

Responsibility Center Management (RCM) Model, Updated for Fiscal Year 2022

POLICIES & PROCEDURES REGARDING FUND USAGE

Fund Number	Fund Name	Purpose	Notes	Carryforward Permitted?
000000	General Unrestricted Fund	To record all ordinary unrestricted activity that does not need to be segregated in any other unrestricted fund.	<p>Year-end deficits in a Responsibility Center's General Unrestricted Fund must be eliminated utilizing either: (1) transfers between the 000000 Fund and one of the Responsibility Center's other funds; or (2) loans (or, in rare instances, grants) to the Responsibility Center's 000000 Fund from General University Resources. (In general, the central University administration will not be prepared to make loans or grants to cure a Responsibility Center's year-end General Unrestricted Fund deficit if that Responsibility Center possesses expendable surpluses sufficient to cure that deficit in one or more of the Responsibility Center's own funds.)</p> <p>Year-end surpluses in the 000000 Fund must be transferred to a Center Specific Fund, to a Center's Renewal & Replacement (000005) Fund, or to its account in the University Bank (000013) Fund.</p>	No.
000001	Anticipated Resources Fund	To provide a place for the budgeting and recording of expenditures that a Responsibility Center plans to charge against grants which the Responsibility Center expects to receive, but has not yet received. Where possible, Responsibility Centers should use "Advance Accounts," not the 000001 Fund. A Sponsored Program "Advance Account" can be established if the name of the sponsor, the amount of the grant, and the name of the P.I. are known.	<p>Responsibility Centers should budget both expenditures and matching anticipated revenues in the 000001 Fund. However, no actual revenues should ever be recorded in this fund. In addition, this fund should normally only be used for salaries, and not for current expense or equipment.</p> <p>Actual expenditures may be recorded in this fund only prior to the establishment of the anticipated Sponsored Program Fund that will be the permanent "home" fund for those expenditures. Once the "home" fund is established, and the "anticipated" grant is actually available to be charged against, any budgeted and actual expenditures in the 000001 Fund must be reallocated to their permanent "home" fund. Budgeted revenues must also be reallocated to their proper "home" fund.</p> <p>Any expenditures left in the 000001 Fund that are not related to documented receivables will be transferred to the 000000 Fund at the end of the fiscal year.</p>	No.
000002	URF (University Research Foundation) Fund	To provide an account in which URF grants may be credited, and expenditures charged against those grants.	When a URF grant is awarded, it will be credited in the URF Fund of the appropriate School by the central University administration. Awards and awardees will be identified by CREFs provided to the Office of the Vice Provost for Research by the recipient School.	Not applicable. (URF Grants are "Project-to-Date.")

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Budget Office/Comptroller 03/2016

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000003	RFDF (Research Facilities Development Fund)	To provide an account in which a School's RFDF grants may be credited, and expenditures charged against those grants. (Grants may be awarded to centers and institutes that are operated within and between Schools.)	When an RFDF grant is awarded, it will be credited in the RFDF Fund of the appropriate School by the central University administration. Projects will be identified by "Program" codes provided to the Office of the Vice Provost for Research by the recipient School. In many cases, an RFDF grant will be used by a School as a funding source for a Capital Project. In such a case, the award will be deposited initially to the RFDF of the recipient Responsibility Center, which will then will then need to certify the grant amount to the appropriate 000010 Fund project account during the project certification process.	Yes.
000004	Technology Transfer Fund	To record the deposit of royalties that are made available to Schools, and to Departments and Labs within Schools, so that expenditures may be made by the Schools, Departments and Labs utilizing these resources. A portion of royalty income provides one of the funding sources for the University Research Foundation.	Royalties are initially deposited in the Center for Technology Transfer's 000004 Fund account, and then transferred by CTT to the appropriate School 000004 Fund account. Payments of royalties owed to P.I.s are made directly to the P.I.s, and not through transfers to University accounts.	Yes. Deficits must be transferred to 000000 Fund.
000005 (continued)	Renewal & Replacement Fund	For all Responsibility Centers except FRES: To provide a holding account for reserves that will be utilized in a future period to fund the renewal or replacement of its capital assets. Responsibility Centers may only accumulate Renewal & Replacement Fund reserve balances for the following purposes: investment in new facilities; renewal and/or replacement projects in existing facilities; and large-scale purchases of equipment. The 000005 Fund may not be used to support regular, ongoing Responsibility Center operational expenses.	Responsibility Centers may transfer resources from their 000005 Funds to the 000010 Fund for a capital project. For smaller projects that do not meet the University definition of a capital project, Centers may transfer resources back to a General Purpose Fund using "Renewal & Replacement" (7801) as the Program, and the project as the CREF. They may then expend the funds there, using the building code as the Program, and the project as the CREF. Responsibility Centers may not otherwise transfer resources deposited in their 000005 Funds back to any of the funds that comprise the General Operating Budget.	Yes.

