ADMINISTRATIVE PRACTICE LETTER

SUBJECT: RESTRICTED EXPENDABLE FUNDS GUIDELINES

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PURPOSE OF GUIDELINES

The University of Maine System (UMS) receives restricted expendable funds from donors or external agencies for specific purposes, programs, departments, or universities. This document explains how to administer restricted expendable funds.

POLICY

Funds expended through projects and programs financed in whole or in part with federal funds shall be administered in accordance with standards set forth in Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), located at 2 CFR Part 200 Subpart D-“Post Federal Award Requirements” and Subpart E- “Cost Principles.”

Non-Federal, restricted expendable funds shall be administered in accordance with restrictions of the donor or sponsor that have been accepted by the University of Maine System Board of Trustees.

WHO IS RESPONSIBLE

Responsibility for following these guidelines lies primarily with Project Managers (including Principal Investigators and Program Directors) and Program Managers, their Department Chairs or other direct supervisors, and unit-level fiscal personnel with general guidance and oversight of the colleges, schools and divisions.

The UMS University Services, applicable campus Office of Sponsored Programs (OSP) or other designated personnel are responsible for providing general guidance and technical assistance.

The UMS University Services is responsible for providing guidance through administrative practice letters (APLs) and coordinating compliance monitoring through periodic internal and external audits.

Failure to follow these guidelines may have serious consequences, including disallowed costs, which would require reimbursement to the sponsor or donor from unrestricted departmental
funds; increased federal oversight, monitoring, and audits; and loss of future donor-restricted funding.

RESPONSIBILITIES AND PROCEDURES

A. Recognize the Types of Restricted Funds

The usual types of restricted funds received by the UMS are:

- Grants and contracts
- Campus-based student financial aid
- Gifts, upon acceptance by the University of Maine System Board of Trustees
- Federal appropriations to the Maine Agricultural & Forest Experiment Station (MAFES) and the Cooperative Extension Service (CES)

B. Track the Receipt and Expenditure of Restricted Funds

Restricted funds received by the UMS must be recorded in the UMS' general ledger system in such a way that the receipt and expenditure of such funds can be easily tracked and reported upon. Within its current general ledger system, the UMS uses project and program chartfields to track restricted funds.

C. Request Projects and Programs for New Restricted Funds

A campus requests a new project by submitting a Project Create Form (PCF) to the UMS University Services Accounting Department along with a copy of the approved grant or contract and a Grants and Contracts Allocation Form (GCAF).

A campus requests a new program by submitting a Program Create Form to the UMS University Services Accounting Department. If the program is for a gift(s), the gift(s) must first be accepted by the Board of Trustees of the University of Maine System.

The process for making the above requests is discussed in detail in the business process documents outlined in the ‘Related Documents’ section of this APL.
D. Maintain Restricted Funds Projects and Programs

Project and Program Managers, Department Chairs, and unit-level fiscal personnel responsibilities include:

- Spending restricted funds in accordance with specifications of the donor or external funding sponsor,

- Reviewing project and program accounting activity at least monthly to compare actual revenue and expenses to budgets, make appropriate changes or additions to attributes, remove unallowable costs, and work within project end dates.

Campus OSP responsibilities include:

- Entering balanced revenue and expenditure budgets within 30 days following creation of a project or program supported by restricted funds,

- Forwarding to the UMS University Services Accounting Department final reports of expenditures on those grants and contracts projects that are supported by letter of credit restricted funds,

- Closing a restricted funds project within 90 days following the project’s end date, or submitting to the UMS University Services Accounting Department a revised end date supported by documentation from the awarding agency.

UMS University Services responsibilities include:

- Reviewing and approving requests from campuses for new projects and programs,

- Creating projects, programs, and attributes in the accounting system.
DEFINITIONS AND TERMS

**Fund Code:** A 2-digit chartfield in the accounting system that groups revenues and expenditures by nature of funding for financial reporting. The fund codes for restricted expendable funds begin with “2.”

**Program:** A chartfield in the accounting system that tracks revenue and expense activity for a program through the end of a fiscal year and then resets revenue and expense totals to zero and provides a balance forward summarizing net prior activity. A program generally has no end date.

**Project:** A chartfield in the accounting system that tracks revenue and expense activity for a project from its inception through the end of the project. A project generally has a specified end date. The end date is recorded as a project attribute in the accounting system.

**Restricted Expendable Funds:** Restricted expendable funds are provided by donors, external agencies, and other external sponsors for specific purposes, programs, departments, or universities.

RELATED DOCUMENTS

- [Accounting for Grants and Contracts](#) - business process document

- [Administrative Practice Letters (APL’s)](#) – link to APL’s
  - APL VIII-C Direct Charging of Expenses
  - APL VIII-K Cost Transfers

- [Requesting a Project – Completing the Project Create Form](#) – business process document

- [Requesting a Program – Completing the Program Create Form](#) – business process document
HISTORY OF POLICY

Issue 2: Effective 01/01/1988 (The 1988 APL is titled “Restricted Account Guidelines”)

Issue 3: Effective 10/23/2006 (replaces FAST terms with PeopleSoft terms; retitles APL to “Restricted Expendable Funds Guidelines” to avoid confusion with PeopleSoft definition of “Account”)

Issue 4: Effective 04/02/2007 (adds “Policy” section, “History of Policy” section, updates Related Documents)

Issue 5: Effective 12/26/2014 (updates reference to federal regulations for adoption of Uniform Guidance)

APPROVED

Signature on file in the Office of Finance and Administration

Vice Chancellor for Finance and Administration