

**THE FINAL COUNTDOWN:
PROJECT CLOSEOUT-THE LAST
STEP IN MEETING
COMPLIANCE REQUIREMENTS**

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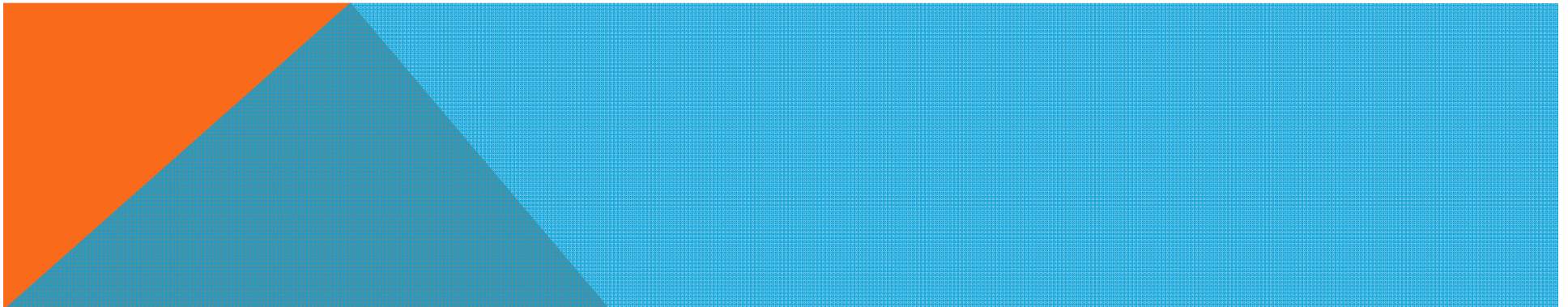
2ND ANNUAL SYMPOSIUM FOR RESEARCH ADMINISTRATORS

JULY 29, 2015

PROJECT CLOSEOUT

Agenda

- Compliance and administration
- Roles and responsibilities
- Tools to enable closeout process
- What you can do to help
- Questions

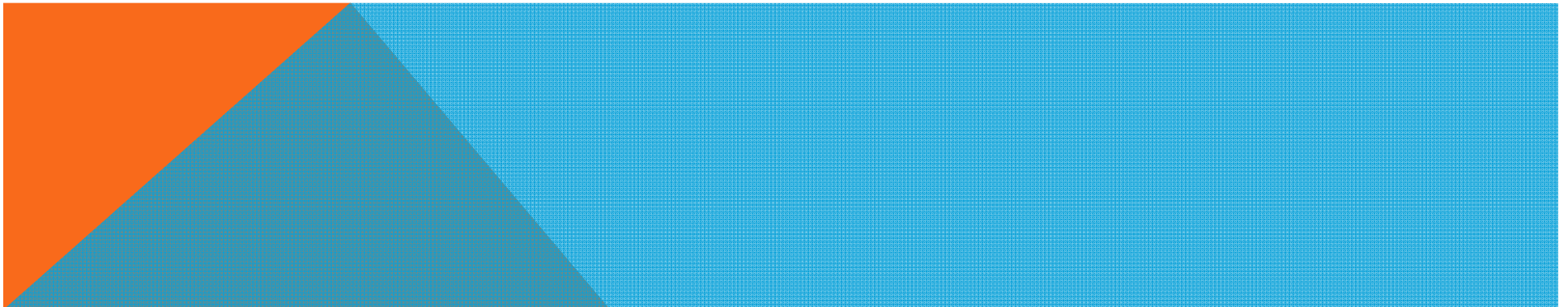


WHAT IS AWARD CLOSEOUT

Process to finalize all sponsor requirements at the conclusion of the awards time period

➤ *Each award will detail the requirements but typically these include:*

- *Final Technical/Progress Report*
- *Final Invention and Patent Report*
- *Equipment/Property Report*
- *Final Fiscal Report*
- *Closeout Certification Forms*



WHY ARE CLOSEOUTS NECESSARY?

