FUNDS MANAGEMENT

Introduction

The Funds Management section of the Best Practices Handbook is intended to explain the general structure, terminology, and proper usage of funds in relationship to the University's accounting procedures through SAP.

This section focuses on the following areas:

    i.   Fund Center Naming & Numbering Convention

   ii.   Account Types

  iii.   Account Set Up, Maintenance, and Close-Out

  iv.   GL (General Ledger) Codes ([Published on 12/22/2017](#))

Helpful Links

- [BUWorks Glossary of Terms – Funds Management](#)

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i. Fund Center Naming and Numbering Convention

Fund Center / Cost Center

To clearly define each area of responsibility, Boston University uses a Fund Center structure for budgeting and fund distribution.

Fund centers (also referred to as Cost Centers) support budgets at the department level and are used to track revenue and expenditures within an organizational unit (e.g. SPH departments).

Although Fund Center numbers may seem puzzling at first glance, there is a structure that is followed when setting up this type of account. Each Fund Center number has a ten digit code based on these five different elements:
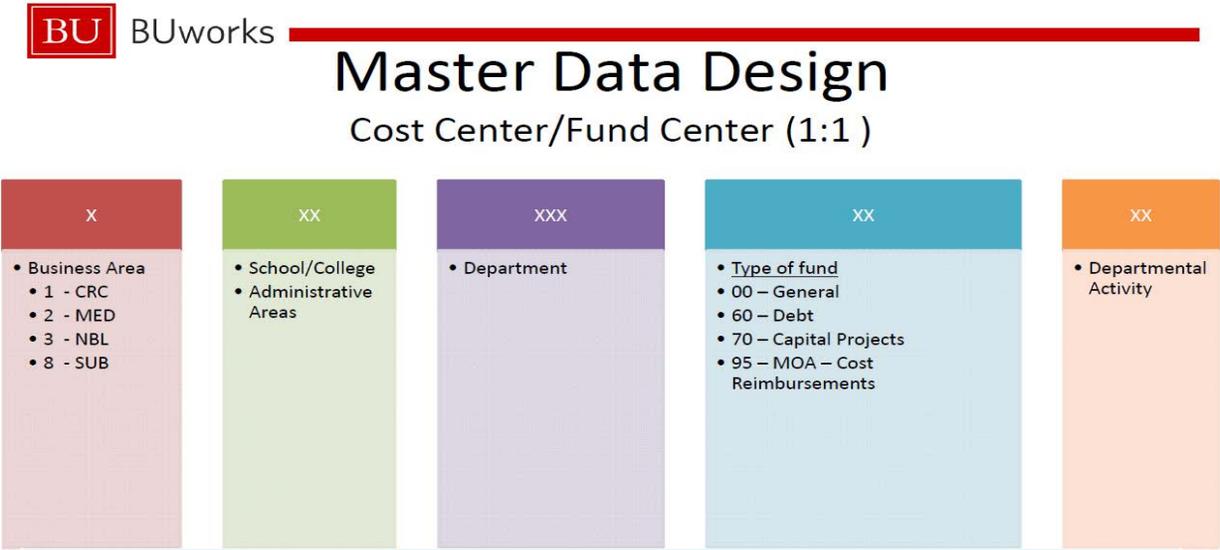
SPH Fund Center/Cost Center	Description
2 44 045 00 00	SPH Finance & Administration
2 44 023 00 00	SPH Admissions Office

TIP: All SPH Fund Centers begin with the numbers 244

Helpful Links

- SAP Enterprise Structure

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ii. Account Types

Internal Order / Funded Program / Sponsored Program

An Internal Order (IO), also referred to as Funded Program or Sponsored Program (for Grant accounts), resides within a Fund Center and is used to allocate budgeted funds that support a specific strategic initiative.

