

**PROCEDURE NUMBER:** FINA 1.23 N Fund Procedure  
**SECTION:** Administration and Finance  
**SUBJECT:** Internal Funds (N funds)  
**DATE:** July 1, 2022

**Procedure for:** All Campuses  
**Authorized by:** Mandy Kibler  
**Issued by:** Administration and Finance – Controller’s Office

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## Procedure

The following procedure outlines the required steps to establish, maintain, monitor, and deactivate an internal N fund account. Refer to **FINA 1.23** – Internal Funds (N funds) policy to determine the criteria needed to be classified as an internal (N) fund.

### A. Establishing Internal N Fund Accounts

All N Accounts must be requested by submitting the [Chartfield Request Form](#) and submitting it directly to the Controller’s Office via email to [CFMAINT@mailbox.sc.edu](mailto:CFMAINT@mailbox.sc.edu). The request must include:

1. Purpose of account.
2. Term of the account. Term may not exceed five years but can be renewed if still needed.
3. Amount of funding and source.

The Controller’s Office will review the request and assign it an internal project number. The internal project number is used to track the financial activities of the account.

Once an internal N account is approved and established, the committed funds must be immediately transferred to the newly created Internal N fund project. Balances in these accounts shall carry forward from one year to the next for the purpose designated for the account.

### B. Use of Internal N Funds and Terms:

Once an internal account is established, it must be used in accordance with the following terms:

1. Internal project must be spent in accordance with any established research guidelines for the project.
2. Internal N projects must maintain a positive cash balance and may not be over-expended at any time. The internal project's designated administrator will be notified if there is a deficit. If the deficit balance has not been resolved within 30 days, the entire amount of the deficit will be charged to the department's operating funds and the project will be inactivated.
3. The Controller's Office will perform an annual review of all internal N projects to identify any that have limited activity, excessive fund balances, or operating in deficit. The Controller's Office will provide each operating unit with a list of the internal N projects within their purview for review and immediate action. Failure to act may result in the deactivation of the internal project account and deficits (as applicable) charged to the operating unit's departmental account.

C. Accounting Principles for Revenues and Expenses:

Once an internal fund is established, the following accounting principles must be followed:

1. Transactions must be recorded using the University's established revenue and expense account codes for day-to-day transactions.
2. These funds will be included in the University's revenues and expenses for the purposes of financial reporting.

## Resources

FINA 1.23 – Internal Funds (N Funds) Policy

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

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

[FINA 2.12](#) – Accounts Payable Policy

[FINA 2.14](#) – Acquisition and Payment of Goods and Services Policy

Internal Fund Information Form can be found on the [Controller's Office](#) website.