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000005 (continued)		For FRES: To provide a holding account in which all of Facilities Renewal Program reserves and transfers may be recorded.	FRES may transfer resources from its 000005 Fund to the 000010 Fund to provide Facilities Renewal Program funding for a capital project. For smaller Facilities Renewal projects that do not meet the University definition of a capital project, FRES may transfer resources to its own 019704 Small Project Fund using 9200 as the Program and the project as the CREF. It may then use those resources to fund "Customer Work" projects where Facilities Renewal is the "Customer." Interest will be paid monthly on R&R account balances at the TIF rate, as determined periodically by the Finance Division.	
000006	Debt Service Fund	To provide a holding account for (1) mandated Debt Service Reserves that the University has agreed to establish as a condition of external borrowing; and (2) University funds that have been "pre-paid" to enable the University to make scheduled principal payments on external University debt.	The Debt Service Fund is only to be utilized by the "General University" Responsibility Center. The Treasurer's Office is responsible for the "General University" 000006 Fund.	Yes.
000007	University Fellowships Fund	To provide a holding account for funds provided to Schools by the central University administration for University Fellowships, and in which Schools can then incur expenses related to the the provision of University Fellowships.	Funding for University Fellowships is considered a form of Subvention, and the anticipated revenue supporting these fellowships should be budgeted using object code 4833.	No.
000008	Research Assistantships Matching Fund	To provide an account into the which the Subvention Pool's match of grant-funded Tuition Remission for Research Assistants can be deposited. (The Subvention Pool covers 50% of a Research Assistant's tuition cost when an externally funded research grant or contract covers the other 50%.)	Funding for Research Matching Assistantships is a form of Subvention, and the anticipated revenue supporting the Tuition Remission should be budgeted using the object code 4833. Starting in FY2005, the growth in the match has been capped at the Graduate Group tuition parameter for each School that receives more than \$100,000 in match funds.	No.
000009	Insurance Fund	To provide a holding account for funds received by Responsibility Centers in settlement of insurance claims, and expenditures made by Responsibility Centers utilizing those insurance claim funds.	In general, funds received by Responsibility Centers in the 000009 Fund will be utilized for one-time, non-recurring expenditure items. If Insurance Fund resources are needed to cover ongoing operational expenses, funds should be transferred from the 000009 Fund to the General Operating Fund in which the ongoing operational expenses would normally be recorded. The Risk Management Unit in the Finance Division is responsible for the "General University" 000009 Fund. Disposition of differences between external claims payments and internal University claims expense will continue to be negotiated between Risk Management and affected Responsibility Centers.	Yes, but only if a Responsibility Center experiences a mismatch between the incurring of expenses and the receipt of claims payments.

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000010	Capital Projects Fund	To provide a unique account through which each University construction project can have its funding sources matched with its costs, and its budgeted and actual project expenditures tracked during project implementation.	See special procedures for Capital Project Budgeting and Accounting that have been prepared by the Comptroller's Office and the Budget Office.	Not applicable. (Capital Projects are "Project-to-Date.")
000011	Service Center Activity Fund	To permit each Responsibility Center to account for its Service Center activity.	Only Service Centers may use the 000011 Fund, and Service Centers may not use any fund other than the 000011 Fund. Organizations are designated as "Service Centers" by Research Services in the Finance Division.	Yes. But rates for the following year should be adjusted to eliminate surpluses or deficits.
000012	President's Special Fund	To permit the recognition of special non-recurring resources that are provided to Responsibility Centers by the President.	Resources are deposited into this fund and may be spent only for the specific purposes for which they were provided. Activity must be recorded here; funds are not to be transferred elsewhere.	Yes.
000013	University Bank	To provide a holding account in which Responsibility Centers may place year-end surpluses, and then use those reserves for budget-balancing, or for other programmatic purposes, in subsequent fiscal periods. Funds being accumulated for the renewal and replacement of Responsibility Center facilities are to be accumulated in the 000005 Fund, not the Bank Fund.	No expenditures are to be directly charged against the University Bank Fund. Transfers into a Responsibility Center's University Bank account are typically made only at year-end, after it is clear that surpluses exist, and do not have to be used to cover deficits in any of the Center's other accounts. Transfers to and from the University Bank Fund may only be made using object code 4839 ("University Bank Transfers"). Interest will be paid monthly on Bank account balances at the TIF rate, as determined periodically by the Finance Division. If, during a given fiscal year, a Responsibility Center receives interest on Bank Fund balances that later that year are needed to cover deficits in other accounts, the interest received on the portion needed to cover those deficits will be reversed.	Yes.
000014	Provost's Special Fund	To permit the recognition of special non-recurring resources that are provided to Responsibility Centers by the Provost.	Resources are deposited into this fund and may be spent only for the specific purposes for which they were provided. Activity must be recorded here; funds are not to be transferred elsewhere.	Yes.
000015	IT Development Fund	To help establish a sustainable technology core and record costs for institutional IT initiatives as presented by ISC and approved by senior PTIC leadership (Penn Technology Investment Committee).	An annual spending threshold will be established in advance of the next fiscal year and communicated to ISC, representing maximum dollars to be expensed on the fund in a given budget year. Central resources will be deposited to this fund at year-end to offset only PTIC-approved costs, and these funds are not to be transferred elsewhere. If costs are booked to the IT Development Fund without the prior approval of PTIC and Penn Budget Planning & Analysis, deficits resulting from unapproved expenditures on the fund will be cured from ISC's budget prior to year-end.	No.