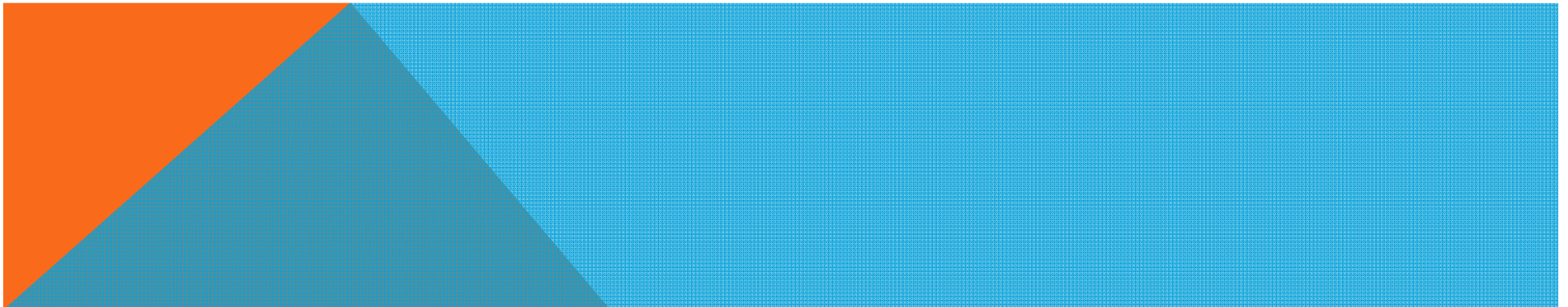
Ensure compliance with federal regulations

Uniform Guidance: § 200.343

- (a) The non-Federal entity must submit, no later than 90* calendar days after the end date of the period of performance, all financial, performance, and other reports as required by or the terms and conditions of the Federal award....
- (b) Unless the Federal awarding agency or pass-through entity authorizes an extension, a non-Federal entity must liquidate all obligations incurred under the Federal award not later than *90 calendar days after the end date of the period of performance as specified in the terms and conditions of the Federal award.

*NIH and NSF have adopted 120 days.

** While federal agencies provide 90 days for reports to be submitted, subawards from other institutions as well as other sponsoring agencies (i.e., state and foundation awards) are often less.



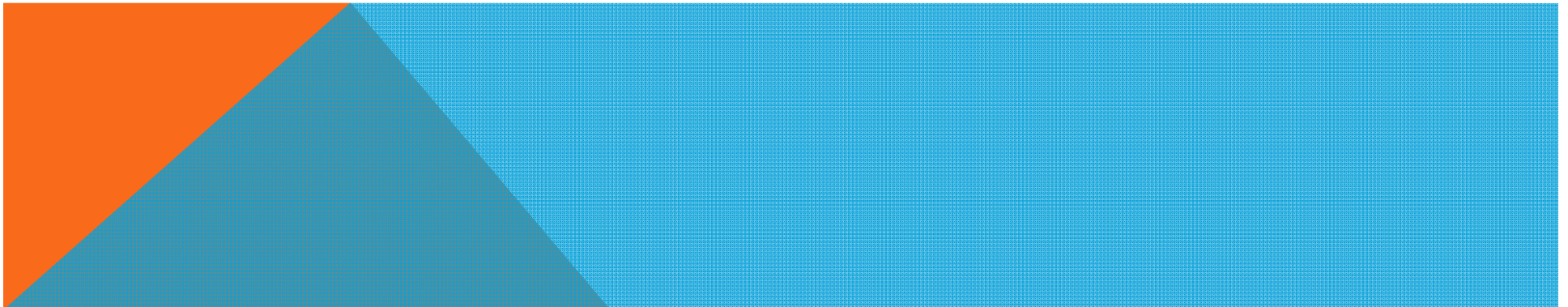
WHY ARE CLOSEOUTS NECESSARY?

Reduce audit risk

- Ensure financial report submitted matches general ledger
- Ensure expenditures are valid (allowable)
- Prevent additional unallowable charges from posting

