DEPARTMENT OF MEDICINE

Guidelines for Managing Potential and/or Real Overdrafts on all Funding Sources
And
For Communicating Faculty Salary Shortfalls During the Fiscal Year

August 2002
Revised: May 2005

Purpose:
To establish a consistent set of guidelines in the Department of Medicine for communicating and managing potential and/or real overdrafts on sponsored projects and other restricted and unrestricted funds. These guidelines apply to all fund managers in the Department of Medicine in the central business services offices and in division or program assignments. To identify areas of responsibility as it relates to this process.

Department Contact:
Please contact David Kimber; Director of Fiscal Affairs, (e-mail: dbkimber@ucsd.edu) or Maureen O’Connor, Administrative Vice Chair (e-mail: moconnor@ucsd.edu or phone: 858-534-8779) with any questions regarding these department guidelines.

Guidelines of Responsibility:

Fund Managers

It is the responsibility of the Fund Manager (based on the Fund Manager assignment in the MED table or other tool per index) to provide the Faculty Member/Principle Investigator (PI) a periodic Fund Summary Report. For Federal, State or at-risk funds, reports must be generated monthly. In addition, the fund managers should provide his/her immediate supervisor and the Director of the SPO, or Director of Fiscal Affairs with a copy of each monthly Fund Summary Report (FSR) provided to the Principal Investigator (PI.)

It is the responsibility of the Fund Manager to communicate any potential and/or real overdrafts. Forms of communication with the PI may include but are not limited to notes on the monthly Fund Summary Report (FSR), e-mails or memos to the PI, and notes summarizing verbal conversations with the PI. Communication with the supervisor should be in the form of a formal written report summarizing potential risk.

For sponsored research grant funding, it is the responsibility of the Fund Manager to notify the PI and the Director of the SPO with at least six months advance notice of any potential and/or real funding shortfalls, especially those that relate to faculty salary compensation. It is the responsibility of the Fund Manager to work with the PI and his/her immediate supervisor and the Director of SPO to identify alternative solutions for avoiding overdrafts and/or faculty salary compensation shortfalls during the fiscal year.
A six month time frame is ideal for resolving potential shortfalls, and all reports should utilize approved burn rate methodology that would indicate a potential problem at least six months into the future.

It is essential that shortfalls of staff salary be identified with six months leeway for changes of funding. If an identified shortfall has not been corrected within a four month leeway, the fund manager is required to notify Human Resources, the Division Administrator and the Director of Sponsored Projects as well as the PI. If the identified shortfall has not been addressed within a three month leeway the Department Business Officer will be notified and will determine if it is necessary to initiate a layoff which normally requires a month to process and 60 days notice to the staff member. A layoff approval can be delayed or rescinded, but if not initiated in a timely manner can directly result in irresolvable deficit spending. If alternatives are not identified and the PI does not take action, the Business Officer and Division Chief of the Division will consult with him/her and may initiate the notice and layoff process independent of the PI.

**Director of Sponsored Projects and Director of Fiscal Affairs:**

The managers in these positions have are the direct supervisors of all departmental fund management. They will review all Fund Summary Reports (FSRs) on a monthly basis, and to follow-up with the Fund Manager regarding any potential and/or real overdrafts. They will review all Campus and School of Medicine sources to assure that all funds-at-risk are being monitored. They work directly with fund managers and PI’s to prevent overspending and/or locate funding for any deficits.

It is the responsibility of the immediate supervisor to notify his/her immediate supervisor (Director of Sponsored Projects, Director of Fiscal Affairs or Business Officer), whichever is applicable immediately upon being notified by a Fund Manager of any potential and/or real funding shortfalls that relate to faculty salary compensation anytime during the fiscal year (July through June.) At least six months advance notice is required.

It is the responsibility of the immediate supervisor of the Fund Manager to work with the PI and the Fund Manager to identify alternative solutions to avoid overdrafts and/or faculty salary compensations shortfalls during the fiscal year.

On the occasions when an overdraft is unavoidable, it is the responsibility to the immediate supervisor to contact his/her immediate supervisor and the Director of Sponsored Projects that an overdraft is projected and that no alternative sources of funding have been identified at this time. Should an overdraft occur, it is anticipated that the Principal Investigator will take full responsibility to resolve the deficit. If necessary, an unrestricted fund will be provided to clear the deficit and a payback plan will be required by the Chairman.
**Director Sponsored Projects Office**

Upon notification of a potential and/or real overdraft by a Fund Manager or the immediate supervisor of a Fund Manager that unavoidable, the Director SPO is responsible for working with the PI, Fund Manager, or immediate supervisor of the Fund Manager to identify any alternative sources of funding or solutions for resolving the potential and/or real overdraft. In cases where solutions are found the Fund Manager or immediate supervisor of the Fund Manager is responsible for implementing any recommended solutions.

In cases where solutions are not found it is the responsibility of the Director of SPO to communicate the potential and/or real overdraft or faculty salary compensation shortfall to the Department Chairman and department Business Officer. The Director is responsible for providing any department history, existing precedent, practices, policies, and guidelines from the department and agency perspectives. If a solution is found the Director will communicate this to the Fund Manager or immediate supervisor of the Fund Manager for immediate follow-up and implementation.

The role of the Division Chief for non-Federal funds is critical. The Division Chief should resolve the deficits, using a pay back plan if necessary. The Chair should be consulted on any pay back in excess of $10,000 or one year. Division fund balances may be considered as a source of the payback plan, but these funds require Chair/DBO approval for this purpose.

When no solutions have been reached up to this point, a mandatory budget meeting is set-up between the Department Chairman, Department Business Officer, Director SPO, and Principal Investigator. The purpose of the meeting is to fully review the potential and/or real overdraft or to fully review the faculty salary compensation shortfall during the fiscal year (whichever is applicable.) at this meeting. An Action Plan is developed and the Director SPO is responsible for communicating it to the Fund Manager or immediate supervisor of the Fund Manager for immediate follow-up and implementation. It is the responsibility of the Director of SPO to follow-up on all Action Plans to ensure they are successfully implemented.

It is the objective of the Department to allow adequate resources for the completion of sponsored research commitments, and for continued successful work of the faculty members.