

**Overdrafts**

**NOTE:** The website URL for **Workday reference guides** that are referenced in this section is:  
<https://confluence.esg.wsu.edu/display/WKB/Workday>

**RESPONSIBILITY**

Budget administrators are responsible for ensuring that total expenditures remain within budgeted amounts. If expenditures exceed budgeted amounts and/or actual revenue, budget administrators are responsible for promptly initiating procedures to clear overdrafts.

Each department chair is responsible for establishing internal departmental policy for resolving overdrafts. Departmental policy is to conform to University overdraft policies and procedures included in this section.

**Prevention**

Overdrafts may be prevented or minimized by careful account monitoring. See *BPPM 30.07* for guidelines on how to use monitor account balances. See *BPPM 85.33* for instructions on how to obtain access to online financial information.

**PROCEDURES**

Differing overdraft procedures apply to various types of WSU accounts. Review the section below that applies to the account in question.

**Core Fund  
 Overdraft Functions**

The following applies to core fund accounts. (Core fund accounts are the central dollars budgeted to departments, funds FD001, FD076, and FD080.)

The cost center administrator (usually a dean or their designee) has the responsibility of ensuring that the cost center hierarchy as a whole is not overdrawn.

A budget administrator (usually a chair) who is faced with a potential overdraft is responsible for consulting with their cost center administrator.

**Clearing Overdrafts**

The cost center administrator has at least two options for dealing with overdrawn accounts:

- The budget administrator may transfer expenditures off of the account to another appropriate account with a sufficient balance.

## **Overdrafts**

### Clearing Overdrafts (cont.)

- The cost center administrator may reallocate funds from an appropriate account under their jurisdiction by submitting a Budget Amendment request in Workday. (See the applicable Workday Budgets reference guides for instructions.)  
NOTE: Both accounts must be within the same fund hierarchy. In most cases both accounts must be within the same function. Consult with the Budget Office before making transfers between functions.

### *Plan and Timeline*

The cost center administrator may work with the unit on a plan and timeline to clear the overdraft. The responsible dean and the Provost must approve of the plan and timeline prior to implementation.

The dean sends a copy of the approved plan and timeline to the Executive Director Budget, Planning, and Analysis.

### **Grant/Award Overdraft (Sponsored Accounts)**

The following applies to sponsored programs in Workday functions FN017 and funds FD035, FD048, and FD085.

Grant managers and principal investigators (PIs) are responsible for ensuring that expenditures on all award lines under an award header do not exceed the amount awarded by the sponsor at the time the award is closed. If an overdraft occurs (or is anticipated), the administrator must initiate an accounting adjustment in Workday to transfer expenditures to a nonsponsored cost center within 45 days of the award's end date. (See the Workday Accounting Adjustment—Cost Transfer reference guide.)

Sponsored Programs Services (SPS) may transfer overdrafts that remain on awards more than 45 days past the award's end-date to the applicable cost center hierarchy's finance and administrative (F&A) recovery cost center in order to facilitate timely reporting and closure. Areas may choose to initiate further accounting adjustments to remove overdraft expenses to the appropriate cost center of their choice.

### Conditions

Occasionally an award line is overdrawn because one of the following conditions exists (this list is not all inclusive):

- Receipt of supplemental funding is imminent;

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Conditions (cont.)

- An accounting adjustment to clear an overdraft has already been initiated but not yet finalized;
- An accounting adjustment to transfer a charge from one award line to another within the same award has been initiated but not yet finalized; or
- An advance expenditure authorization or guarantee exists in Workday (see the Workday Create Sponsored Account reference guide).

When one of the above conditions occurs, the condition meets acceptable standards of internal controls and accountability if corrected:

- Within 60 days of the end of the month in which the transaction took place; or
- Within 45 days after the end of the award, whichever is sooner.

(NOTE: A sponsor’s deadline may require earlier correction.)

Classes of Sponsored Awards

Within the scope and context of this section, short-term overdrafts (up to 90 days) may occur in the following types of awards. SPS monitors the following classes of awards and issues overdraft notices to departmental personnel when appropriate:

- Awards and award lines with open-ended termination dates, i.e., 12/31/2050
- Awards for which there is additional funding imminent and award is pending in the MyResearch database
- Awards supported by intermittent funding that increases allocation.
- Awards in an award lifecycle status of *Guarantee* (Guarantee award when funding is pending)

Other Conditions

The University Controller or authorized designee may approve other short-term overdrafts caused by unique conditions.