The account structure used for Internal Orders is as follow:

Each account number has a ten digit code that begins with the number 9. The second and third digit indicate the Internal Order Type (as shown in the schedule below) and the last 7 digits are system generated (they have no meaning, and in no way indicate college, school, or department).

| Prefix	IO Type		Sequential Numbering
9	09- Designated General 20 –Endowment Principal 21 – Endowment Sep Invest 25 – Endowment Spendable 30 - Gifts	32 – Gifts – Building 34 – Undesignated gifts 35 – Gifts Pledges 50 – Grant – Federal 55 – Grant – Non-Federal	XXXXXXX

Examples

Cost Center / Fund Center	Description
909 XXXXXXX	Designated General (Pilot, Discretionary, etc.)
925 XXXXXXX	Endowment Spendable
930 XXXXXXX	Gifts
950 XXXXXXX	Grant – Federal
955 XXXXXXX	Grant – Non –Federal

TIPS

- All Internal Orders / Funded Programs / Sponsored Programs reside within a Fund Center
- All Internal Orders / Funded Programs / Sponsored Programs accounts begin with 9

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## Fund Center/Internal Order – Account Hierarchy
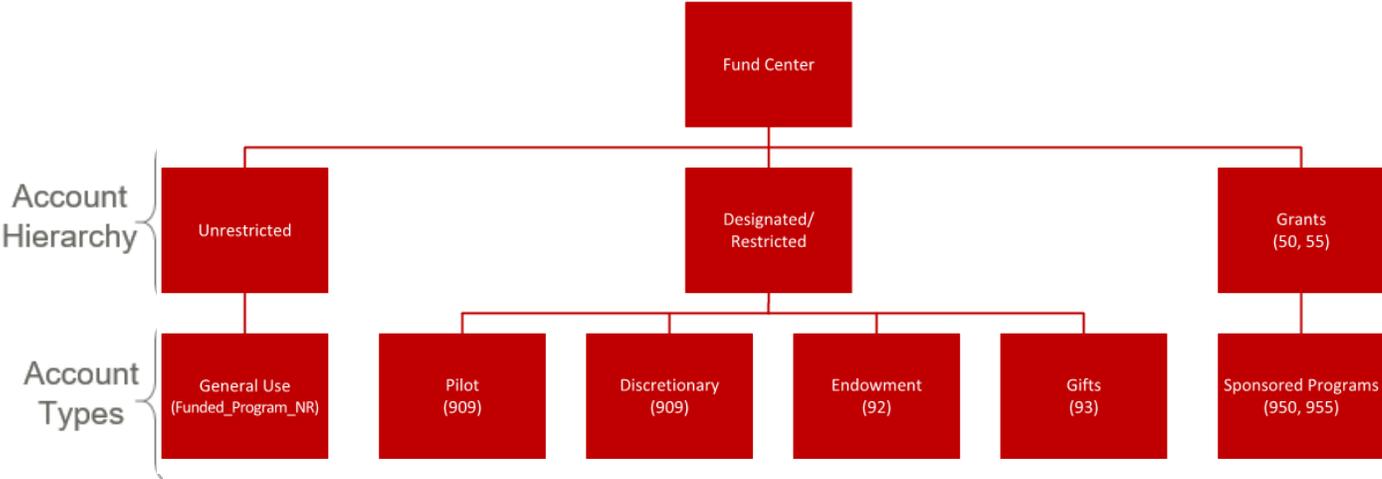
An Internal Order, Funded Program or Sponsored Program account is categorized based on its use and restrictions as described in this section of the Best Practices Handbook.

1. Unrestricted/General Use Funds

Unrestricted funds are distributed annually and are used to support each SPH department's structural operating expenses. Typical charges found under this type of accounts include salaries, personnel training, office expenses, and technology. Although use of these funds is unrestricted in nature, they must follow Boston University accounting rules and SPH best practice guidelines.

