



Administration and Finance

Policy No: 1301

Policy Name:
Revolving Fund Accounts

Effective Date:
November 26, 1997

Policy:

- A. A Revolving Fund Account supports a special activity that must be self-supporting and continually maintain a positive cash balance.
- B. On a quarterly basis, the Office of Budget and Financial Analysis will review all accounts to assure they maintain a positive cash balance.
- C. The transfer of State funds into revolving fund accounts is prohibited except for interdepartmental billings for services rendered between departments.
- D. Activities engaged through sponsored agreements may not be conducted through this process.
- E. All expenditures using revolving fund monies are subject to existing University purchasing and hiring policies and procedures.
- F. All requests for new Revolving Fund Accounts must be fully justified on the required form and submitted to the Office of Budget and Financial Analysis (see PROCEDURE, para. 2).

Revision Date:
N/A

Approved by:
Marc E. Wasserman
Director
Financial Services

Approval Date:
November 26, 1997

Definitions and Terms:
N/A

Refer Questions to:
Manager
Financial Analysis
410-706-3968

Purpose:
To specify the policies and procedures relating to the management of revolving fund accounts.

**USM Board of Regent's
Policy Reference:**
N/A

Scope:
A Revolving Fund Account supports a unique operation that while self-supporting, does not fit the definition of an auxiliary enterprise or a grant and contract activity. The account usually has an indefinite life and there are generally no external reporting requirements.

Restrictions and Exclusions:
Under extraordinary circumstances, exceptions to this policy may be granted on an individual account basis by the Director of Budget and Financial Analysis.

Responsibilities:
N/A

Policy No: 1301

Policy Name:
Revolving Fund Accounts - Procedures

Related / Impacted Policies:
N/A

Procedures:

- A. Quarterly Review: The Office of Budget and Financial Analysis performs a quarterly review of the revolving account balances. At each of the quarterly reviews, the budget coordinators are notified of the accounts under their control that have deficit balances. These deficit cash balances must be brought to a positive cash balance before the end of the next quarter. If the account still remains in a deficit cash balance by the end of the following quarter, the account will be referred to the appropriate Dean/Vice President for resolution within 90 days. Any accounts still with a negative cash balance after that period will be frozen until the department resolves the deficit.

- B. New Account Requests: A department wishing to establish a new revolving fund must complete a REVOLVING FUND NEW ACCOUNT REQUEST form. The form should be forwarded to the school or administrative budget coordinator. If the request is approved, the budget coordinator forwards it to the Office of Budget and Financial Analysis which will conduct a review and approval of the appropriate request. New accounts will not be established for those departments that have accounts in deficit cash balances for longer than two quarters. Approved account requests will be forwarded to the Office of Financial Services for establishment of an appropriate account number. Financial Services will notify the originating department of the account number.

- C. Rejustification of Accounts: Each year the Office of Budget and Financial Analysis will conduct a review of one third of all Revolving Fund Accounts. The purpose of the review will be to determine if the accounts are still required and if they are still being used for their original intent.

Sample Forms:
Revolving Fund New Account Request form

Instructions For Completing Forms:

All spaces or fields should be filled in except "Account Number" and the section Titled "Budget and Finance Use Only."

Particular attention should be given to the following:

- A. "Purpose of the Account" - What the account will be used for. Why you need the account. Why an existing departmental account cannot be used.

- B. "Describe the Source of Funds in the Account" - Please list all known and potential sources of funds or revenues to the account.

- C. "Name of Account" - Be as descriptive as possible and avoid abbreviations.

Please refer to paragraph 2 under Procedure.