



## Administration and Finance

Policy No: 1301

**Policy Name:**  
Revolving Fund Projects

**Effective Date:**  
November 26, 1997

**Policy:**

- A. A Revolving Fund Project 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 projects 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 projects must be fully justified on the required form and submitted to the Office of Budget and Financial Analysis (see PROCEDURE, Section B).

**Revision Date:**  
March 15, 2010

**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 related to the management of Revolving Fund Projects.

**Scope:**  
A Revolving Fund Project 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.

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

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

**Responsibilities:**  
N/A

Policy No: 1301

**Policy Name:**  
Revolving Fund Projects - Procedures

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**Related / Impacted Policies:**  
N/A

**Procedures:**

- A. Quarterly Review: The Office of Budget and Financial Analysis performs a quarterly review of the revolving project 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 project 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 project still with a negative cash balance after that period will be frozen until the department resolves the deficit.
  
- B. New Project Requests: A department wishing to establish a new revolving fund project must complete a New Project ID 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 projects will not be established for those departments that have accounts in deficit cash balances for longer than two quarters. Approved project requests will be forwarded to the Office of Financial Services for establishment of an appropriate Project ID number. Financial Services will notify the originating department of the project 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 Projects. The purpose of the review will be to determine if the projects are still required and if they are still being used for their original intended purpose.

**Sample Forms:**  
New Project ID Request Form

**Instructions For Completing Forms:**

All spaces or fields should be filled in except "eUMB Project ID" and the section Titled "Budget and Finance Use Only."

Particular attention should be given to the following:

- A. "Project Title" - Be as descriptive as possible and avoid abbreviations.
  
- B. "Purpose of the Project" - What will the account be used for? Why are you requesting the account? Why an existing departmental account cannot be used?
  
- C. "Describe the Source of Funds in the Account" - Please list all known and potential sources of funds or revenues to the account.

Please refer to Section B. under Procedure.