Grants Write-off Policy and Procedure

Effective Date

This policy was approved by UTSA Vice President for Business Affairs on September 7, 2018, and is effective as of that date.

Purpose

The purpose of this policy is to provide a consistent practice for covering deficit balances on Projects. Deficit balances can result from charging expenditures in excess of authorized amounts and/or received payments

Definitions

Authorized amount:

Typically shown as the budget amount on an active Award, this is the total funding awarded by the sponsor for the Project. UTSA applies this definition to all sponsored projects unless a sponsor’s guidelines states otherwise.

Deficit balance:

A deficit balance occurs when a Project's expenses exceed the authorized amount during the active life of the project, expenses post after the Project’s termination date, or the sponsor deems expenses as unallowable.

Considerations

Pre-award setups

Principal Investigators (PIs) wanting to incur costs before a grant is officially funded by the federal government may request that a pre-award account be established by their Research Service Center (RSC). In setting up a pre-award account PIs will need to complete a pre-award account request form and attach documentation of a commitment from the funding sponsor that they intend to fund the grant. In addition, an institutional account (e.g. an F&A account, a Department account, etc.) must be identified to cover costs should the grant not be funded. All costs incurred on a pre-award account must meet the same criteria as costs incurred after an award arrives.

The PI is responsible for completion of the form to request a pre-award account in order to begin work on a project up to 90 days prior to the start date of a grant. This form can also be used to request a 90 day pre-award account in order to expense funds prior to completion of the award process.

The form can be accessed here: http://research.utsa.edu/wp-content/uploads/2014/12/PreAwardAccountRequestForm.pdf

Documentation of a commitment from the funding sponsor must be attached and an institutional source of funding identified to cover expenditures should be provided in case the award is not issued or unauthorized costs are incurred. The requested signatures must be obtained and the completed form with attachments must be sent to his/her RSC for review and approval.

Pre-award accounts are normally restricted to 90 days and limited to 25% of funds anticipated for year one of the grant.

Pre-Award Account Request Review

1. The PI's Research Service Center will review the completed request.
2. A decision to approve will be made based on the following:
    - Sponsor documentation
    - Justification for the request
    - Verification that an alternate institutional account was provided and money is available to cover the pre-award budget.
3. Once a request is approved, the RSC will forward the request to GCFS to set up a pre-award account.
4. Once a fully executed award document is received, the RSC will process an award set up request to fully fund the project based on the award amount and budget period specified in the award notice.

Pre-Award Account Monitoring

1. The pre-award account will be reviewed by the RSC 45 days prior to expiration to evaluate the status of the award document and determine if additional information is needed.
2. The pre-award account will be reviewed by the RSC 20 days prior to expiration and the PI notified the pre-award account will end in 20 days.
3. Should the grant not be funded or unallowable expenditures are incurred, the costs will be transferred to the institutional account identified on the form.

Note that the form requires the Department Chair to sign a statement that the Department will be responsible for any costs charged to the project in the event that funding is not received.

Nonpayment by sponsor

Invoices that remain unpaid more than sixty (60) days after the invoice has been issued should be followed up with the sponsor. Follow up should be handled by the A/R Specialist or the project Accountant.

In the event the sponsor is unable or unwilling to fulfill their contractual obligations regarding payments, the following steps should be taken:

Unpaid balances up to $100 can generally be written off against the F&A account when the project is to be closed out, at the discretion of the GCFS Director.

Unpaid balances in excess of $100 that have been deemed to be "uncollectible", shall be discussed with the Controller/Associate VP for Financial Affairs.

- If feasible, the account may be turned over to a collection agency.
- If the account is to be written off, the Controller/Associate VP for Financial Affairs will provide the appropriate instructions. Verify any proposed journal entries with the Director of Accounting before posting.

Expenditures in excess of authorized funding.

Sponsored projects should be administered in a manner that avoids deficit balances. Rarely do sponsors allow a transfer of a deficit balance to a new project period. Under very unusual circumstances, and with adequate justification, some agencies will allow institutions to transfer a deficit balance from one budget period to the next, within the project period only. In these situations, the estimated deficit carry forward must be stated in the progress report or continuation application.

Deficit balances up to $100 can generally be written off against the F&A account when the project is to be closed out, at the discretion of the GCFS Director.

Deficit balances in excess of $100 should be resolved as soon as possible after the project period ends. These balances are the responsibility of the project director and his or her department and should be written off to a cost center. Deficit balances cannot be transferred to cost centers funded with State appropriations.

NOTE:

The transfer of individual costs from one sponsored project to another sponsored project where the sole purpose is to offset over-expenditures is unallowable. Transfers can only be made when the charge clearly is allocable to the new project.