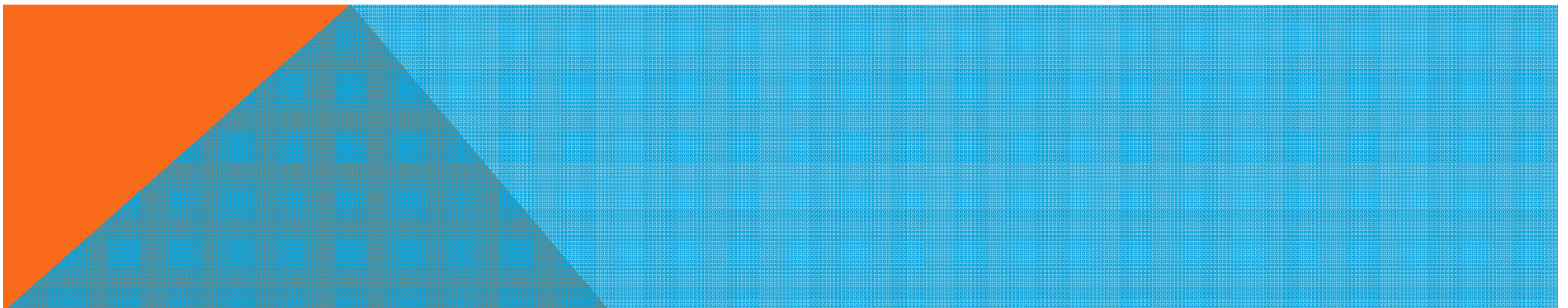
Reporting to UNC-GA (UNCFIT)

- Timeliness of closeouts is a “Key Performance Indicator”
 - Monthly reporting requirement of outstanding closeouts
 - Reviewed by UNC System President
 - Progress communicated to UNC Chancellor and VC for Finance quarterly.



WHY ARE CLOSEOUTS NECESSARY?

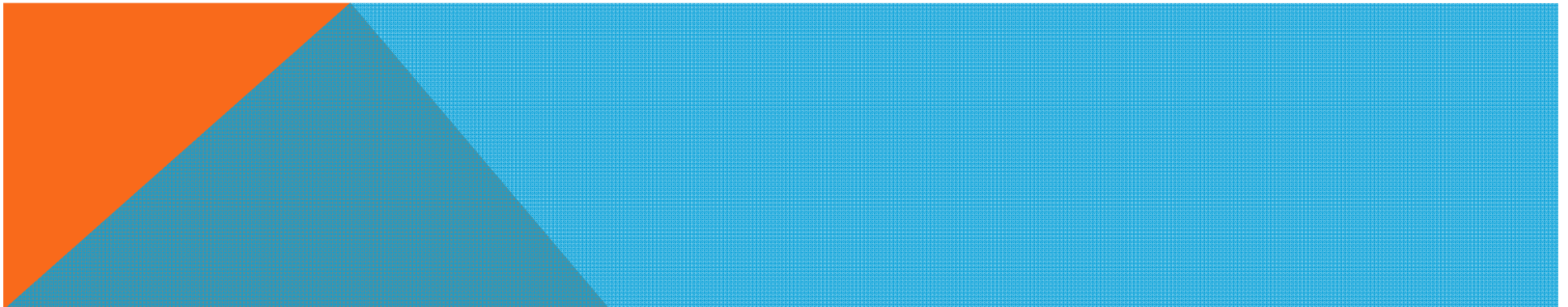
- Sponsors may withhold incremental funding or final payments until all outstanding financial and progress or technical reports are received.
- Awards not issued under FDP or expanded authorities could lose carryover funds.
- Cash Draw Process and Subaccount Integration
 - Agency & Payment Management Groups are/planning to enforce limitations on drawdowns after 90 days after end-date. (PMS will hold payment request until agency authorizes payment after 90 days past award end-date).
 - Agency can proceed to a unilateral closeout if the grantee is non-communicative. (If final financial report is not submitted on time agency can close at the last draw amount for the subaward).
 - FAQ NIH Transition to subaccount cash draws
 - ✓ <http://grants.nih.gov/grants/payment/faqs.htm#3815>



WHY ARE CLOSEOUTS NECESSARY?

