

GEORGETOWN UNIVERSITY



FINANCIAL AFFAIRS MANUAL

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| Issuing Department Sponsored Accounting | Topic: Transfer of Unobligated Balances | Policy # FA 146-04 | |
| | Revised September 30, 2003 | Supersedes Policy SAO 1-320-97 | Effective Date 11/1/03 |

100.01 POLICY: Transfer of Unobligated Balances

100.02 STATEMENT: Upon closeout of an agreement or in accordance with the terms, the Office of Sponsored Accounting (“SAO”) will transfer the unobligated balance that belongs to the University to a departmental discretionary (GD) account in a manner that recovers full indirect cost (i.e., indirect charges will be applied to the transfer posted to the RX account). The award balance will not be reduced for the amount of the transfer and revenue will be recognized in the RX account.

100.03 APPLICABILITY: The policy applies to all agreements in which unobligated funds at completion of the agreement become the property of Georgetown University (i.e., fixed price contracts, clinical trials billed on per patient basis, or other non cost based agreements). **Note: This policy is not applicable to cost reimbursable agreements.**

100.04 PURPOSE: The purpose of the policy is to ensure that the transfer of unobligated balances does not affect award amount, grant and contract revenue, and budgeted indirect revenue collected by the University. Indirect cost recovery is budgeted based upon agreements with sponsors. Transfers that do not incur cost recovery affect University budgeting by reducing budgeted indirect revenue from the sponsored project.

100.05 ADMINISTRATION:

- (1) **Transfer of Funds:** SAO, during the closeout process, will verify the allowability of the transfer of unobligated funds, obtain notification from the department of the discretionary account to be used, and post the voucher to transfer the balance of funds, less indirect cost recovery, to zero out the account balance.
- (2) **Transfer Account** (Account Code 78442 “Surplus Transfer”): SAO will transfer funds using an account that takes the full indirect cost rate of the agreement. All surplus transfers will use this account.
- (3) **Transfer Report:** SAO will report transfer activity to campus finance offices upon request.
- (4) **Transfer of Additional Funds:** In instances where arrangement have been made with the departments as to the distribution of unobligated funds, the campus finance office

will make adjustments to and from the campus' indirect cost pool. The initial transfer will be based upon the indirect rate of the agreement.

100.6 DEFINITIONS:

- CLOSEOUT:** Final phase of sponsored project where ledgers are reconciled with financial reporting and inactivated in Peoplesoft.
- DIRECT COSTS:** Costs that can be identified specifically with a particular sponsored project (i.e., salaries, supplies, services, travel, equipment).
- DISCRETIONARY ACCOUNTS:** Cost Centers designated with GD prefix.
- INDIRECT COSTS (F & A – Facilities and Administrative Costs):** Office supplies, postage, local telephone services and memberships. Indirect costs are those that are incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular sponsored project, an institutional activity, or any other institutional activity. These costs are recovered through a percentage of Direct Costs.
- INDIRECT COST RATE:** Percentage charged as indirect cost per dollar of direct costs in accordance with sponsor agreement.
- UNOBLIGATED BALANCE:** The unspent balance of a grant or contract that is not promised (obligated) to an outside vendor for goods or services or to be returned to the Sponsor or transferred to general funds where applicable. **NOTE: The balance will be adjusted to reflect funds received from the sponsor (i.e., at closeouts budgets will be reduced to cash collected).**
- UNLIQUIDATED OBLIGATIONS:** For financial reports prepared on a cash basis, this is the amount of obligations incurred by the recipient that have not been paid. For reports prepared on an accrued expenditure basis, they represent the amount of obligations incurred by the recipient for which an outlay has not been recorded.

100.07 RESPONSIBILITIES:

- SAO:** Verifies the allowability of transfer, posts journal voucher to transfer funds to departmental accounts, and provides monitoring information.
- Departmental Administrators:** Approves transfer and designates discretionary account to be used.
- Campus Finance Offices:** Track transfers to discretionary accounts and adjust balances for alternative arrangements with departments or principle investigators.

100.08 ENFORCEMENT: The policy will be enforced by SAO, Internal Audit, and the campus finance offices.

100.09 RESOURCES: Closeout procedures, and instructions. Transfer of unobligated balances is part of closeout process.

100.10 APPROVAL: Director, Cost and Sponsored Accounting.

100.11 REVIEW CYCLE: At least annually by Director of Cost and Sponsored Accounting or more often if the Office of Management and Budget changes certification requirements.