When running Business Warehouse reports, you will notice that there is no Internal Order (or "Funded Program") designation for this type of account. Instead, Business Warehouse reports categorize the Funded Program as "Funded_Program_NR" (Funded Program not relevant) as shown in the screen shot below.
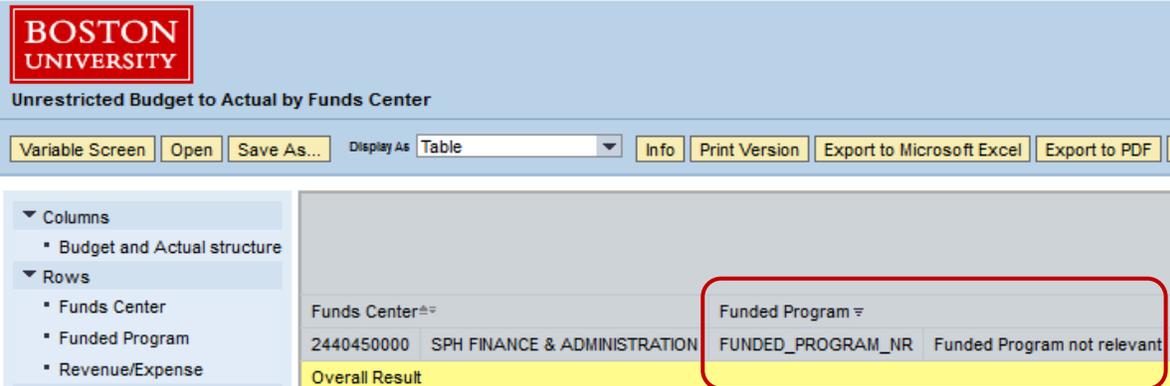
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2. Designated/Restricted Funds

Designated Funds are general use funds that have been set aside to support a particular purpose or project at SPH.

Restricted Funds, on the other hand, carry explicit stipulations that must be met before the funds can be spent. Funding provided by sponsored agencies or corporations for a specific grant or contract work is also considered restricted.

The Boston University School of Public Health currently has four types of Designated/Restricted Funds:

A. **Pilot Awards Program (909)** - The SPH Pilot Awards Program offers multiple funding opportunities to support research and education initiatives that are carried out by our distinguished faculty members. To learn more about the SPH Pilot Award Program, please visit our Faculty Handbook website.

B. **Discretionary Funds (909)** - Each faculty member with a primary faculty appointment at SPH (above the rank of Instructor) has an individual discretionary account. Funds in these accounts can be used at the discretion of the faculty member to support their research, teaching, and service activities and to invest in their own professional growth and development. To learn more about Annual Discretionary Funds, including guidance and expenditure restrictions, please visit our Faculty Handbook website.

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C. **Gift Funds (93) -** Gifts are irrevocable transfers of assets, i.e. contributions from private sources, for which no goods or services are expected, implied, or forthcoming in return to the donor, and in which no proprietary interests are to be retained by the donor. To learn more about Gift, please visit the Boston University Gift Policy Manual.

D. **Endowment Funds (92) -** Endowment Funds are resources received by the University that help to provide a sustainable level of support for the University's operating budget. The donor gift or principal amount is invested in the University pooled endowment to provide both income and long-term growth. Individual endowment funds are comprised of a specific number of "units" or shares within the University endowment that generate annual income either for distribution use or to be returned to principal. To learn more about Endowments, please visit the Boston University Gift Policy Manual.

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3. **Grants (50, 55)/Sponsored Programs (950, 955)**

    Grants or Sponsored Activities are those undertaken by the University with the support of an external entity which expects in return specific outcomes that either directly benefits the provider or a public purpose.

    At a minimum, the provider requires the University to report on how the funds were spent and/or what progress has been made in accomplishing the goals of the activity. To clearly differentiate funding sources and track financial transactions for each activity, Boston University has created the following structure for Grant accounts:

    - Grant accounts reside within a Fund Center to clearly identify the School and Department responsible for administering the funds.
    - Grant accounts funded by the Federal Government start with the two digit code 50.
    - Grant accounts funded by sources other than the Federal Government start with the two digit code 55.

    Generally, multiple Internal Orders, most commonly referred to as Sponsored Program accounts are associated to one particular Grant and are structured as follow:

    - Federal Grant accounts that begin with 50, store Sponsored Program accounts that begin with 950.
    - Non Federal Grant accounts that begin with 55, store Sponsored Program accounts that begin with 955.