NIH Guide Notice NOT-OD-13-120:

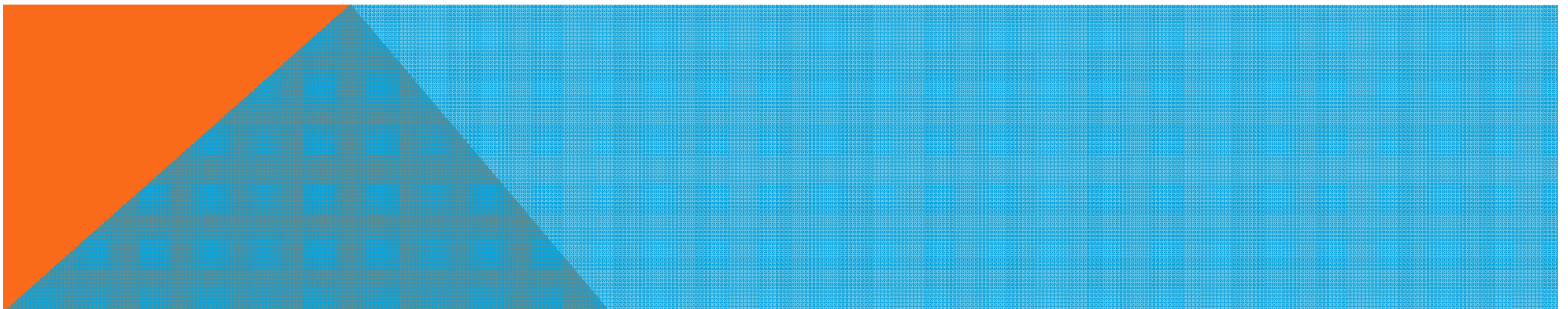
<http://grants.nih.gov/grants/guide/notice-files/NOT-OD-13-120.html>



AWARD CLOSEOUT

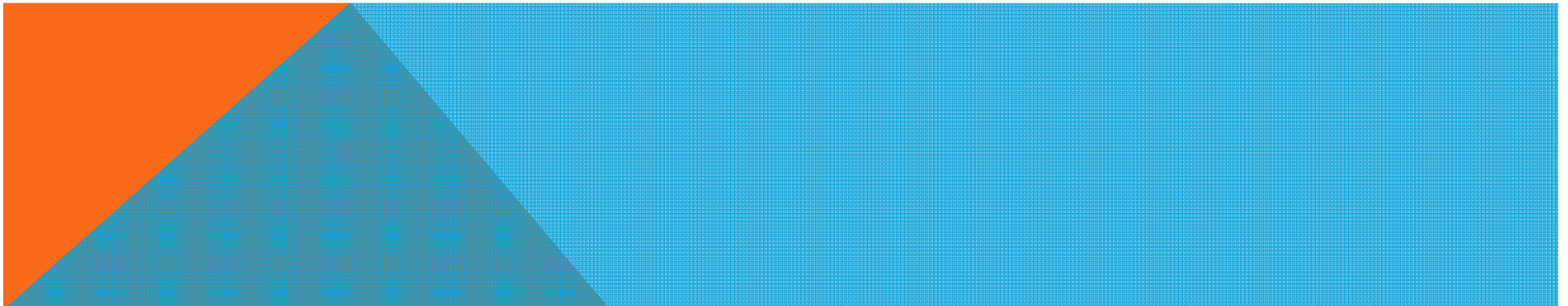
The University has an obligation to sponsors and funding agencies to bring funded projects to closure in a timely manner.

- The award closeout process is a collaborative effort of all parties involved (OSR, PI, and Department staff) in ensuring all project work has been completed, required reports filed, and financial matters resolved.
- Closing policies, procedures, and required documentation vary depending on the sponsoring agency; therefore, it is difficult to initiate a single closing form or procedure as a general guideline. Read your award!



ROLES & RESPONSIBILITIES

Role	Expenditures	Project Changes	Financial Reporting & Invoicing	Technical Reporting
Principal Investigator	<ul style="list-style-type: none"> Clearly state destination of expenses to department personnel (especially in case of multiple awards) Ensure expenses are allowable per sponsor and institution regulations/guidelines 	<ul style="list-style-type: none"> Communicate changes in project scope or timelines <ul style="list-style-type: none"> No cost extension request Continuations Rebudgeting 	<ul style="list-style-type: none"> Provide final review/approval of costs being invoiced and reported 	<ul style="list-style-type: none"> Complete all project objectives stated in award document <ul style="list-style-type: none"> Progress reports Final Deliverable
Department – PI's Supporting Unit	<ul style="list-style-type: none"> Ensure expenses are allowable per sponsor and Institution regulations/guidelines Ensure expenses are charged/posted to appropriate project 	<ul style="list-style-type: none"> Assist PI in making project changes Communicate progress towards project objectives within stated timeline 	<ul style="list-style-type: none"> Assist PI in review of invoices/financial reports and notify of any incorrect charges 	<ul style="list-style-type: none"> Assist PI in completion and submission of technical reports Ensure PI compliance with technical reporting requirements
Sponsored Research Office	<ul style="list-style-type: none"> Timely approval/review of expenses requiring authorization Ensure expenses are allowable per sponsor and institution regulations/guidelines 	<ul style="list-style-type: none"> Assist PI in making changes to project scope timelines <ul style="list-style-type: none"> Submit NCE/ continuation requests Make appropriate changes to dates/ budgets in financial system 	<ul style="list-style-type: none"> Prepare and submit accurate invoices/financial reports based upon schedule in award document 	<ul style="list-style-type: none"> Expedite submission of Final Invention Statement. Follow up with PI and Dept. Administrator on Sponsor requests for missing, final invention statements, financial or technical reports