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01xx01 01xx02 01xx05 01xx03 01xx04 01xx06	Special Purpose: Center Specific Fund 1 Center Specific Fund 2 Center Specific Fund 5 General Purpose: Center Specific Fund 3 Center Specific Fund 4 Center Specific Fund 6	To permit each Responsibility Center to maintain one or more funds in which certain unrestricted revenues and expenses may be managed and accounted for separately from all of that Center's other unrestricted activity. Special Purpose, Center Specific 5 Fund is used to house unrestricted gift fund balances after the Responsibility Center has reviewed underlying gifts and determined that restrictions have been met.	Responsibility Centers have the option of maintaining up to five Center Specific Funds.	Yes. However, it is expected that Responsibility Centers will not incur cumulative deficits in their Center Specific Funds.
020200 020201	Employee Benefits Pool Dependent Tuition Pool	To account for the University's expenditures for employee benefits. Since FY2000, the costs associated with providing dependent tuition benefits have been recorded separately in Fund 020201.	These funds may be used only by designated central University offices. Schools and other Responsibility Centers pay for employee benefits through the EB charges that are recorded in the other funds. These charges are deposited in the EB Pool and Dependent Tuition Funds.	Yes.
400000 -489999	Designated Investment Income Funds	To account for the University's endowment funds, as well as "Funds Functioning as Endowment," and to record all income realized by those funds, both reinvested and spendable, as well as expenditures made in accordance with donor restrictions.	Year-end surpluses in other Responsibility Center Funds in excess of \$25,000 may be transferred into a 4xxxxx Fund only if a Responsibility Center intends to convert those funds into "Funds Functioning as Endowment." It is recommended that these funds be kept in the endowment for at least five years. For budgeting purposes, Responsibility Centers generally focus on the <u>spendable</u> income that each 4xxxxx fund is expected to realize. However, all principal is also accounted for in each of these funds.	Yes.
5xxxxx	Sponsored Program Funds	To maintain separate accounts for each grant and contract awarded at the University so that all financial activity related to each grant and contract can easily be monitored, expenditures related to each grant and contract can be segregated, and all required compliance with grant award constraints and conditions can be enforced.	The University only records grant and contract revenues as they are "availed of," and only eligible expenditures are expected to be charged against awarded grants. Thus, Sponsored Program accounts are always expected to be balanced.	Not applicable. (Grants & Contracts are "Project-to-Date.") Expenditures not matched by grant revenues at close-out will be transferred to a Responsibility Center's 000000 Fund.
6xxxxx 600000 -649999 65xxxx	Designated Gift Funds Operating Gifts Capital Gifts	To maintain in separate accounts those gifts to a Responsibility Center that have been restricted in some way as to their use by an external donor. Designated Gift Funds include both Operating Gift Funds and Capital Gift Funds. Capital Gifts are linked to Capital Projects by program. Funds are automatically reclassified and used to fund the project as expenditures are made in the 000010 Fund. Capital Gift Funds are established by Responsibility Centers but expended only by FRES. Responsibility Centers cannot charge expenditures directly to Capital Gift Funds.	Resource transfers from other funds may not be made to the 6xxxxx Funds. Only gifts from external donors may be deposited in the 6xxxxx Funds. Operating gift funds are to be used only to record gift revenue. Deposits of non-gift revenue into gift funds are no longer permitted.	Yes.