

## Management of Sponsored Program Awards in a Budget Deficit

**Effective Date** Wednesday, June 23, 2004

**Status** Final

**Last Revised** Tuesday, August 9, 2022

**Policy Type** [University](#)

**Contact Office**

[Sponsored Programs \(Office of\)](#)

**Oversight Executive**

[Vice President for Research](#)

**Applies To**

Academic Division

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**Reason for Policy**

To manage sponsored program award-projects that are in a budget deficit.

**Definition of Terms**

**Deficit**

An award where expenditures and outstanding commitments have exceeded the total amount budgeted.

**Sponsored Program**

Any externally funded research, public service, or scholarly activity (including hosting or attending conferences) at the University that has a defined scope of work often including a set of specific programmatic objectives and/or deliverables, and line-item-based budget, providing the basis for sponsor expectations and awardee accountability (i.e., a reciprocal transfer of something of value). Sponsored programs are funded through agreements that usually include terms and conditions for the disposition of tangible properties and outcomes (e.g., equipment, records, specified technical reports, theses, or dissertations) or intangible properties and outcomes (e.g., rights in data, copyrights, and inventions). **Note:** The terms sponsored program, sponsored project, and/or sponsored activity are often used interchangeably.

**Policy Statement**

Sponsored Program awards are created as the result of an agreement with a funding agency. The budget is established at a high level according to sponsor requirements. The Office of Sponsored Programs (OSP) collects

payment on expenditures in an amount not to exceed the authorized budget. Sponsored Program awards are unique, in that the State allows for the charging of expenditures before the collection of cash. However, the University must use other resources to fund Sponsored Program expenditures until the actual funds are received from the sponsor. Since overcharges/overruns cannot be billed to the sponsoring agency, deficit awards place additional constraints on already limited University resources.

The Office of Sponsored Programs prepares and submits financial reports required by the sponsoring agencies. In general, federal reports are due 90 days after the completion date of the sponsored program award. The reports cannot be filed when a deficit exists or the award contains outstanding commitments. Many sponsoring agencies may delay issuing awards or withhold scheduled payments because of delinquent financial, progress, or technical reports. It is not possible to submit an invoice to the sponsoring agency when a sponsored program award is in deficit.

The principal investigator (PI) is responsible for not exceeding the budget on the Sponsored Program award.

OSP will facilitate corrective action on deficit sponsored program awards through distribution of the “sponsored programs budget deficit letter.” The PI and departmental administrators have access to financial reports that should be used to track financial status of sponsored program awards. Departments and PIs must have a plan for corrective action and the plan must be implemented within 70 days before the end date of the sponsored program award, failing which OSP may be required to transfer the deficit to the department’s account that receives the revenue from facilities and administration charged on sponsored program awards.

#### **Compliance with Policy:**

Failure to comply with the requirements of this policy may result in disciplinary action up to and including termination or expulsion in accordance with relevant University policies. In addition, failure to comply with the requirements of this policy and its related procedures may result in the University withholding other sponsored awards to the PI.

Questions about this policy should be directed to the [Office of Sponsored Programs](#).

#### **Procedures**

[Sponsored Programs Procedures](#)

**Major Category** [Finance and Business Operations](#)

**Next Scheduled Review** Saturday, August 9, 2025

#### **Revision History**

Added defn of Sponsored Program, minor word edits 8/9/22; Minor edit to Policy Statement 1/6/22; Added Compliance Section 1/4/22; Confirmed 3/19/21; Updated links 3/8/19; 1/11/19; Added OE/VPR 4/2/18; Updated 10/15/09.

#### **Applies To Text**

Academic Division and the College at Wise.

#### **Category Cross Reference**

[Research Administration](#)

#### **Supersedes Policy Text**

VIII.C.2: Budget Deficit

**Last modified** February 5, 2024 - 1:04pm

**Approved By** Policy Review Committee

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