

The University of Alabama in Huntsville
Quick Reference Guide
Overruns on Sponsored Research Contracts and Grants
(October 10, 1996)

Overruns:

In order to support our research mission effectively and fairly, we need to ensure that reasonable controls are in place to minimize overruns throughout the period of performance for contracts and grants. Overruns are defined as expenditures plus encumbrances, which exceed sponsored award budgets. Sponsored research contract and grant accounts are monitored on a monthly basis. **For those which are over the budget during the period of performance, corrective action must be taken by the Principal Investigator by performing one of the following tasks (regardless of the size of the overrun):**

- Transfer charges to the appropriate ICR or departmental account.
- File a risk memo with Contracts and Grants Accounting (C&G Accounting) if additional funding is being sought.
- If additional funding has been approved by the agency, provide C&G Accounting with the appropriate documentation.
- An overrun account may be one of several accounts under one award. If allowed by the sponsoring agency, budget change should be made to reduce the budget(s) of account(s) with balances available and to increase the budget(s) in the overrun account(s).

Until one of the above corrective actions has been taken for overruns greater than \$100, the PIs' ICR account (3-89xxx) and Residual account (3-87xxx) will be frozen.

5-accounts with an overrun greater than \$2,500 need immediate attention by the Principal Investigator. It is the Principal Investigator's responsibility to clear overruns greater than \$2,500 within 2 weeks following month-end. **If overruns greater than \$2,500 are not cleared during the following 2 weeks, the appropriate Provost/Vice President will be notified and the 5-account will be frozen.**

Ninety days after the award termination date, the Office of the Vice President for Research will cover all overruns under \$100. In terms of covering overruns, the amount required to be covered is actual expenditures (not including encumbrances) less indirect costs related to the overrun.

The Office of Sponsored Programs will be added to the employee checkout procedures to ensure that funding of overrun accounts is addressed and accomplished as well as to ensure that all contract/grant technical reports have been submitted before a Principal Investigator terminates employment with the University. The Principal Investigator's ICR account and Residual account will be frozen at employment termination (unless a joint account and then the account will convert to the Co-PI).

Upon employment termination, remaining balances in the Principal Investigator's ICR account (3-89xxx) or Residual account (3-87xxx) will first be used to refund all of the PI's department's past overrun amounts covered by the UAH General fund and the Office of the Vice President for Research. Any remaining balance after the refund of past departmental overruns will be transferred to the PI's department.

If 5-account expenditures are over budget (e.g., overrun) at the 90-day close-out date, the overage will be charged to the PI's ICR account (3-89xxx account) or Residual account (3-87xxx account) unless a departmental/center account has been provided. If there are not enough funds in the ICR and/or Residual accounts to cover the overrun, the appropriate Dean/Director and Provost/Vice President will be notified and requested to provide an account to which the overrun can be charged. If no account is provided, C&G Accounting will determine a departmental account that has an adequate balance to charge the overrun.

Freezing Sponsored Research Accounts 90 days after Period of Performance:

In accordance with our close-out policies and procedures, sponsored research ("5" accounts) are frozen 90 days after the end of the period of performance, unless an extension has been granted or a risk memo has been submitted pending an extension. In order to be able to process information timely, it is necessary for Accounting to revert charges on frozen accounts to the department/center account. OMB Circular A-110 (*Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other non-profit Organizations*) requires all financial, performance, and other reports (as required by the terms and conditions of the award) for most awards to be submitted within 90 calendar days after the period of performance.

C&G Accounting developed a tickler system of reminder letters to be sent to Principal Investigators, Deans/Directors, Office of Sponsored Programs, the Office of the Vice President for Research, and the Office of the Provost before and after the period of performance ends as a reminder of a contract's/grant's end date. **All billable expenses should be submitted and processed before the 90-day close-out date.** A final reminder letter will be sent approximately 30 days before the 90 day close-out date to indicate the account will be frozen after the 90 day close-out period.

Signed by:

Vice President for Research

Provost/Vice President for Academic Affairs

Vice President for Finance and Administration