

University of Rhode Island
Office of Controller
Restricted Fund 400 Policy and Procedures

Effective date: October 1, 2015

Policy Statement

This policy establishes guidelines for requesting and using Restricted Funds.

Purpose

To define restricted funds and to outline the procedure for accepting, administering, and accounting for restricted funds. The purpose for the restricted fund agreement must relate to activities dedicated to the mutual achievement of educational, research and public service goals. The agreement is in the best interest of the University, taking into consideration its fiscal, human resource, risk management, facilities management, budget, tax, legal, and treasury implications.

General

A restricted fund account may be established by University faculty or staff to account for activities or services that supplement and are consistent with the mission of the University. Restricted fund relationships must be supported by a written agreement. All restricted fund agreements must be approved by the appropriate Department Head, Dean, Vice President or President and the University Controller.

Definitions

Restricted fund account

An account which records funds held by the University as custodian or fiscal agent for a sponsor or a University related organization. Money is deposited with the University for safekeeping, to be used or withdrawn by the depositor at will.

Funds can only be used for specific purpose and is restricted by other external agencies. Restricted funds provide assurance to agency/sponsor/entity that funds will only be used as defined.

Agency/Sponsor

A term used within this policy to mean an external entity the University has established an agency relationship with and has agreed to serve as its fiscal agent.

Responsible person or persons

The University employee or employees designated to authorize expenditures and manage the account in accordance with State and University rules, regulations, and procedures.

Policy & Procedures

- The University should have an agreement with agency detailing the business reason for the University to receive, hold and/or disburse the funds, the nature of the activity that will be processed through the fund, its affiliation with the University, the term of the agreement, and a description as to what will happen to any residual money at the end of the agreement.
 - Examples of legitimate restricted funds are student related activities such as honor societies or student clubs, international/overseas academic programs, conferences, and

professional associations. Controller's Office will make the final determination whether the account is appropriate to be classified as a restricted fund.

- Restricted fund accounts in the University's general ledger are accorded special treatment because they represent amounts held on behalf of parties external to the University and should only be used to report resources held by the University in a purely custodial capacity. Restricted fund accounts are not trust accounts, nor are they banking accounts.
- University funds may not be deposited in a restricted fund account.
- Restricted fund accounts are subject to Federal and State laws. The sponsor may impose additional limitations.
- Responsibility for restricted fund accounts:
 - The responsible person will ensure that all disbursements from the account are made in accordance with the written agreement on file.
 - The Controller is responsible for approving "restricted fund 900 program request form" (at the recommendation of the appropriate Department Head, Dean, Vice President or President). The Budget & Financial Planning Office will establish each approved restricted fund account by creating a chartfield string in the financial reporting system and will process signature authorization form.
- University cash may not be loaned to restricted fund activities. Sponsors must provide for cash needs in advance.
- Expenditures should not be processed against a restricted fund in a deficit cash position without the written approval of the Controller.
- A restricted fund used to pay student salary or wages must be consistent with University student wage scales.
- A restricted fund that will be disbursing funds to an individual who is not a United States citizen may have special reporting requirements that the sponsor agrees to meet.
- A restricted fund does not earn interest income and fees are not charged for account maintenance.
- Checks for a restricted fund account are processed on the regular check processing schedule used by the University for Accounts Payable disbursement.

Establishing a restricted fund account

A restricted fund is established by completing a Restricted Fund 400 Request Form and after obtaining approval of the appropriate Department Head, Dean, Vice President or President and the University Controller. The completed form should be forwarded to the Controller with New Chartfield Request and Signature Authorization forms.

Closing a Restricted Fund Account

A restricted fund is closed upon written notice from the sponsor and applicable Department Head, Dean, Vice President or President and the University Controller. Remaining funds must be returned to the agency/sponsor.

All forms available on Office of Controller [Forms](#) webpage

Restricted Fund 400 Request

New Chartfield Request

Signature Authorization