TO: Deans, Directors, Department Heads

FROM: Andy Johns, Associate Vice Chancellor for Research
Bob Lowman, Associate Vice Chancellor for Research
Vanessa Peoples, Director of Financial Reporting, Office of Sponsored Research (OSR)

RE: Important Changes to Contract & Grant Closeout Processes

As a recipient of federal and state research dollars, the University is required to comply with a wide range of regulations and requirements from sponsoring agencies that govern how we manage research. The University takes these obligations very seriously and strives to maintain the highest level of compliance at all times. At the same time, the University works hard to maintain an infrastructure that facilitates research and provides for maximum flexibility possible for faculty and staff to pursue and conduct their research endeavors. To this end, the Vice Chancellor for Research commissioned a task force consisting of faculty and research administrators to review various compliance-related policies and procedures, and that task force concluded its work by recommending many changes, including those below.

Given the changing regulatory compliance landscape, and changing environment within the University, we are announcing the following changes, effective immediately, to contract and grant closeout policies and procedures.

1) As part of the closeout process and when prompted by the Office of Sponsored Research (OSR) through the RAMSeS system, the Notice of Termination Reply (NOTR) will only be used to report to the OSR irrevocable financial commitments that have been incurred on a contract or grant. Further, appropriate documentation of such commitments must accompany the NOTR in RAMSeS for the OSR to include the charges in the Financial Status Report (FSR) to the sponsoring agency. Any expenditures that have not been encumbered in the University's financial systems and are reported through the NOTR that do not represent irrevocable commitments OR do not have appropriate documentation will not be included in the FSR and will be the responsibility of the department unless otherwise approved by the OSR.

2) Most Financial Status Reports (FSRs) are due to the sponsoring agency 90 days after the contract/grant end date. Unless otherwise constrained by a shorter than normal FSR submission deadline, the OSR will freeze the contract/grant account 60 days after the account end date to prevent additional expenditures from being charged to the account. This will allow the OSR 30 days to prepare the FSR for submission to the sponsoring agency. If circumstances are such that additional charges need to be incurred on a grant account after this 60 day period, the OSR will review such charges for allowability and allocability to determine whether they should be charged to the account. No charges will be allowed on the account after the 90 day FSR reporting requirement.

These changes in policy and procedure will undoubtedly present some challenges for researchers and their units. Vanessa Peoples (vpeoples@email.unc.edu) and Annie Schilling (annie_schilling@unc.edu) at OSR will serve as the points of contact for your questions and concerns. We look forward to working with you on any complications that may arise, and appreciate your patience as we implement these changes.

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