  |

| 72940 ↔ 72910  |
If you submit journal entry to change the expense account...

| 57940 ↔ 57910  |
You must also include in the journal entry a change of revenue account also
How do I record an Internal Sale

There are two ways to record an Internal Sale

**EIO-Electronic Internal Order**

**Preferred Method**

- Electronic form to record internal transaction in the Banner software program.
- Requires the use of internal account codes—list of account codes is provided
- Required signatures are acquired by the EIO being routed to appropriate staff that has authority to authorize sale and authorize purchase.
- EIO’s allow for review of purchase details at a later date.

**Journal Entry**

**Alternative method—permission required**

- Submission of an entry to General Accounting for processing must use internal account codes and have the appropriate signatures and backup documentation as any other journal entry.
THANK YOU!

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579xx

729xx

72940 ↔ 72910
If you submit journal entry to change the expense account...

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You must also include in the journal entry a change of revenue account also

8 Fund = NO