



*Preparing people to lead extraordinary lives*

## Policy Statement

To establish responsibility regarding unresolved sponsored project overdrafts.

## What is Cost Overdraft?

Overdrafts are comprised of salary and/or other direct cost expenditures, including commitments, which exceed the authorized total sponsored project award amount.

## Roles and Responsibilities

Sponsored Program Accounting (SPA) - will notify the principal investigator, the departmental or grant administrator and Fiscal Affairs Office designee (Margaret Veverka) for SSOM accounts of the overdraft account status.

Principal Investigator (PI) - is responsible for the fiscal management of a sponsored research projects and is required to review grant transactions monthly. The PI may delegate this responsibility to the departmental or grant administrator.

Departmental or Grant Administrator -Initiate the appropriate corrective action within the next month (30 days). That corrective action may include, but is not limited to:

1. Notification and supporting documentation to SPA that additional funds are forthcoming
2. Correction of an error or reversal of a prior decision regarding where expense should be charged per the LUC Cost Transfers Policy.
3. Transfer overdrafts to the appropriate unrestricted account.

SSOM Fiscal Affairs - Initiate the appropriate corrective action if a departmental response after 30 days from notification is not received by SPA.

## Policy

1. SPA sends notifications when a sponsored program account is in an overdraft and requests the department to rectify the overdraft within 30 days.
2. The department will provide SPA the journal entry to transfer the non-salary overdrafts to the appropriate unrestricted account.
3. If the account is not rectified after 30 days, SPA will
  - a. Inactivate the account.
  - b. Notify Fiscal Affairs for SSOM and Research Services of departmental non-compliance.
4. If the overdraft is salary then all possible solutions must be examined.
  - a. If the grant is anticipating additional funding, supported by appropriate documentation in the existing or new accounting unit, existing account remains open.
  - b. If EIF(s) or PAF(s) are in process, correction per those to correct overdraft.
  - c. If the department does not respond and there is no discussion of additional funding or notification of employee change in status notices, the SSOM will provide an accounting unit/account for the overdrafts and PAF/EIF for correction.