



FIN-033 Maintaining Fund Balances

Effective Date Tuesday, June 28, 2011

Status Final

Last Revised Wednesday, June 28, 2023

Policy Type [University](#)

Contact Office

[Treasurer \(Office of the\) Financial Planning & Analysis](#)

Oversight Executive

[Vice President and Chief Financial Officer](#)

Applies To

Academic Division The College at Wise

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Reason for Policy

This policy establishes guidelines and expectations for fund balance management to: (1) facilitate the prudent management of balances; (2) maintain sufficient entity-wide liquidity; and (3) further fiduciary responsibility of all schools and units. The policy explains fund balance monitoring and the actions taken to address fund balance deficits.

Definition of Terms

Adjustment Period

Time frame established and noted on the UVA Finance year-end calendar.

Fund

Pools of money differentiated by sources and constraints placed on the use of the resources. Examples include State, Local, Restricted, Unrestricted, etc. In the University Finance System, each Fund is represented by a separate Fund number (e.g., FD001).

Fund Balance

A school's or unit's available cumulative net position, inclusive of operating surplus/deficit and any carryforward. Fund balances appear in the general ledger and may also be referred to as "Expendable Fund

Balances." Fiscal year-end fund balances only include actuals; any other time throughout the year, fund balances include all obligations and commitments (what is expendable).

Actuals

Transactions that are posted against the Actuals Ledger in the University's Finance System.

Carryforward

In-year fund surpluses or deficits which can be carried over from one fiscal year to the next.

Fund Deficit

Any fund balance that is in a deficit as of fiscal year-end.

Policy Statement

At fiscal year-end, which includes the adjustment period, fund balances and all non-capital projects in construction, at the Major Business Unit (MBU) level, should have a balance of zero or greater. [Note: This policy does not apply to sponsored programs, centrally-managed projects, or capital projects during their construction period.]

Each dean or vice president is responsible for the MBU-level fund balances at fiscal year-end.

Deficit fund balances are permitted throughout the fiscal year, if caused by an unavoidable mismatch in timing between inflows/revenues and outflows/expenditures, excluding flow to/from University-Associated Organizations (UAOs).

Fund inflows from UAOs must occur no less frequently than each fiscal quarter. Before the last business day of the fiscal quarter, the transaction must be recorded in the University Finance System and the cash received into a University bank account (not in-transit or deposited but uncleared/unavailable).

1. Monitoring Fund Balances:

Fund balances are monitored by using the fund balance reports available in the finance system and University Business Intelligence (UBI), the University's enterprise reporting system.

The Office of the Treasurer and the Office of Financial Planning and Analysis (OFP&A) will monitor fund balances and UAO transfer activity on a fiscal quarter basis for sufficient enterprise-wide liquidity.

Schools and units may elect to monitor fund balances at a level under the Business Unit (BU) level.

2. Fund Transfers:

The default transfer schedule will be quarterly, generally 25% of the annual allocations. Most transfers will be made before related expenditures occur; however, there may be circumstances where expenditures are reimbursed. The school or operating unit must manage timing to comply with the year-end fund balance requirement. Reimbursements should occur, at a minimum, prior to fiscal year-end close.

3. **Fund Deficits:**

If deficits exist at the MBU-level at fiscal year-end (including the adjustment period), notification will be made to the dean or vice president responsible for the MBU and an internal loan may be executed for the deficit amount. The terms of the loan will be per policy the FIN-024: Internal Borrowing Program. Internal loans originating from fund deficits are not eligible for pre-payment.

The Office of the Treasurer will discuss the loan(s) triggered by the deficit(s) with the appropriate dean or vice president of the respective school or unit.

4. **Responsibilities:**

School and Unit employees charged with monitoring fund balances are responsible for:

- Using the reports from the finance system and UBI to monitor cash balances.
- Managing and reconciling cash balances.
- Notifying the Office of the Treasurer and OFP&A of a fund deficit balance that is not anticipated to clear by fiscal year-end.

The *Office of the Treasurer* is responsible for:

- Reviewing all fund balances on a quarterly basis.
- Reviewing transfers from UAOs on a quarterly basis.
- Discussing fund deficits and related internal loans with the respective dean or vice president.
- Executing internal loans to cover fund deficits at fiscal year-end.
- Reporting outstanding internal loans executed to cover fund deficits to the Vice President for Finance.

The *Office of Financial Planning and Analysis* is responsible for:

- Reviewing fund balances on at least a quarterly basis.
- Counseling and partnering with schools and units.
- Notifying the Office of the Treasurer of balances and trends significantly different from the planned budget.

Deans and vice presidents are responsible for:

- Monitoring fund balances in their organizations such that balances are zero or greater at fiscal year-end.
- Completing the annual financial attestation and sub-certification processes are part of the financial control model. Those activities should appropriately reflect the fund balances used in determining appropriate actions per this policy.
- Verifying remittance of funds from UAOs (at least on a quarterly basis).
- Accepting liability for internal loans and related interest charges arising from any MBU-level fund deficit at fiscal year-end.
- Providing adequate staffing for monitoring fund balances within organizations and making training available to the individuals with that responsibility.

5. **Compliance with Policy:**

Failure to comply with the requirements of this policy may result in disciplinary action up to and including termination in accordance with relevant University policies.

Questions about this policy should be directed to the [Office of the Treasurer](#) or the [Office of Financial Planning & Analysis](#).

Procedures

Monthly Reconciliation and Account Certification

Related Information

[FIN-003: Management of Sponsored Program Awards in a Budget Deficit](#)

[FIN-022: Oversight of University Operating and Capital Budgets and Long-term Financial Plans](#)

[FIN-023: Reconciling Departmental Accounting Records](#)

[FIN-024: Internal Borrowing Program](#)

[University Business Intelligence](#)

Major Category [Finance and Business Operations](#)

Next Scheduled Review Saturday, September 20, 2025

Revision History

Revised Note in Policy Statement 6/28/23; Revised 9/20/22; Updated 6/5/18; 1/25/18 (Procedures); 10/12/17.

Applies To Text

Academic Division and the College at Wise.

Supersedes Policy Text

II.E.3, Cash Balances; II.B.6, Cash Deficits.

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Approved By Executive Vice President and Chief Operating Officer

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