

Deficit Fund Policy and Procedure

Policy

All Designated (Fund 21-24), Clinical Trial (Fund 32), Construction (Fund 71) and Agency (Fund 91) Gifts/Clinical Trials/Programs/Projects must maintain a surplus balance.

A Gift/Clinical Trial/Program/Project is in deficit if the month end fund balance is negative. A positive ending fund balance with negative available balance after encumbrances does not fall within the scope of this policy.

Procedure

Effective June 30, 2011, Business & Finance personnel will review ending fund balances on a quarterly basis. Funds with a deficit balance will be identified and communicated to the appropriate department or division personnel. Attached to this communication will be the Report. These reports include July 1st beginning fund balance, revenues, expenditures, ending fund balance (excluding encumbrances), encumbrances and available balance (including encumbrances). Business & Finance will communicate this information via email, during the second week of the month following the quarter close.

Business Managers are required to provide a response explaining the nature of the deficit balance and the necessary course of action to correct the deficit balance. The response is due two weeks after receiving the deficit notification. The explanation(s) can include Transaction Correction Accounting Journals, transfers, and timing issues including:

- Funding sources which have not yet been recorded
- Student organization funds which have not received the semester allocation
- Endowment income funds where income has not been allocated
- Sales/services funds which are due a payment

Business & Finance personnel will review the explanations and determine if additional actions are required.

Gifts/Clinical Trials/Programs/Projects that are chronically in deficit are the primary concern. In these cases, consideration will be given to cease spending while it is in deficit position. This may include a moratorium on:

- Supplier Invoice Requests
- Internal Service Deliveries
- Concur travel expense and employee reimbursements
- P-Card transactions
- Payroll postings

Exceptions to the procedure noted above could be provided by the Asst. V.P. & Controller.

Note: Business & Finance monitors the E40 Vice President for Medical Affairs fund balances in conjunction with the Medical Center Finance Office. The Medical Center business managers are to respond to the Medical Center Finance Office directly with deficit explanations/analysis.