
2129 CHARGE BACK OF OVERDRAFTS AND DISALLOWANCES

Effective: December 1989
Revised: December 2014
Last Reviewed: April 2016
Responsible Office: Research Services
Approval: Research Services

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 is deemed to be unallowable by either:

1. Federal regulations, i.e. Uniform Guidance provisions; terms of Federal and private contracts or agreements, or
2. Costs incurred and submitted to the project sponsor for reimbursement but directly denied as reimbursable by that sponsor, or
3. Costs that are disallowed as the result of an audit

POLICY:

1. Cost overdrafts must be transferred via a journal utilizing Object Code 7 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 as specified in Policy No. 2119.
2. Disallowances that are specifically deemed not reimbursable by the sponsor, or specifically deemed to be unallowable by the provisions of OMB Uniform Guidance, shall not be charged to a sponsored program fund.
3. 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 Services to transfer the revenue from the unrestricted operating budget of the responsible center to the fund account.

ROLES AND RESPONSIBILITIES:

PRINCIPAL INVESTIGATOR:

- **Reviews and approves all expenditures**
- **Ensures that unallowable expenditures are not charged to sponsored projects**
- **Ensures that overdrafts and disallowances are resolved timely**

BUSINESS ADMINISTRATOR

- **Reviews all expenditures with Principal Investigator**
- **Ensures overages and disallowances are journaled to a departmental fund timely**
- **Communicates with ORS regarding the status of overages and disallowances**

OFFICE OF RESEARCH SERVICES

- **Reviews sponsored project funds to ensure overages are addressed**
- **Communicates with Business Administrators regarding the status of overages & disallowances**
- **Performs charge-back entry as necessary to relieve the overdraft**

The source of this document is Research Services