

ADMINISTRATIVE DIVISION FINA Administration and Finance	POLICY NUMBER FINA 1.23
POLICY TITLE Administration and Finance – Internal Funds (N Funds)	
SCOPE OF POLICY USC System	DATE OF REVISION May 23, 2023
RESPONSIBLE OFFICER Executive Vice President for Finance and Chief Financial Officer	ADMINISTRATIVE OFFICE University Finance – Controller’s Office

PURPOSE

The purpose of this policy is to define the criteria to establish an Internal N fund and required administration. The Controller’s Office is responsible for coordinating all financial activities associated with Internal Funds (N Funds). The Controller’s Office is responsible for establishing, deactivating, and making changes to N fund accounts at the department’s request, monitoring all N fund financial activity to ensure that a positive fund balance is maintained, and notifying the appropriate unit of actions needed to address accounts with excessive or deficit funding levels.

DEFINITIONS AND ACRONYMS

Fund Group: a combination of five digits that identify the specific source of funding. The first digit of the fund corresponds to the appropriate fund group. For example, E1500 represents a current Unrestricted Sales and Service Fund and A0001 represents current Unrestricted General Operating Funds.

N Fund: unrestricted departmental funds set aside for specific purposes or internal projects. Balances in these funds may be carried forward from year to year.

POLICY STATEMENT

The Controller’s Office will review all requests to establish N fund project for appropriateness and discuss alternatives if the activity does not meet the necessary N fund project criteria as outlined in this policy. N fund projects will be established for a maximum initial term of five years and can be renewed in five-year increments after a request is made and a review by the Controller’s Office is completed. Requests for N fund projects must include the fund source and the amount committed for the project (except for N1700 and N2100 projects). Once an N fund is approved and established, the committed funds must immediately be transferred to the newly created N fund project. The department is then responsible for spending according to any established research guidelines for the project and maintaining a positive cash balance in accordance with established policies of the University. The Controller’s Office will monitor all N funds to identify:

- A. Accounts operating in deficit
- B. Accounts with limited activity over a year
- C. Accounts with excessive fund balances (unspent funds).

Following the fiscal year-end review, the Controller’s Office will provide each unit with a list of the N fund projects within their area of responsibility that have continuing excessive or deficit funding levels for their review and immediate action.

N Fund Criteria:

N fund accounts are unrestricted funds set aside by departments for specific purposes. All N Funds must have an internal project number assigned. The internal project number is used to track the financial activities of the account. Balances in these accounts shall carry forward from one year to the next for the purpose designated for the account.

Examples of activities using N fund accounts include, but are not limited, to the following:

- A. N1100 - Magellan – Faculty mentored undergraduate research projects awarded by the Office of Undergraduate Research.
- B. N1200 – Internal Research Projects established by departments, the Office of the Vice President for Research, or the Provost’s Office for specific internal faculty research.
- C. N1300 – Startups – Funds awarded to new faculty to enhance research career at the University.
- D. N1400 – SPARC – Funds awarded by the Office of the Vice President for Research to graduate students to prepare them to seek national fellowship and grant awards.
- E. N1600 – ASPIRE – Funds awarded by the Office of the Vice President for Research to University faculty to develop collaborative interdisciplinary research or invest in the University’s research infrastructure.
- F. N1700 – Incentives – Funds earned by the faculty member, such as a University designated portion of indirect cost revenues or unspent residual grant awards, while conducting external research.
- G. N1800 – Excellence Initiatives – Established to support a range of projects including recruiting faculty, ensuring excellence in the classroom, and creating new experiential learning opportunities for students across academic disciplines.
- H. N2100 – Departmental Projects – Established to assist departments with setting aside funds for long term goals such as equipment purchases or tracking certain internal initiatives.
- I. N2200 – Strategic Initiatives – These N funds are established to fund and track tasks specifically related to the University’s strategic plan.
- J. N3000 – Program Income – N funds established to track income and expenses associated with a specific sponsored activity. For example, if the University receives a sponsored award that requires a conference to be held; a Program Income N fund will be established to record income received from conference registration fees and related expenses to host the conference.

N Fund Requests:

The [Chartfield Request Form](#) must be completed and submitted directly to the Controller’s Office at CFMAINT@mailbox.sc.edu.

PROCEDURES

https://www.sc.edu/about/offices_and_divisions/controller/documents/fina_1.23-internal_funds_n_funds_procedures.pdf

RELATED UNIVERSITY, STATE, AND FEDERAL POLICIES

[FINA 2.00 – Object of Expenditure Classification Codes Policy](#)

[FINA 2.03 – Revenue Classification Codes Policy](#)

[FINA 3.00 – Post Award Sponsored Projects](#)

HISTORY OF REVISIONS

DATE OF REVISION	REASON FOR REVISION
May 23, 2023	Policy creation