

Deficit Policy

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Purpose

Policy

Deficits within sponsored project funds are not permitted.

Deficits due to overspending will require a departmental/PI fund to offset the deficit before the grant is closed. If the offset fund is not supplied within 90 days of notification of the deficit, Grant and Contract Accounting (GCA) will automatically charge the department account with the deficit expense.

Awards that are not terminating, but are in deficit will have until the end of the fiscal year to be resolved, whichever is sooner.

Surpluses from fixed priced awards will also be held until the deficit is resolved. **Exception: Multi-year awards may be carried forward with a deficit if the guidelines per the award have been followed and new funds will be forthcoming.**

Definitions

Deficit – project to date available balance less than zero.

Procedures

Procedure: (Terminating Grant in deficit)

1. GCA at the end of each month will determine which grants are in deficit.
2. GCA will forward a letter to the responsible individual and/or PI regarding the deficit requiring offset fund to be submitted within 90 days of the date of the letter to absorb the deficit. If it is discovered that the expense is related to a system error or should have been charged to a different fund, a cost transfer form may be required to be completed. (Please see cost transfer form)
3. Once the fund is supplied to charge the deficit, GCA will charge the supplied account and officially close the sponsored project account.
4. If a fund is not supplied within the specified period of time (90 days), GCA will send a final notice to resolve the deficit.
5. If no fund information is submitted to resolve the deficit within 14 days of the date of the final notice, then GCA will automatically charge the department fund of the responsible individual.

Procedure: (Grants not terminating, but in deficit)

1. GCA at the end of each month will determine which grants are in deficit.
2. GCA will forward a letter to the responsible individual and/or PI regarding the deficit requiring an account be submitted by the end of the fiscal year.
3. If an account has not been furnished to GCA two weeks prior to the end of the fiscal year, a final notice will be sent out as a last attempt to resolve the deficit.
4. If there has been no response from the responsible individual, GCA will charge the department account at fiscal year end with the outstanding deficit.

Guidelines

NA

References

Cost Transfer/Reallocation Policy

Responsibilities

Grant funds should be reviewed monthly by Principal Investigators/or PI designee to ensure that deficits do not occur.

Required Forms

Cost transfer Form

[://www.iit.edu/policy_procedures/forms/gca_cost_transfer_form.](http://www.iit.edu/policy_procedures/forms/gca_cost_transfer_form)