    Sponsored Programs can be classified based on their reporting period or the spending restrictions established by the sponsor. Below is an example of each grouping:

Internal Orders Based on Reporting Periods		Internal Orders Based on Spending Restrictions	
Grant # 50123456		Grant # 50123456	
Internal Order# 9500123456	Year 1	Internal Order# 9500123456	Main Award
Internal Order# 9500234567	Year 2	Internal Order# 9500234567	Supplement Funding
Internal Order# 9500323458	Year 3	Internal Order# 9500323458	Participation Support Costs

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Federal Grant

Funds Center ⬘		Grant ⬘≋		Sponsored Program (IO) ⬘		Sponsor ⬘
2442400000	SPH EPIDEMIOLOGY	5010▮▮▮	Health Advocates ▮▮▮▮	9500▮▮▮	▮▮▮▮ Primary Acct	NIH/National Cancer Institute
				9500▮▮▮	Prime Supplement	NIH/National Cancer Institute
Overall Result						

Non Federal Grant

Funds Center ⬘		Grant ⬘≋		Sponsored Program (IO) ⬘		Sponsor ⬘
2444000000	SPH CTR FOR GLOBAL HEALTH & DVLPMT	5520▮▮	The ▮▮▮ STUDY: Using on-going newborn	9550▮▮▮	The ▮▮▮ STUDY	World Health Organization
				9550▮▮▮	Yr2▮▮▮▮	World Health Organization
Overall Result						

Grant/Sponsored Program - Account Hierarchy

Fund Center (244)

Grant (50, 55)

Sponsored Program (950, 955)
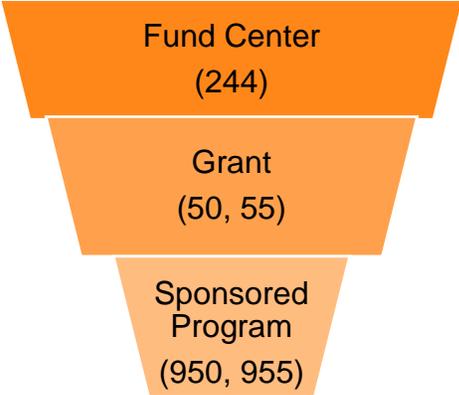
Federal Award	
Grant = 50xxxxxx	
Internal Order = 950xxxxxxx	

Non Federal Award	
Grant = 55xxxxxx	
Internal Order = 955xxxxxxx	

Helpful Links

- Grant Management Video Tutorial
- Office of Sponsored Programs - Manage an Award FAQ

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iii.   Account Set Up, Maintenance, and Close-Out

Requesting new accounts

The procedure for creating new Fund Center or Internal Order accounts will vary depending on the type of account and funding source.

Please contact the following departments for assistance on creating new accounts:

Fund	Department	Contact Person
Fund Center (244) Discretionary (909)	SPH Finance and Administration	John Wright johnjw@bu.edu Veronica Byam vbyam@bu.edu
Gift (92) Endowment (93)	SPH Development and Alumni Relations	Jacoba Van Heugten jjvh@bu.edu
Sponsored Program (95)	SPH Department Research Administrator	Department Research Administrator

Sponsored Program Pre-Award Accounts can be set up to 90 days in advance of actual award start date or in advance of delayed receipt of an award. The Office of Sponsored Programs will assist with the PreAward Account and the completion of the IPAR form.

Maintaining current accounts

Monthly and quarterly reports should be run for each type of account to review the status of existing funds and the rate of spending. Certain Sponsored Programs will be required to produce periodic reports as part of the funding contract.

Please visit the **Reporting, Reconciliation, and Corrections** (hyperlink coming soon) section of the handbook for information on running financial reports.

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Closing Out empty/retired accounts

The procedure for closing out empty or retired accounts will vary depending on the type of account and funding source.

Please contact the following departments for assistance on closing out empty or retired accounts:

Fund	Department	Contact Person
Fund Center Discretionary (909)	SPH Finance and Administration	John Wright johnjw@bu.edu Veronica Byam vbyam@bu.edu
Gift (92) Endowment (93)	SPH Development and Alumni Relations	Jacoba Van Heugten jjvh@bu.edu
Sponsored Program (95)	SPH Department Research Administrator	Department Research Administrator

TIP – PreAward Accounts allow for efficient accounting of sponsored awards' spending, and remove the need of creating correcting Cost Transfer Journal Entries later on.

Helpful Links

- Sponsored Program Award Set-Up
- Sponsored Program Financial Closeout
- BU Sourcing - Purchase Order Closeout Request