



**The University of Southern Mississippi  
Office of the Controller**

**Designated Fund Policy  
Effective July 1, 2005**

Designated funds are resources received by the university that have no limitations or stipulations placed on them by external agencies or donors but are internally restricted by the university for a specific purpose. A request for a new designated fund budget must be approved by applicable Vice President, Dean or Director of the department making the request.

Description of Fund Types	Soar-Fin Fund Code (x representing campus location)
Fees – This fund consists of fees, such as lab fees, course fees, etc.	14x10
Development – This fund consists of carryover funds from previous years, facilities and administrative cost (F&A) or indirect cost reimbursements and contributions.	14x20
Lucas Endowments – This fund consists of Lucas Endowments that can be linked to an individual rather than to a department. Each Lucas Endowment is assigned a unique project ID.	14x30
Special Projects– This fund consists of seed/start-up funds that are linked to an individual and their home department, salary recoveries and other funds earmarked or under the direction of a specific person. Each “special project” is assigned a unique “Project ID”.	14x40
Study Abroad/ELI – This fund consists of Study Abroad program funds and English Language Institute funds.	14x50

Procedures to establish a new designated fund:

- Download a Request for a new Designated Budget form that can be accessed on the Controller’s Office web page (<http://www.usm.edu/controllersoffice/>).
- Complete the form as directed (instructions located on the Controller’s Office web page).
- Effective Dates for **Special Project - Designated Funds** must be included on the Request for a New Designated Budget form. If the dates are left blank, the Controller’s Office will assign an ending date of three years from the Effective Beginning Date of Establishment or date the form is received by the Controller’s Office.

- A request for a new designated fund budget must be approved by applicable Vice President, Dean or Director of the department making the request. (i.e., Professors should get approval from their respective Dean, a Dean should get approval from the Provost, and Directors should get approval from their Vice President, etc.). A signature indicating approval by the appropriate personnel must be obtained before the new account is established.
- Mail the form to the attention of Sally Downey, Financial Reporting Manager, Office of the Controller, Box 5143.
- The budget string will be assigned by the Controller’s Office and an account establishment form will be emailed to the signature authorities.
- The new account must be funded before expenditures are allowed. This can be accomplished through a deposit in Business Services or an Interdepartmental Invoice transferring funds from another budget. The original budget will be entered by the Controller’s Office based on the funds deposited/transferred. As additional deposits/transfers are made, budgets will be adjusted to reflect the additional funding.

Designated Funds – Budgets

Soar-Fin utilizes the concept of controlled budgets. This feature is important for two reasons. First, a department should not spend money that is not budgeted. Second, the chart of accounts for the University can have numerous combinations across campuses. As such, by using the controlled budget feature, this will prevent invalid chart of account combinations from being improperly charged and keep the financial system from having inaccurate information.

**Therefore, if a department submits transactions that will exceed the budget, then the transaction will not be posted to the general ledger or against the department’s budget.**

Departments, who have access to Soar-Fin General Ledger, can inquire on-line and view the status of their budgets and see transactions that have been processed against the budget.

Designated funds with fund codes of 14x10, 14x20 and 14x50 will utilize appropriation and revenue estimate budgets. Designated funds with fund codes 14x30 and 14x40 will utilize project/grant budgets and project revenue budgets.

Ledger	Fund	Description
APPROP	14x10, 14x20, 14x50	Appropriation budget
PROJ_GRT	14x30, 14x40	Project Grant budget
PROJ_REV	14x30, 14x40	Project Revenue budget
REVEST	14x10, 14x20, 14x50	Revenue Estimate budget

Funds 14x10, 14x20, 14x50

A definition of an appropriation and revenue estimate budget in Soar-Fin will help explain the types of budgets that will be utilized for designated funds with fund codes of 14x10, 14x20 and 14x50. The term appropriation is a Soar-Fin term and should not be confused with the appropriations received by the university from the State of Mississippi. The appropriation budget

is the controlling budget and as long as funds are sufficient within the appropriation budget, a department will be able to process transactions that will pass budget checking. Budgets are set at a high level and funds may be spent across any account category (i.e. salaries, wages, fringes, commodities, etc.) as long as the purchase is within university purchasing guidelines and funds are available.

