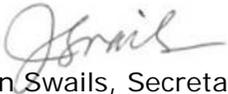


MANAGEMENT DIRECTIVE

Commonwealth of Pennsylvania Governor's Office

Subject: Purpose and Use of Restricted Receipt and Restricted Revenue Accounts	Number: 310.9 Amended
Date: January 9, 2020	By Direction of:  Jen Swails, Secretary of the Budget
Contact Agency: Office of the Budget, Office of Comptroller Operations, Bureau of Accounting and Financial Management, Telephone 717.787.6496	

This directive establishes policy, responsibilities, and procedures for the creation and use of Restricted Receipt and Restricted Revenue Accounts.

1. **PURPOSE.** To establish policy, responsibilities, and procedures for the creation and use of Restricted Receipt and Restricted Revenue Accounts.
2. **SCOPE.** This directive applies to all departments, boards, commissions, offices, and councils (hereinafter referred to as "agencies") under the Governor's jurisdiction.
3. **OBJECTIVES.** To ensure that all restricted accounts established within the General Fund and special funds comply with Commonwealth statutes and satisfy the requirements set forth in this directive.
4. **DEFINITIONS.**
 - a. **General Ledger (GL) Account.** An SAP accounting code used to record revenue and expenses, classify debit and credit values for accounting transactions in the SAP Financial Accounting (FI) module, and form the basis for creating balance sheets and income statements.
 - b. **Restricted Receipt Account (Federal Funds).** Funds designated for a specific purpose, which, when received, become the fiduciary responsibility of the Commonwealth. The funds are deposited and held in a trust capacity in the General Fund and, to a limited degree, in certain special funds. Except as described in Section 5.c. of this directive, disbursements of these funds are not reflected as expenses of state government and cannot, therefore, directly finance regular operations.

- c. **Restricted Receipt Account (Nonfederal Funds).** Nonfederal funds designated for a specific purpose, which, when received, are deposited and held in a trust capacity in the General Fund and, to a limited degree, in certain special funds. The funds are disbursed to authorized recipients, including other agencies. Except as described in Section 5.d. of this directive, disbursements of these funds are not reflected as expenses of state government and cannot, therefore, directly finance regular operations. Restricted Receipt Accounts (Nonfederal Funds) continue from one year to the next.
- d. **Restricted Revenue Account.** Funds which, when received, are designated either by law or by administrative decision for specific purposes. The revenues are deposited in the General Fund or in certain special funds. Restricted Revenue Accounts continue from one year to the next and finance a regular operation of state government. Disbursements from Restricted Revenue Accounts are accounted for as expenses of state government.

5. POLICY.

- a. Pursuant to *Section 701(d) of the Administrative Code (71 P.S. §241) and Management Directive 305.3, Responsibilities of Comptroller Operations*, Restricted Receipt and Restricted Revenue Accounts must be created in accordance with the Commonwealth uniform system of accounting and reporting.
- b. Disbursements from federal and nonfederal Restricted Receipt Accounts, including intra-fund transfers to federal appropriations, federal executive authorizations, and special fund appropriations, must be charged to the appropriate GL Account within the Commonwealth chart of accounts GL Account range 6910000-6919999 (nonexpense items), except expenditures described in Sections 5.c. and 5.d. of this directive.
- c. Expenditures made directly from a federal Restricted Receipt Account to provide funds to a local jurisdiction, nonprofit organization, or non-commonwealth agency must be charged to the appropriate GL Account within GL Account range 6600000-6699999 (grants and subsidies).
- d. Expenditures made from the Restricted Receipt Account created by expenditure symbol notification letter 96-38, which funds agency construction projects, must be charged to the appropriate GL Account within GL Account range 6300000-6399999 (operational expenses) or 6400000-6499999 (fixed assets).
- e. Agencies receiving disbursements from restricted accounts must spend such disbursements out of an operating appropriation or executive authorization. Unspent funds in such operating appropriations or executive authorizations must be returned to the restricted account by reducing the augmenting revenue in the operating appropriation or executive authorization.

- f. Disbursements from Restricted Revenue Accounts shall be charged to the GL Account range that most appropriately represents the specific purpose of the Restricted Revenue Account.
- g. All current restricted accounts which are not in compliance with the provisions of this directive must be brought into compliance at the direction of the Office of the Budget, Governor's Budget Office (GBO), Bureau of Budget Administration.

6. RESPONSIBILITIES.

- a. **Agencies** shall submit to the Office of the Budget, Office of Comptroller Operations, Bureau of Accounting and Financial Management (BAFM), all requests for restricted accounts resulting from enacted legislation, other legal or authoritative matters, or for any corrections to bring the accounting code into compliance with this directive and the Commonwealth chart of accounts.
- b. **Office of the Budget, Office of Comptroller Operations.**
 - (1) **Bureau of Accounting and Financial Management** shall evaluate all requests for restricted accounts and, upon approval, forward each request, along with supporting documentation to GBO, Bureau of Budget Administration for an expenditure symbol.
 - (2) **Bureau of Payable Services** shall ensure that all documents charged against restricted account expenditure symbols comply with the provisions of this directive and shall notify agencies of documents that are not in compliance.
- c. **Office of the Budget, Governor's Budget Office, Bureau of Budget Administration** shall evaluate each request and issue new expenditure symbols for approved requests.

7. PROCEDURES.

- a. **Establishing or Updating Restricted Receipt or Restricted Revenue Accounts.**
 - (1) **Agency.** Determine the need to create or update a restricted account and submit a request to BAFM.
 - (2) **Office of the Budget, Office of Comptroller Operations, Bureau of Accounting and Financial Management.** Evaluate the agency request and approve or disapprove.
 - (a) If approved, forward the agency request, along with all supporting documentation, to GBO, Bureau of Budget Administration.
 - (b) If disapproved, contact the agency for additional information or clarification of the request.

- (3) **Office of the Budget, Governor's Budget Office, Bureau of Budget Administration.** Evaluate the agency request and approve or disapprove.
 - (a) If approved, establish an expenditure symbol and notify BAFM upon completion.
 - (b) If disapproved, work with BAFM or the agency to establish an alternative to the restricted account.
 - (4) **Office of the Budget, Office of Comptroller Operations, Bureau of Accounting and Financial Management.** Establish in SAP the fund listed on the expenditure symbol notification letter.
- b. **Processing Disbursements or Transfers from Restricted Accounts.** Disbursements and transfers from restricted accounts must be processed in accordance with the Non-PO Invoice Processing Desk Procedure Manual, PO Invoice Processing Desk Procedure Manual, or applicable procedures listed in *Management Directive 310.25, Transfers of Revenues and Expenditures in SAP*.

This directive replaces, in its entirety, *Management Directive 310.9*, dated April 8, 2013.