

# **ADMINISTRATIVE PRACTICE LETTER**

## **SUBJECT: RESTRICTED EXPENDABLE FUNDS GUIDELINES**

Section VIII-B  
Issue 4  
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Effective 04/02/2007

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### **Purpose of Guidelines**

The University of Maine System 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) Circular A-21, "Cost Principles for Educational Institutions," and, OMB Circular A-110, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non Profit Organizations."

Non-Federal, restricted expendable funds shall be administered in accordance with restrictions of the donor 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.

Applicable University Business Services, Sponsored Programs or other designated personnel are responsible for providing general guidance and technical assistance.

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The University of Maine System administration is responsible for providing guidance through administrative practice letters 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.

#### **Definitions and Terms**

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

**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 an attribute in the accounting system.

**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.

**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."

#### **Responsibilities and Procedures**

##### **Recognizing the Types of Restricted Funds:**

The usual types of restricted funds 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 and the Cooperative Extension Service

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#### **Establishing Restricted Funds Projects and Programs:**

A campus creates a new project by submitting a [Project Create Form](#) to the System Accounting Department along with a copy of the approved grant or contract and a [Grants and Contracts Allocation Form](#).

A campus creates a new program by submitting a [Program Create Form](#) to the System 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.

#### **Maintaining Restricted Funds Projects and Programs:**

University of Maine System Administration:

- Reviewing and approving requests from campuses for new projects and programs.
- Creating projects, programs, and attributes in the accounting system.

Campus responsibilities for maintaining restricted funds projects and programs include:

- Entering balanced revenue and expenditure budgets within 30 days following creation of a project or program supported by restricted funds,
- Spending restricted funds in accordance with specifications of the donor or external funding agency,
- Reviewing project and program accounting activity at least once a month to compare actual revenue and expenses to budgets, make appropriate changes or additions to attributes, remove unallowable costs, and work within project end dates,
- Forwarding to the System 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 System Accounting Department a revised end date supported by documentation from the awarding agency.

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### **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*)

### **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

**APPROVED:**

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**Chief Financial Officer and Treasurer**