

ADMINISTRATIVE DIVISION	FINA Administration and Finance
POLICY NUMBER	FINA 1.23
POLICY TITLE	Internal Funds (N Funds)
SCOPE OF POLICY	USC System
DATE OF REVISION	August 20, 2025
RESPONSIBLE OFFICER	Executive Vice President for Administration and Finance and Chief Financial Officer
ADMINISTRATIVE OFFICE	University Finance - Controller's Office

PURPOSE

This policy defines the criteria to establish an Internal N fund and the required administration.

DEFINITIONS AND ACRONYMS

N Fund: Unrestricted departmental funds set aside for specific purposes or internal projects. Balances in these funds may be carried forward from year to year.

POLICY STATEMENT

The Controller's Office will review all requests to establish N Fund projects for appropriateness and discuss alternatives if the activity does not meet the necessary N Fund project criteria as outlined in this policy. Requests for N Funds must be submitted directly to the Controller's Office. N Fund projects will be established for a maximum initial term of five years and can be renewed in five-year increments after a request is made and a review is completed by the Controller's Office.. Once an N Fund is approved and established, the committed funds must immediately be transferred to the newly created N Fund project. The department is then responsible for spending according to any established research guidelines for the project and maintaining a positive cash balance in accordance with established policies of the University. The Controller's Office will monitor N Funds to identify:

- A. Accounts operating in deficit,
- B. Accounts with limited activity over a year, and
- C. Accounts with excessive fund balance (unspent funds).
- D. Expired project end dates.

Following quarterly reviews, the Controller's Office will provide each unit with a list of the N Fund projects within their area of responsibility that have continuing excessive or deficit funding levels for their review and immediate action.

PROCEDURES

The procedure can be found here: [Policies and Procedures - Office of the Controller](#)

RELATED UNIVERSITY, STATE, AND FEDERAL POLICIES

[FINA 1.00 Chart of Accounts](#)

[FINA 3.00 Sponsored Awards](#)

HISTORY OF REVISIONS

DATE OF REVISION	REASON FOR REVISION
May 23, 2023	Policy creation
September 20, 2024	Language, content, and formatting updates
August 20, 2025	Policy updated to align with current practices.