

**The Graduate School
Office of the Dean**

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To: Deans, Directors, and Department Chairs
From: Carol Lynch, Associate Vice Chancellor for Research
Subject: Overexpenditures on Contract and Grant Accounts

The primary responsibility for sound fiscal management, as well as the programmatic direction of a sponsored project, belongs to the individual faculty member who is the grant or contract principal investigator (or project director.) However, the dean, director or department chair of the principal investigator's unit has an overall responsibility for all of the unit's accounts, including contract and grant accounts.

This reminder is sent to you at this time because grant and contract accounts continue to develop overdrafts, including some of rather significant size. All such overdrafts are, in fact, unbudgeted uses of University funds and are detrimental to the campus. The campus must pay to Central Administration an interest charge (at a rate of 10%) for its cash deficits on sponsored projects. Those interest dollars could be used for other campus needs.

It is Boulder Campus policy to turn to a unit's other accounts for funds to cover any such overdrafts that are not resolved. For example, if a unit is unable or unwilling to resolve an overdraft, it may be necessary to resolve it through the use of that unit's allocation of indirect cost recovery (ICR) funds. It, therefore, is in everyone's interest to make sure that the individuals in your unit are practicing sound fiscal management. Principal investigators must not be allowed to routinely overextend their budgets, as if real dollars would not be required from other University funds to make up the deficit. Principal investigators with emergency problems that portend an overdraft should come to you seeking help before the overdraft occurs, and should not allow any account to go into deficit without determining from you if and how you intend to cover such a deficit. I also encourage you or the principal investigators to contact the Office of Contracts and Grants as soon as any fiscal problem appears.

It is important that we make sure all principal investigators are aware of their responsibility to manage their contract and grant accounts within the awarded and budgeted amounts. They must understand that overdrafts in their individual accounts have a negative impact on the University and may directly affect the budgets of other accounts available to you and your unit.

Thank you for your attention to this very important matter.