



**THE GEORGE
WASHINGTON
UNIVERSITY**
WASHINGTON, DC

Responsible University Official:

Comptroller

Responsible Office: Office of the
Comptroller

Last Revised Date: May 2, 2017

ESTABLISHMENT OF DEPARTMENTAL FUNDS

Policy Statement

All requests for the establishment of departmental (R) funds must have the approval of the appropriate Dean or Vice President prior to submitting the request to establish a new fund in the Chart of Accounts to the Comptroller’s Office (CO). All requests must meet the requirements outlined in this policy.

Reason for Policy

The purpose of this policy is to establish the minimum requirements and authorizations required to establish a departmental fund.

Who is Governed by this Policy

Faculty and staff

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Policy

Departmental funds, which are also known as “R” funds, are generally used to account for gifts or one-time funds that a department receives that can be used to supplement its annual operating budget. These funds may have donor-established restrictions regarding how the funds may be spent. The nature of these restrictions will be considered in determining whether a separate departmental fund is required to account for them. If a donor requires that the university provide financial reporting regarding the use of the funds, or if the university provides something in return to the person or organization providing the funds, the department must contact the Office of Vice President for Research to determine if the funds should be accounted for as a sponsored project. See [Categorization of External Funding](#) policy for more information.

Departmental funds must not be used to account for tuition, student fees, or other revenue that is operational and/or recurring, or for a department’s ongoing expenses. While salary distributions to departmental funds are allowable, a departmental fund may not be used as a home department for employees.

To establish a departmental fund, the department must:

- A. Estimate the total revenue (gifts, etc.) that will be credited to the proposed fund and identify the source of the revenue. A minimum of \$50,000 is required to establish a departmental fund.
- B. Explain how and in what fiscal year the funds received will be used.
- C. Explain why an existing departmental fund cannot be used to account for the proposed revenue and expenditures.
- D. Identify the separate operating (“C”) fund that should be charged should the proposed departmental fund end a fiscal year with a deficit.
- E. Receive the approval of the appropriate school or division head.

Once the requirements have been met, the school or division should refer to the [General Ledger Chart of Accounts Maintenance Policy](#) to establish a new funding source code. Upon proper approval, the completed form is forwarded to the UBO.

Financial personnel in university units are charged with monitoring appropriate use and performance in departmental funds in accordance with established policy. In addition to the requirements of the [Financial Management Responsibility Policy](#), departmental funds should be reviewed for (1) continuity of activity to sustain the account on a continuing basis, (2) appropriate use of resources in accordance with

university policy and any requirements as specified by the donor/funding agency if any, and (3) the resolution of any dormant or negative balances that persist for more than six months.

Financial Management, Schools & Divisions monitors balances in these accounts periodically to ensure appropriate fiduciary care is exercised in managing these resources. This is not substitute, however, for continual review and management by unit personnel.

Related Information

[Categorization of External Funding](#)

[Cost Transfers on Sponsored Projects](#)

[Financial Management Responsibility Policy](#)

[Financial Transactions Adjustment Policy](#)

[General Ledger Chart of Accounts Maintenance Policy](#)

[Interdepartmental Service Centers/Recharge Centers](#)

Contacts

Contact	Telephone	Email
Office of the Comptroller	571-553-4079	

Document History

- **Last Reviewed Date:** March 29, 2018
- **Last Revised Date:** May 2, 2017
- **Policy Origination Date:** Not Available

Who Approved This Policy

Louis H. Katz, Executive Vice President and Treasurer

This policy, as well as all [university policies](#), are located on the [Office of Compliance's](#) home page.