

## UA MATCH FUND INSTRUCTIONS

### Background

Prior to FY17, UA treated match funds, which were of the F1/A1/J1/S1 fund type and in the fund code range of 14xxxx, as fully unrestricted for financial management purposes. However, they operate under a period of performance that matches a restricted fund, and, therefore, all activity falls into an inception-to-date (ITD) (rather than fiscal year) consideration.

This dichotomy caused a substantial amount of unnecessary work to manage the funds in a way that allowed them to comply with both fiscal year and ITD needs. As such, these funds required timely budgeting, revenue, and expensing to meet project requirements, but they also required various adjustments related to fiscal year balancing, committed encumbrances, and other actions associated with the unrestricted fiscal year.

In an effort to eliminate the inefficiency and, at times, delinquencies related to the competing demands of unrestricted and restricted accounting, UA created a special class of unrestricted funds for match.

### New Methodology

Effective FY17, match funds are now associated with a new fund type that rolls to its own unrestricted class (14) of funds (they remain in the fund block of 14xxxx). These funds behave in a similar manner to other operating restricted funds, including budget and encumbrance rolls. Departments will fully budget match funds at the inception of the project (the same method used for restricted funds), and they will fund the match through periodic transfers via JV from unrestricted accounts per the basic guidelines established by Statewide policy and refined through the management needs of the university grant offices. Unrestricted match net fund balances at year-end will no longer be subject to annual unreserved fund balance (UFB, aka carryforward) processes, but will behave as on-going fund balances similar to recharge and event funds. Encumbrances will roll uncommitted.

It is appropriate to treat match funds as a hybrid fund type between unrestricted and restricted because match funds are an integral part of restricted program management: While these funds meet characteristics three and four of the Restricted Funds definition in the UA Accounting and Administrative Manual (section A-01, Current Funds Classification), the funding for them derives from unrestricted sources. They are subject to both the rules associated with restricted funds under agency terms and conditions (ex., 2CFR 200.306), as well as UA accounting regulations associated with unrestricted funds. Match funds are also included as part of the reporting requirements to the sponsoring agency.

The following sections cover five major areas of revision and concern related to these changes.

1. New Fund Types
2. Central Office Match Fund Offset Management
3. Match Fund Budget Coding
4. Grant Management Standards
5. Department Transfer Guidelines

### New Fund Types

To distinguish effectively between sponsored (externally funded) and match (internally funded), UA established a new set of fund types that roll to FTYP 14 and use the character 'C' in the second position of the FTYP code. Their attributes otherwise mimic funds in the '2' restricted fund classification (e.g., A2, F2). These fund types are as follows:

AC – Anchorage (UAA)

FC – Fairbanks (UAF)

JC – Juneau (UAS)

SC – Statewide

### Central Office Match Fund Offset Management

Central budget/accounting offices must budget “match” authority within the 149998 fund, similar to the use of 998000 for restricted fund budget authority, as part of the annual budget development process. Central offices may delegate this requirement to unit budget offices.

Entries will include a special classification of “intra-agency transfer” revenue budget using account code 9982. Budget/accounting offices will budget estimated funding levels for project match on unrestricted funds using account code 8582. In this way, the budget balance for these account codes (9982 and 8582) will always be equal.

### Match Fund Budget Coding

Budget entries on match funds will use a new rule class code, MBUD, with the title, “Matching Fund Budget Rule Code.” Offset authority will use fund 149998 (automatic processing entry).

### Grant Management Standards

The following guidelines are basic management standards for match funds; please direct specific project questions to the appropriate grant consultant.

1. Match funds are set up with full direct budget at inception based on the final approved project budget; multi-year projects with phased sponsor funding will include phased match budget as the agency authorizes continuation of each phase.
2. Initial match fund transfers via JV will occur during the first budget cycle (month) that the project is active and will represent a reasonable amount of the total commitment that the institution should meet during the current unrestricted fiscal year.
3. Departments may meet the match funding commitment prior to the required unrestricted fiscal year; at no time will the committed match funding exceed the authorized direct match budget.
4. Match fund closeout will follow restricted fund closeout procedures, and any excess funding will transfer to another match fund or return to general unrestricted funds.

### Department Transfer Guidelines

Revenue transfers to match funds will occur between the match fund and unrestricted funds in the following manner using a journal voucher:

UNRESTRICTED: 10XXXX-XXXX-8582 (D)  
PROJECT MATCH: 14XXXX-XXXX-9982 (C)

Due to the need to demonstrate the institution is meeting match commitments while preventing unnecessary work and risk, departments must, at minimum, transfer sufficient funds within a funding period to cover costs that will reasonably accumulate within that period. This transfer may be one lump sum or periodic; projects need not end a fiscal year on an exact one-to-one (expense to revenue) basis, but all fund balances must be at least zero. All transfers during a fiscal year must be complete no later than June 30.

Transfers from unrestricted to match funds are ONE WAY; managers should not expect to return funds from match to unrestricted at a later date. Observe the following considerations:

1. Funds transferred to a match fund will not exceed the authorized budget of the fund.
2. In the event that a project's final commitment is lower than originally budgeted, a department may move the residual funding back to general unrestricted by reversing the entries noted above or to a different match fund using account code 9982 on both sides of the transaction, as appropriate (per the next consideration).
3. Residual balances returned to unrestricted funds may not exceed \$10,000 or 10% of the final project match requirement, whichever is less.

The use of the JPAY transaction type for moving payroll expenditures in a prior fiscal year will now extend to funds in the 14xxxx range; expenses of this nature may move between match and restricted funds as necessary (with required supporting documentation).