



**UNIVERSITY OF WISCONSIN-LA CROSSE
DEFICIT ACCOUNT POLICY
AUGUST 4, 2008**

The University of Wisconsin-La Crosse has established a Deficit Account Policy to provide accounting controls and procedures for the management of university accounts. The Deficit Account Policy requires that departmental accounts are to be managed by individuals authorized for the account within the approved expenditure budget on a monthly and annual basis for each fiscal year.

An account is in a deficit status if the commitments exceed the resources. The budget at the individual account level represents the total resources of the account. If encumbrances plus expenditures exceed the budget, the account is in deficit. The individual authorized with account authority has responsibility for the account as reflected on the PeopleSoft Financial WISDM System. The University's Controller retains the official record of authorized individuals for each university account.

At the end of each month, the Controller will prepare a report of all operating accounts in deficit status. Notification will be sent to each authorized account manager with a deficit account and also provided to their supervisor, division head, and appropriate vice/assistant chancellor. It is the responsibility of the authorized individual to provide a written explanation for the deficit account and plan for eliminating the deficit within the next thirty-day reporting period after the deficit account notice.

If the authorized account manager and their supervisor determine that the deficit cannot be eliminated within the required thirty-day period, the account shall be considered an internal loan and interest charged at the rate earned by the University. The account manager and their supervisor shall enter into a loan agreement with the Controller for repayment of the deficit together with interest within the shortest time that is feasible, but in no event past the end of the applicable fiscal year unless approved by the Chief Financial Officer. All internal loans shall be reported to the division head and vice/assistant chancellor.

Exceptions to the Deficit Account Policy will be allowed for grant and contract expenditures when timing differences result from reimbursement of expenses to the University by the grantor and for other reasonable expenditures made in anticipation of the timely receipt of account funds.

Effective Date: January 1, 2009