

# Externally Funded Project Accounting Policies

January 28, 2004

## Restricted vs. Unrestricted Account

1. **Restricted Account (Fund 115):**
  - a. A 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 ROI to determine indirect costs.
      2. HCSD may apply its "approved" F&A rate once one is developed.
    - ii. The project restricts the use of funds and/or requires fiscal reporting of expenditures.
  - b. 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: All revenues and expenditures will 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, ADAPT, 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.