

Deficit Fund Policy and Procedure

Policy

All Designated (2xxxxx), Restricted (4xxxxx), Plant (7xxxxx) and Agency (9xxxxx) funds must maintain a surplus balance.

A fund is considered to be in deficit if the month end fund balance is negative. Funds having a positive ending fund balance, but a negative available balance after encumbrances do not fall within the scope of this policy.

Procedure

Effective June 30, 2011, Business & Finance personnel will review ending fund balances on a quarterly basis. Funds with a deficit balance will be identified and communicated to the appropriate department or division personnel. Attached to this communication will be the WebFocus Dashboard FWF0044 Deficit Report. These reports include July 1st beginning fund balance, revenues, expenditures, net activity, ending fund balance (excluding encumbrances), encumbrances and available balance (including encumbrances). Business & Finance will communicate this information via email, during the second week of the month following the quarter close.

Business Managers are required to provide a response explaining the nature of the deficit balance and the necessary course of action in order to correct the deficit balance. The response is due 2 weeks after receiving the deficit notification. The explanation(s) can include transaction corrections, transfers from other funds and timing issues including:

- Funding sources which have not yet been recorded
- Drug studies which are due payment
- Student organization funds which have not received the semester allocation
- Endowment income funds where income has not been allocated
- Sales/services funds which are due a payment

Business & Finance personnel will review the explanations and determine if additional actions are required.

Funds that are chronically in deficit are the primary concern. In these cases, consideration will be given to cease spending from the fund while it is in deficit position. This may include a moratorium on:

- eSeeDPV Direct Payment Vouchers
- eSeeIDO Inter Departmental Orders
- Concur travel expense and employee reimbursements
- P-Card transactions
- Payroll postings

Exceptions to the procedure noted above could be provided by the Asst. V.P. & Controller

Note: Business & Finance monitors the Health Sciences fund balances in conjunction with the Medical Center Finance Office. The Health Sciences business managers are to respond to the Medical Center Finance Office directly with deficit explanations/analysis.