



Colgate University
Deficit Policy
December 10, 2010

I. Policy Statement:

Colgate University has established a structured system of controls to monitor sponsored projects on a regular basis and promote compliance with federal regulations. The Principal Investigator (PI) will be responsible for monitoring his or her spending rate to avoid deficits. Deficits exist if the inception-to-date expenses exceed the funded amount of the award.

II. Purpose:

During monthly financial reviews, the PI or Assistant Controller may identify deficits in sponsored project accounts. It is the responsibility of the PI and his or her department to promptly clear all deficits. This policy further describes the mechanisms for informing PIs of deficits and acceptable methods for removing excess charges.

In this policy, a sponsored project is defined as any federally funded award, sub-award, contract, subcontract or other agreement.

III. Who Should be Knowledgeable about this Policy

- a. Principal Investigators
- b. Controller
- c. Assistant Controller
- d. Associate Provost
- e. Corporate, Foundation, and Government Relations (Grants Office)

IV. Applicable Federal Regulations

According to OMB Circular A-21 section C.4.b., "Any costs allocable to a particular sponsored agreement under the standards provided in this Circular may not be shifted to other sponsored agreements in order to meet deficiencies caused by overruns or other fund considerations, to avoid restrictions imposed by law or by terms of the sponsored agreement, or for other reasons of convenience."

V. Procedural Statement/Implementation

Review Process

The PI is responsible for the ongoing management of award balances. The Assistant Controller will monitor funds on a monthly basis to determine whether spending rates are consistent with obligated funds and whether any accounts have deficit balances. The Assistant Controller will notify the responsible PIs regarding any identified deficits.



Colgate University
Deficit Policy
December 10, 2010

Resolution Process

When a deficit is identified, the PI is responsible for finding an appropriate fund to clear the deficit and for working with the Assistant Controller to execute an appropriate transfer of charges. In most cases, the account to receive the transfer should either be a departmental account or a private funding source for the PI, such as an internally-funded research award. Federal, state and private sponsors do not permit the transfer of costs to other sponsored awards for the purpose of eliminating deficits caused by expenditure overruns, avoiding restrictions or other reasons of convenience.

All deficits must be cleared within 90 days subsequent to the occurrence of the deficit. In cases when a deficit is discovered at the end of the sponsored project, all transfers should be completed before the filing of the final report to the agency. The Assistant Controller will notify the appropriate Department Chair of all unresolved balances exceeding 90 days.

Exceptions

Some awards may be overspent due to delays in the receipt of the continuing segment of funding. In these cases, the PI may document an explanation for why the sponsored project account is not overspent and send this documentation to the Assistant Controller for approval. The Assistant Controller will determine if the deficit is an allowable exception and whether the award can absorb the charges. In these cases, an advance account for the continuation segment should then be established to prevent increased deficits and to reduce the amount of future cost transfers.

VI. Other Applicable Policies

- a. Direct Charging
- b. Award Monitoring