

Restricted Accounts

Revised
May 18, 2006

Act 906 Of the 2003 Legislature implemented the Enterprise Fund model of financing in which only direct state funds are appropriated and all earned revenues, such as Medicaid and Medicare, are to be retained by the hospitals. LSUHSC HCSD is no longer required to maintain restricted accounts for Capital Improvements and Equipment, Medical Services Improvement or Operating Working Capital Funds.

Restricted accounts are implemented exclusively to isolate revenues and expenditures of internally dedicated funds and externally funded sponsored projects such as grants and clinical trials. The following guidelines are used to determine use of restricted accounts.

Restricted vs. Unrestricted Account

1. Restricted Account (Fund 115 and 113):

- a. An externally funded sponsored project *may* be set up in a restricted account, Fund 115, if it meets either of the following conditions:
 - i. The project pays all direct and indirect costs associated with the project.
 1. The project PI may request an Return on Investments (ROI) to determine indirect costs.
 2. HCSD may apply its "approved" F&A rate once one is developed or the Indirect Cost Rate developed for each Business Unit from the Cost Report data.
 - ii. The project restricts the use of funds and/or requires fiscal reporting of expenditures.
- b. Internally dedicated funds may be set up in a restricted account, Fund 113, as deemed necessary by the HCSD CEO or his designee.
- c. Project Identification: All revenues and expenditures will be identified by a Project ID.

2. Unrestricted Account (Fund 111):

- a. A sponsored project will be run through operating funds (Fund 111) under the following conditions:
 - i. Some direct or indirect costs are not covered by the project. (exceptions apply)
 - ii. The project does not restrict the use of funds and/or does not require reporting of expenditures.
 - iii. Services are primarily patient charges
 1. Patient charges will be identified in the SMS system as Financial Class E (except at MCLNO where they will be identified as Financial Class G)
- b. Project Identification: Revenues and expenditures may be identified by a Department created specifically for the project.
 - i. Funding considered to be a new source of revenue for the hospital will not necessarily be identified by an exclusive department. This refers to funding sources that provide or extend routine services of the hospital. The revenues and expenditures associated with these funds will generally be included in existing departments. Examples of this type of funding are

Pharmacy Coupon Program, Stem Cell Program, PCS Health Systems,
ADAP, WIC.

- c. Budget: If a project results in additional expenditures in Fund 111, an increase in budget must be requested from the Board of Supervisors.

Specific Chart Field Coding

1. Restricted Account

- a. Cash Receipts:
 - i. Account: 110202 (Cash line must include the Department, Program, Class, and Project number)
 - ii. Dept: 2084961 – Other Sponsored Projects
2084962 – RW Title III
- b. Revenue:
 - i. Account: 491901 – Misc Rev–Sponsored Projects
 - ii. Dept: As applicable
- c. Where indirect costs are paid by the project:
Revenue Related to Indirect Costs:
 - i. Account 490119 – F & A COST RECOV-ADMIN-OTHER
 - ii. Dept 2018711 – ADMINISTRATION DEPT 2
- d. LSUHSC Grants: Clearing Accounts will be set up for projects where LSUHSC is the grantee, such as with federal grants. The clearing accounts will be assigned project numbers of 598XXXX. Cash receipts will be classified with the entire chart string using Account 110202 and Department. 2084961 or 2084962. Reimbursement from LSUHSC is to be classified as Return of Appropriation (ROA) against the account and department of the corresponding expense.
- e. Indirect Cost: The indirect costs associated with the project will be moved from Fund 111 to Fund 115 in account 595000 – F & A COSTS RECOV-ADMIN.
 - i. Cost Report: The negative balance in Fund 111, account 595000 will cause the indirect cost to be automatically deducted from the cost report.

2. Unrestricted Account

- a. Cash Receipts:
 - i. Account: 110202
 - ii. Dept: 2084961 – Other Sponsored Projects
2084962 – RW Title III [MCLNO]
2084963 – RW Title I
2084950 – WIC
2085200 – Research

2081001 – Maternal & Child Health
2081XXX – Cash Dept Specific to Project
- b. Revenue Related to Direct Costs:
 - i. Account: 491901 – Misc Rev–Sponsored Projects
 - ii. Dept: NEW DEPARTMENT PER PROJECT if warranted
or Department 2100014 – Misc Sponsored Projects
210XXXX – Department specific to project or existing department
- c. Where partial indirect costs are paid by the project:
Revenue Related to Indirect Costs:
 - i. Account 490119 – F & A COST RECOV-ADMIN-OTHER
 - ii. Dept 2018711 – ADMINISTRATION DEPT 2
210XXXX – Department specific to project or existing department
- d. Cost Report: Revenue or cost will be deducted from the cost report as determined by the Cost Reporting staff.