A revenue estimate budget will also be set up for designated funds. This type of budget in Soar-Fin tracks revenue recognized against estimated revenue. Revenue estimate budgets will be set at “0” at the beginning of each fiscal year. The appropriation budget will be linked to the revenue estimate budget for designated funds (Fund 14x10, 14x20, 14x50). The appropriation budget will be updated for incremental spending based on recognized revenues. As monies are receipted in this fund, the total spending authority for the appropriation budget will increase by the amount of actual revenue posted.

Any funds remaining at fiscal year end in an appropriation budget for a designated budget will be carried forward into the next fiscal year. The beginning budget will equal the ending balance from the previous fiscal year. Because budgets must be loaded for the upcoming fiscal year before the current fiscal year is closed, beginning budgets will equal balances as of a specified time that will be communicated to the campus community. After the fiscal year is closed, beginning budgets will be adjusted to the correct ending balance as of June 30th.

### **Funds 14x30, 14x40**

Designated funds in the Lucas Endowment Fund (14x30) and Special Projects Fund (14x40) will utilize project/grant budgets and project revenue budgets. A project/grant budget tracks or controls expenditures specifically for a project. Designated funds falling in this category are funds that are earmarked or under the direction of a specific person. Each fund will be assigned a unique project ID that will be a part of the “budget string” for the fund.

For designated projects (14x30, 14x40), project revenue budgets will be set at “0” at the beginning of each fiscal year. A project revenue budget tracks revenue specifically for a project. The project budget will be linked to the project revenue budget for designated funds (Fund 14x30 and 14x40). The project budget will be updated for incremental spending based on recognized revenues. As monies are receipted in this fund, the total spending authority for the project budget will increase by the amount of actual revenue posted.

Any funds remaining at fiscal year end in a project/grant budget for a designated budget will be carried forward into the next fiscal year. Beginning budget will equal the ending balance from the previous fiscal year. Because budgets must be loaded for the upcoming fiscal year before the current fiscal year is closed, beginning budgets will equal balances as of a specified time that will be communicated to the campus community. After the fiscal year is closed, beginning budgets will be adjusted to the correct ending balance as of June 30th.

### **Monthly Detail Reports**

Designated fund budgets should be reconciled on a monthly basis. Monthly Detail Reports are available in Soar-Fin to assist in this process. Anyone with Soar-Fin Monthly Detail Report access can run a monthly report after receiving notification from the Controller’s Office (via e-mail) when an accounting period has been closed.

The Soar-Fin menu path is as follows:

USM Procedures → MDR-Designated and Agency

### **Inactive Designated Funds:**

Special Projects & Lucas Endowment Funds that do not have activity for two years will be closed. A notification letter will be sent to the signature authority (CC: Approving Vice President/Provost) prior to the closing.

If there is a remaining positive balance, it will be returned to the budget it was originally funded by. If there is a remaining negative balance, the VP/Provost will be contacted in order to clear up the deficit.

### **Negative Balances:**

In Soar-Fin, if a department submits transactions that will exceed the budget, the transaction will fail budget checking and not be posted to the general ledger or against the department's budget.

For designated funds that are for a specific activity where expenses are incurred prior to the receipt of revenue, a special override for a deficit budget may be requested. A special request must be made in writing to Sally Campbell at the Office of the Controller Box 5143. A justifiable reason along with your Vice President/Provost's approval must be included in the memo.

### **Signature Authority:**

If during the course of the life of a designated fund the signature authority ends their employment with the university, the Controller's Office must be notified by their supervisor (i.e. a Dean's change must be approved by their Vice President). This notification must be in writing and should be sent to Sally L. Downey at the Office of the Controller at Box 5143. The notification needs to include:

Signature Authority w/ EmplID to be removed

Signature Authority w/ EmplID to be added

Budget Strings involved

Effective Date of Change

Approval Signature by Dean or Vice President/Provost

For any questions regarding designated funds, please contact the following individuals in the Controller's Office:

Sally Downey, Sally.L.Downey@usm.edu

266-6677

Sherri Turner, Sherri.Turner@usm.edu

266-4084