

ORA-02-06.01 Definition(s)

Deficit – Occurs when the total actual expenditures exceed the total project budget.

Surplus – A cash balance where revenue is greater than project expenditures.

Write-Off – For the purposes of this policy, removal of an expense from a sponsored program account.

ORA-02-06.02 Related Regulations

[2 CFR Part 200](#) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

[3359-3-04](#) University Rule: Budget Deficit

ORA-02-06.03 Reason for Policy

Sponsored program accounts incur expenditures according to an approved budget. Expenditures are generally cost-reimbursable, i.e., the costs are incurred before collection of cash from the sponsor. The Office of Research Administration (ORA) receives payment on actual allowable expenditures, up to the budget limit.

When a deficit in a sponsored project occurs, ORA requires correction of the deficit to ensure that expenditures do not exceed the approved budget.

ORA-02-06.04 Procedure

Project deficits should be resolved within forty-five days after the final report, final invoice, and/or closeout is completed. The ORA Grant Accountant (GAcct) will work with the Principal Investigator/Project Director (PI/PD) and/or their administrative staff to identify the source of the deficit and to determine what, if any, correctable actions should be taken to rectify the deficit.

If the deficit cannot be resolved, the GAcct determines who will be held fiscally responsible for the deficit, consulting with the Manager of Financial Research Administration as needed.

When resolution attempts are unsuccessful, the GAcct will complete an Administrative Action for Deficit Write-offs form (“Write-off form”) for the project and include a brief explanation about the deficit. The GAcct will then forward the Write-off form for all required approvals as indicated on the form.

The GAcct continues to monitor the project until the transfer of expenditures is made, at which time the GAcct will initiate inactivation proceedings. Once the deficit transfer has occurred the GAcct will notify the affected parties via email.

Deficits will be transferred to an unrestricted account in the following order:

1. PI's University of Akron IDC account
2. PI's other unrestricted account (i.e. sales)
3. Department IDC account
4. College IDC account

ORA-02-06.05 PI/PD Responsibility

The PI/PD is ultimately responsible for ensuring that their project does not incur a deficit. Additionally per University Rule 3359-3-04 "It is the responsibility of each vice president, dean, director or department chair to ensure, for all accounts for which they are responsible, that expenditures remain in line with authorized budgets during the fiscal year."

ORA-02-06.06 F&A Costs Associated with Deficits

F&A charges associated with the deficit amounts are excluded. When deficits are incurred, only the direct portion of the deficit is subject to resolution.