



MEMORANDUM

To: Fiscal officers, Deans and Directors

From: Associate Vice Chancellor for Finance, Stuart Roberts 
Director Office of Grants and Contract Administration, Maggie Griscavage 

Subject: Procedure for Overrun Write offs-Notice of intent to Implement

Release Date: August 13, 2010

Comment Period to August 20, 2010

Overruns misstate accounts receivables and unrestricted revenue. If overruns are not removed in a timely fashion budgets become overstated due to the Facility and Administrative costs (F & A) that have already been distributed to the department. When overruns are removed it gives an accurate picture of the financial status.

It isn't financially prudent to bill an agency for more than the award amount. If an overrun remains, Banner will not allow an award to be billed. This creates problems:

- If the grant has ended, OGCA has a short window of opportunity to final bill. If the grant is in overrun, a manual bill may be required.
- Grants cannot be closed.
- Accounts Receivable are overstated.

A manual bill doesn't accurately reflect the financial situation in Banner.

- Banner reflects less billed expenditures.
- Creates additional increasing risk of error. Eventually the billing will have to be completed in Banner and reconciled with the manual bill.
- Manual billing has potential for error in the overstatement or understatement of the expenditures.

Overruns will be written off by OGCA to the department's fund one. This will eliminate many of the aforementioned billing problems. The procedure will ensure that revenue will be collected in a timely manner. The procedure is as follows:

If the award has reached the project end date:

- The OGCA grant tech sends a 90, 60 & 30 day notice prior to the award end date.

- The above notices give the department a chance to review charges and make sure they are applicable and allowable on the award.
- The department will be notified one day after the end date of the project if it is in overrun.
- On the 16th day the department will again be notified if the process to remove the overrun hasn't been initiated.
- 30 days after the award end date OGCA will remove all overruns to the department's fund 1.

The time to remove an overrun may be shorter depending on the terms and conditions of the award.

If the award has not reached its project end date:

- The Department will review all grants monthly to identify any overruns.
- If more funding is anticipated, an assumption of liability form may be completed by the department and sent to OGCA.
- The department must verify that charges are allowable and applicable to the award.
- OGCA will review overruns each month as part of the billing process and will notify the department by the 15th of the month if a project is overrun. If no action is taken by the department by the last day of the month, the overrun will be written off to the department's fund 1.
- Financial Services will key overrun JV's within 15 days of receiving them.

This procedure is effective September 1, 2010, and remains active until changed or rescinded.

Resources:

P05.01.020. Deficit Spending and Professional Responsibility.

University of Alaska Statewide Accounting Manual P-41