



SPONSORED PROJECT SURPLUS OR DEFICIT POLICY

Issue Date: October 7, 2022

Superseded: N/A

Last Review: October 7, 2022

I. PURPOSE

The purpose of this policy is to establish guidelines for identification of expiring sponsored projects and the resolution among affected parties for the surplus or deficit account balances.

II. POLICY

It is the policy of New York Medical College (“NYMC” or “the College”) to coordinate among the Restricted Funds Accounting Department (“RFAD”), the Office of Research Administration (“ORA”), the appropriate academic deans, and the Principal Investigator(s) (“PI”), a procedure for identifying, monitoring, and resolving surplus or deficit balances on sponsored project accounts prior to the expiration of the project.

Each sponsored project will have unique requirements. This policy is intended to be a framework that enables NYMC to meet or exceed sponsor requirements.

The Office of Management and Budget (“OMB”) Uniform Guidance on Closeout (§200.344 and §200.345) requires that without an extension, all financial obligations under the award must be liquidated within one hundred and twenty (120) calendar days after the end date of the period of performance, and that any balances of unobligated cash already paid that are not authorized to be retained for use in other projects be promptly refunded.

III. SCOPE

This policy applies to all sponsored projects that are time-sensitive with respect to the use of funding affecting the College.

IV. DEFINITIONS

Deficit – where the costs of a sponsored project exceed the funding for the project during the project period

Final Budget Period – the final year’s budget on an expiring grant or contract

Project Period Ending Date – the final date on which a grant or contract for a research project will expire

Surplus – the amount provided for the sponsored project exceeds the costs of the project during the project period

V. PROCEDURES

A. RFAD and ORA

1. Ninety (90) days prior to the project period ending date:
 - a. PIs should be proactive in timeline management and be aware when they are within ninety (90) days of a Project Period Ending Date.
 - b. RFAD reviews the expiration dates on an ongoing basis. RFAD will email the PI three (3) months prior to the Project Period Ending Date when RFAD forecasts a sponsored project will be overspent at its conclusion.
 - i. RFAD will email the PI of the impending deficit and the estimated date by which funds will be exhausted.
 - ii. RFAD will request that the PI submit an Institutional Prior Approval System form to ORA, with a copy to RFAD, indicating what action will be taken concerning the shortfall in funds.
 - iii. The PI should respond within ten (10) days.
 - c. The PI will submit to ORA an Institutional Prior Approval System ("IPAS") form for projects that are forecasted to have a surplus of more than 25% of the direct award. This form should be submitted within ten (10) days or notification. The PI must copy RFAD on this email or email a copy to RFAD. *See attached form.*
 - d. RFAD will forward copies to the respective Associate Deans/Directors for Academic Administration and the Grants Manager at the same time the PI is notified.
2. Sixty (60) days prior to the Project Period Ending Date:
 - a. If an IPAS form was not submitted to ORA, RFAD will update and forward a second notice to the Associate Dean for Academic Administration for the School of Medicine; the Assistant Director of Financial Analysis and Planning for the School of Health Sciences and Practice or the Director of Academic Administration for the Graduate School of Biomedical Sciences, as applicable, Department Chair, and the PI. The appropriate administrator and the Department Chair will ensure that an IPAS form is prepared and submitted to ORA and RFAD within ten (10) business days.
 - b. If the PI has submitted the IPAS form, ORA will verify that the adjusted expenditures are allowable under the terms of the project as indicated on the digest and, if so, notify the PI, Department Chair, RFAD, and the PI's respective Associate Dean/Director for Academic Administration.
 - c. If the IPAS form does not meet the terms of the project or the PI has not submitted the form, ORA will indicate the deficiencies to RFAD who will inform the PI and Department Chair.
3. Forty-five (45) days prior to the Project Period Ending Date, if the PI has not responded to the second notice, RFAD will notify the Department Chair and the PI that non-faculty employee salaries will no longer be funded by the grant and must be absorbed by institutional funds. RFAD will forward

- copies of this notification to the Associate Dean/Director of Academic Administration and the Grants Manager.
4. Less than forty-five (45) days prior to the Project Period Ending Date, if the PI has submitted an Institutional Prior Approval System form, ORA will verify that it meets the terms of the project and, if so, will notify the PI, Department Chair, RFAD, and the respective Associate Dean/Director for Academic Administration. If the Expenditure Adjustment Plan does not meet the terms of the project, ORA will indicate the deficiencies to the PI, Department Chair, and RFAD.
 5. If the No Cost Extension has been done and the sponsored project cannot be extended further, RFAD will notify the PI of the project balance, project end date, and that this will be the final filing. RFAD will monitor for and require additional approval for adjustments involving adding expenditures to a grant with funding about to expire.
 6. Acceptable Standards:
 - a. Over-expenditures: For all budget periods except for the final budget period, if an over-expenditure represents pre-award costs (25%) of total award or less and not more than 90 days of advanced expenditure, and the terms of the project permit such, RFAD will accept this as a valid expenditure and not as an over-expenditure.
 - b. Under-expenditures - A carry forward of more than 25% must complete a formal no-cost extension request. A carry forward of less than 25% will be rolled forward unless specifically noted in the grant otherwise.
 - c. Competitive Renewal and/or Notice of New project: Where an expenditure presents 90 days or less of advanced expenditure, and not more than (25%) of the new project or renewal, and the terms of the project permit such, the PI may provide written assurance to ORA that advance notice of funding has been received.
 7. ORA will confirm the PI's statement and notify RFAD. Subject to that confirmation, support of named employees shall continue. The PI should submit the proposed budget from the project application as part of the expenditure plan.

B. Deans' Offices

1. Ninety (90) days prior to the Project Period Ending Date, the PI's respective Associate Dean/Director for Academic Administration will review the copy of the notice to the PI and will advise RFAD of any pertinent information.
2. Sixty (60) days prior to the project period ending date, receipt of the second notice shall indicate to the Associate Dean/Director for Academic Administration that assistance is requested in resolving the issue. Upon Receipt of the Second Notice, the Associate Dean will contact the PI and request the department to resolve the issue.
3. Forty-five (45) days prior to the project period ending date, upon receipt of the notice regarding impending terminations, the respective Associate Dean/Director for Academic Administration will advise the Department

Chair in writing that, unless an appropriate response is made to ORA and RFAD, the Dean will generate termination notices to the employees. The Associate Dean/Director for Academic Administration forward a copy of the notice to ORA and RFAD.

C. Associate Deans/Directors for Academic Administration responsibilities

1. Monitor, review and notify appropriate individuals outlined in the procedure section for conformance to this policy.
2. Authorize termination of employee if funds are not available.

D. Office of Research Administration

1. Verify and approve Institutional Prior Approval forms submitted by PIs.
2. Inform appropriate individuals of the resolution of the Prior Approval forms.

E. Principal Investigator/Department Chair

1. Monitor and be aware of deadlines for their sponsored projects.
2. Respond timely to RFAD requests.
3. Submit acceptable IPAS forms for their sponsored project accounts.
4. Make adjustments for over-expenditures.

F. Restricted Funds Accounting Department

1. Monitor progress of expenditures as outlined in this policy, and keep the PI informed.
2. Rate calculation.
3. Monitoring of fund balances on a quarterly basis.
4. Maintain records as necessary.
5. Provide advice and guidance with respect to the administration and interpretation of this policy.

I. **EFFECTIVE DATE**

This policy is effective immediately.

II. **POLICY MANAGEMENT**

Executive Stakeholder: Vice President and Chief Financial Officer
Oversight Office: Controller's Office