

Write-off of Overdrafts and Disallowance

Effective: July 1, 2008
Responsible Office: Research Accounting
Approval: Research Accounting

Purpose

To establish responsibility regarding unresolved sponsored project overdrafts and disallowances.

Definitions

Overdrafts are comprised of salary and/or other direct cost expenditures which exceed the authorized total award amount. In certain instances, the overdraft may consist of the amount of the expenditure which exceeds an approved, but restricted, individual line item award amount.

Disallowances are salary or other costs charged to a project fund that are deemed to be unallowable by either: a) Federal regulations, i.e. A-21 provisions; terms of Federal and private contracts or agreements, or b) costs incurred and submitted to the project sponsor for reimbursement but directly denied as reimbursable by that sponsor, or c) costs that are disallowed as the result of an audit.

Policy

1. Cost overdrafts must be transferred from the sponsored award to a funding source other than a sponsored program. If the overdraft is intended to fulfill cost sharing or matching requirements, these costs should be accounted for appropriately.
2. Disallowances that are specifically deemed not reimbursable by the sponsor, or specifically deemed to be unallowable by the provisions of OMB Circular A-21, shall not be charged to a sponsored program fund.
3. Business Administrators, in consultation with their respective Principal Investigators, are responsible for expeditiously resolving direct cost overdrafts and/or disallowances on sponsored projects funds, prior to the submission of the financial report.
4. Research Accounting will follow-up to ensure the successful and timely resolution of such overdrafts and/or disallowances.
5. Overdrafts and/or disallowances must be resolved before the submission of the final report to the sponsor. Failure to resolve direct cost overdrafts and/or disallowances by this time will result in an entry by Research Accounting to transfer the appropriate direct costs necessary to bring the sponsored award into balance with the financial report.