## **Overdrafts**

### Expenditure Transfer

Upon discovery of an overdraft, the department must identify an appropriate alternate cost center to absorb the excess expenditures within the time frames mentioned previously in this section.

NOTE: Some departments have established special award overdraft clearing cost centers.

Expenditures must not be transferred to another sponsored award unless specifically permitted. See expenditure transfer procedures in *BPPM* 30.25.

### Revenue Transfer

NOTE: Monies from core fund accounts (FD001, FD076, and FD080) may not be revenue transferred to grant awards or award lines.

Revenue transfers are initiated in Workday by administrators with the assigned cost center accountant security role. (See *BPPM* 85.33 regarding assigning security roles.)

The cost center accountant attaches a memorandum to the Controller in the Workday Correct and Amend Award business process. (See the Workday Correct and Amend Award reference guide.) The memorandum must indicate the following:

- Names and worktags of all relevant from and to awards or award lines and cost centers; and
- Reason for the transfer.

An administrator with authority over *all* relevant awards or award lines and cost centers signs the request memorandum.

### Periodic Review

SPS and General Accounting periodically review the status of all sponsored awards. Overdrafts on active sponsored awards should be guaranteed in writing by an applicable cost center manager, noting the guarantee cost center(s).

General Accounting sends notifications to administrators of overdraft cost centers (not including sponsored awards). Cost center managers are responsible for immediately clearing overdrafts by revenue or expenditure transfer as described above.

**Overdrafts**

Periodic Review (cont.)

If the cost center manager does not correct the overdraft within two weeks of the first notification, the Controller sends a second notice of overdraft with a copy to the responsible dean.

SPS sends notices to grant managers and PIs regarding overdraft sponsored awards usually monthly. SPS may elevate subsequent follow-up notices to department chairs, college deans, etc., as appropriate. Not receiving this notice does not reduce the grant manager's and PI's responsibility to monitor and timely correct overdrafts. The notices state the departments must cease making expenditures on the overdraft awards and notify SPS of the designated guarantee cost centers.

The department chair and/or principal investigator identifies an alternative source of funding and transfers excess expenditures using a Workday Accounting Adjustment business process or a Workday Request—Grant Overdraft Transfer. (See *BPPM* 30.25 and the applicable Workday Grants reference guides.)

*Response Due Date*

The overdraft notice sent to department personnel may include a response due date for clearing the overdraft. SPS usually requests a response from the department within two weeks, though award compliance and closeout timelines may require a response and corrective action sooner.

If the department fails to take action by the response due date, SPS transfers the overdraft to the department's overdraft clearing cost center, or the applicable cost center hierarchy's F&A recovery cost center, if an overdraft clearing cost center does not exist.

Exclusion

Awards and cost centers with an overdraft of \$25.00 or less (allowable costs only) are excluded from overdraft review and correction. SPS may unilaterally clear such overdrafts to departmental overdraft clearing cost centers or applicable cost center hierarchy's F&A recovery cost centers, as appropriate. When there are multiple award lines for an award, the overdraft amount is the total of all award lines.

**Non-Core, Gift, and Project Fund Accounts**

The following applies to non-core, gift, and project fund accounts.

Budget administrators are responsible for ensuring that such accounts do not become overdraft. If an overdraft occurs (or is

## **Overdrafts**

### **Fund Accounts (cont.)**

anticipated), the administrator may request that the Controller transfer expenditures or revenues.

#### Expenditure Transfer

The budget administrator may transfer expenditure(s) from the overdraft account. See *BPPM* 30.25 for procedures.

The budget administrator may transfer revenue into the overdraft account.

#### Revenue Transfer

NOTE: Monies from core fund accounts may not be revenue transferred to non-core, gift, or project fund accounts.

The administrator routes a memorandum to the Controller indicating the following:

- Names and coding of both accounts
- Reason for the transfer

An administrator with authority over *both* accounts signs the request memorandum.

NOTE: The administrator may submit the request memorandum by e-mail message from their own e-mail account.

The transaction is initiated in Workday after Controller's Office personnel determine that the transfer is appropriate.

#### Periodic Review

The General Accounting Section of the Controller's Office periodically reviews the status of non-core, gift, or project fund accounts.

The General Accounting Section sends notifications to administrators of overdraft accounts. Administrators are responsible for immediately clearing the overdraft by revenue or expenditure transfer as described above.

If the administrator does not correct the overdraft within two weeks of the first notification, the Controller sends a second notice of overdraft with a copy to the responsible dean.