BUSINESS AND FINANCE DEPARTMENT
Grants Accounting

Effective Date: 8/1/2026

RESTRICTED FUND ACCOUNTING: ESTABLISHMENT OF RESTRICTED FUND NUMBERS POLICY

Policy Number	555-01
Approval Authority	Chief Financial Officer
Responsible Administrator	Director of Grants Accounting
Responsible Office	Business and Finance
Policy Contact	Director of Grants Accounting

1.0 POLICY STATEMENT

The Grants Accounting Office of Tennessee State University will establish restricted fund numbers for sponsored projects within the University's chart of accounts upon receipt of properly authorized award documentation, approved budgets, and all required supporting documentation. All submissions must include approval from designated personnel authorized to obligate University funds. Requests submitted without appropriate authorization will be returned to the originating department without processing.

2.0 IMPORTANCE AND REASON FOR THE POLICY

The policy of Tennessee State University governing the establishment of restricted fund numbers is critical to ensuring that grant and other restricted funds are used solely for their intended purposes. This policy supports compliance with applicable laws and regulations, promotes accountability to donors and sponsoring agencies, and strengthens the University's overall financial stewardship.

In the absence of a formalized policy, the University may face increased risks, including noncompliance with sponsor requirements, financial penalties, reputational damage, and potential loss or reduction of future funding.

3.0 DEFINITIONS

Award Notice – An official document issued by a sponsoring agency that authorizes funding and outlines the terms, conditions, and period of performance for a sponsored project.

Banner FOAP Assignment Form – The internal document used to capture and establish all required attributes of a sponsored project within the University's accounting system.

Chart of Accounts – The chart of accounts is a set of accounts used to classify and record financial transactions. It is the listing of accounts and their characteristics as defined by their attributes.

Continuing Grant – A multi-year award that is funded incrementally but does not require separate financial reporting for each budget period.

Funding Period – The timeframe during which the sponsor authorizes expenditures for a specific award.

Multi-Year Grant – An award spanning multiple years that requires separate accounting and/or reporting for each budget period, often resulting in multiple fund numbers.

Restricted Funds – Funds received by the University that are limited to specific uses as defined by the sponsor, donor, or external agreement, and must be accounted for separately.

Restricted Fund Numbers - Specific accounting identifiers assigned to donations or financial resources that are legally earmarked by donors, grantors, or external entities for particular purposes, projects, or timeframes. These numbers ensure compliance, transparency, and accountability by tracking restricted assets separately from unrestricted, general operating funds.

Sponsored Project – A project funded by an external entity (e.g., federal, state, local government, private organization, or foundation) that includes defined objectives, a specified budget, and compliance requirements.

4.0 PROCEDURES

1. **Fund Establishment**
   Upon receipt of a properly authorized request for a new sponsored project, the Grants Accounting Office will assign a fund number within the applicable restricted fund number range of the University's chart of accounts. A fund number will only be established upon receipt of an official award notice, executed agreement, or a formal letter of intent from the sponsoring agency.

   No expenditures may be charged to the project until the fund number has been established. When a fund number is established based on a formal letter of intent,

expenditures may only be charged when separately authorized in accordance with applicable pre-award spending policies.

2. **Fund Number Assignment for Multi-Year Projects**
   A continuing sponsored project will retain the same fund number across funding periods.4110.
   A multi-year grant requiring separate financial reporting for each budget period will be assigned a unique fund number for each award year.

3. **Notification of Fund Number**
   The Grants Accounting Office will notify the requesting department of the assigned fund number and provide any relevant instructions for its use in financial transactions.

4. **Compliance Monitoring**
   The Grants Accounting Office will ensure that all restricted fund numbers are supported by appropriate documentation and are established in accordance with University policy and sponsor requirements.

5.0 AUTHORITY AND REFERENCES

- Governmental Accounting Standards Board (GASB)
- Generally Accepted Accounting Principles (GAAP)
- 2 CFR 200 (Uniform Guidance)

6.0 HISTORY

Policy 5.11.03 Establishment of Restricted Fund Numbers