I. POLICY SUMMARY

This policy defines Overdrafts and management responsibilities for resolving and reporting Overdrafts across the UC San Diego campus.

II. DEFINITIONS

Administrative Official - For this policy, the term Administrative Official refers to any UC San Diego employee or faculty member who holds one of the following positions with delegated financial, administrative, or management responsibility as outlined in the Administrative Responsibilities Handbook:

- Associate Chancellor
- Associate & Assistant Vice Chancellors
- Deans
- Department Business Officers
- Department Chairs
- Directors
- Managers
- Principal Investigators
- Provosts
- Unit/Department Heads
- Vice Chancellors

Fund – A source of funding for a transaction or expenditure identified by a specific code used in the Integrated Financial System. For further detail, please see Fund Overview.

Organization - A department or functional unit within a department identified by a specific Organization Code in the Integrated Financial System. For further detail, please see Organization Codes.

Overdraft - A deficit in a Fund caused when an Organization spends more than is authorized or available.

Overdrafts may be measured by testing balances at any of several levels within the accounting hierarchy; the appropriate level depends on the nature of the Funds and is typically identified by funding source limitations. The measurement of a deficit largely depends on the financial activity within a particular fund. To effectively and consistently identify and remediate fund deficits, fund balances are measured in three business practice categories: General Campus, Sponsored Project Awards, and Self-Supporting Funds.
III. POLICY STATEMENT

It is in the best interest of the campus for Administrative Officials to identify and remedy the circumstances creating an Overdraft and to prevent a misuse of resources. This policy is structured to:

- define Overdrafts and management responsibilities for their resolution, and
- facilitate Administrative Officials’ efforts to remedy circumstances creating an Overdraft.

IV. RESPONSIBILITIES

A. Principal Investigators or Fund Managers

1. For sponsored projects, the person(s) named as the Principal Investigator, manager, or director in an award of a contract or grant accepted by UC San Diego, has primary responsibility for adherence to the conditions of the award and for ensuring that expenditures made are appropriate, allowable, and within the budgetary limitations of the award. Thus, the Principal Investigator is responsible for:

   a. Avoiding Overdrafts, cost over-runs, and unallowable, unreasonable, or unauthorized cost-transfers or expenditures;
   
   b. Identifying the need for additional funds;
   
   c. Immediately resolving any Overdraft or developing a written action plan to eliminate the Overdraft when the Fund’s cumulative expenses exceed the authorized funding from the sponsor for longer than 30 days; and
   
   d. Implementing written action plans to eliminate Overdrafts.

2. For Funds other than sponsored projects’ Funds, the Fund Manager is responsible for:

   a. Avoiding Overdrafts, cost over-runs, and unallowable, unreasonable, or unauthorized cost transfers or expenditures;
   
   b. Identifying the need for additional funds;
   
   c. Immediately resolving any Overdraft or developing written action plans to eliminate Overdrafts larger than $25,000 or five percent of the Fund’s fiscal year budget, whichever is more; and
   
   d. Implementing written action plans to eliminate Overdrafts.

B. Responsibilities of Department Chair and Department Business Officer (or Equivalent Officers)

Department Chairs, Department Business Officers, and Equivalent Business Officers shall:

1. Identify, avoid and, if necessary, resolve Overdrafts.

2. Ensure that sponsored projects’ expenses do not exceed the cumulative amount of the award, allocation, or budget and, if Overdrafts do occur, ensure that corrective action is taken to eliminate the Overdraft. In the case of Overdrafts lasting over 30 days, ensure that an overdraft resolution plan is in place.

3. Ensure that Principal Investigators or Fund Managers develop a written plan under which Overdrafts larger than $25,000 or five percent of the Fund’s fiscal year budget, whichever is more, will be eliminated within six months of approval of the written plan. Any longer period for resolution of an Overdraft must be approved by the appropriate Vice Chancellor or Dean.
C. Responsibilities of Vice Chancellors and Deans

For the Organizations under their purview, the Vice Chancellors/Deans are responsible for ensuring that:

1. Overdrafts are routinely monitored at the level of the Department Chairs and Business Officers;

2. Written plans to resolve overdrafts are prepared and submitted to the Department Chair/Desigee and Vice Chancellor/Dean for review and approval when deficit balances are larger than $25,000 or five percent of the funds fiscal year budget, whichever is more; and

3. Actions specified in approved overdraft resolution plans are realistic and effective towards timely resolution of the targeted Overdraft.

D. Responsibilities of the Controller

If an Overdraft occurs, the Controller is responsible for ensuring that final resolution is effectively achieved. As such, the Controller’s duties include monitoring financial and budget data for Overdrafts to ensure that:

1. System support tools are providing timely information required to effectively report and remedy Overdrafts;

2. The Overdraft remediation process satisfies the University’s policy requirements and the sponsors’ terms and conditions when applicable;

3. There is support for the development of written action plans to discharge Overdrafts when they are larger than $50,000 or five percent of the Fund’s fiscal year budget, whichever is more;

4. For Overdrafts greater than $50,000 or five percent of the Fund’s fiscal year budget, whichever is larger, or that remain unresolved for more than 180 days, the Controller shall partner with the appropriate Administrative Official(s) to ensure that appropriate corrective actions are taken;

5. The Controller will periodically review all organizationally strategic multi-year deficit reduction plans to support timely clearing of deficits; and

6. Ensure that this policy is maintained to incorporate current regulations and support operating requirements.

V. PROCEDURES

An electronic deficit reporting system has been developed to help administrative officials meet their fund management responsibilities. It provides a view of current overdrafts by Vice Chancellor with drill-down capabilities for various levels of accounting and organizational hierarchies. Although the use of the report is discretionary, it is considered to be an effective report for monitoring current overdrafts. As such, Administrative Officials, Fund Managers, and Principal Investigators are urged to make appropriate use of it. The deficit report can be accessed on Blink.

VI. FORMS

None.
VII. RELATED INFORMATION

A. Board of Regents Standing Order 100. Officers of the University
   100.1 Designation and To Whom Responsible
   100.4 Duties of the President of the University

B. Academic Personnel Manual

C. UCOP Accounting Manual, D-224-17, Delegation of Authority-Signature Authorization, Section II.B., Responsibility Attendant to Delegated Authority

D. UCOP Contract and Grant Manual
   6-440 Responsibilities of the Principal Investigator
   6-450 Responsibilities of Department Chair (or Equivalent Officers)
   6-460 Responsibilities of Campus Controllers

E. UC San Diego Administrative Responsibilities Handbook

VIII. FREQUENTLY ASKED QUESTIONS (FAQ’S)

See blink: Deficit Balance Analytics

IX. REVISION HISTORY

None new policy.