CURRENT TOOLS TO FACILITATE CLOSEOUT PROCESS

Notice of Termination Reply (NOTR)

- Excel template used by departments to document pending direct expenditures that have been yet to fully post in the financial system
- Official certification of expenses by department and PI
- Request initiated 7 days prior to budget end date (with a few exceptions)
- Key element used by OSR to complete the final financial report
- Subject to review by auditors during site visits



NOTE: Fill in gray cells only, not blue. Additional lines may be inserted if necessary. When adding lines to the "Outstanding Salary and Fringe Benefits Adjustments" section, you must copy and paste the formulas in the total column. For any electronic action(s), please include the check request or other UNC form number.

Project ID	Term Date	Date Completed	Name and Telephone Number of Person Preparing NOTR
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NOTICE OF TERMINATION REPLY

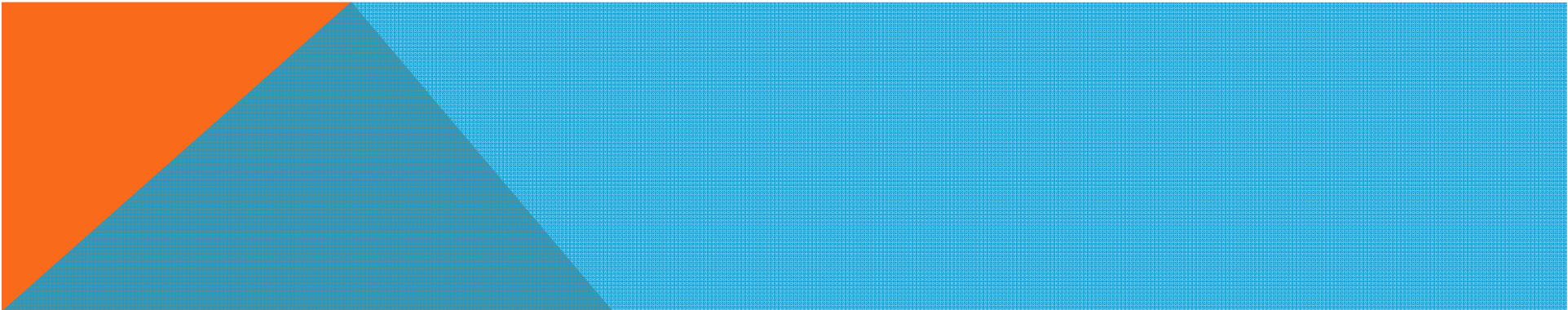
Final Report Obligations

(Group by Account Codes)

Date of OSR Ledger Rollup Report Used to Prepare NOTR Reply:				Dir Bad Bal Available + Open Commitments as of this date(s):							
Account Code	Purchase Order Date	Purchase Order No.	Check Req. Acct. Adj. or Other UNC Form Date	Check Req. Acct. Adj. or Other UNC Form No.	Date* Delivered or Date of Service	Vendor		(direct) BBA Amount			
Total Projected Req. PO Check Req(b)									0.00		
Outstanding Imprest Cash Funds											
Total Projected Imprest Funds (c)									0.00		
Outstanding Salary and Fringe Benefits Adjustments**											
Actual Pay Period	Name	Salary Amount	515120 Soc Sec	515130 Soc Sec	515210 State Retirement	Medical Ins.	TIAA	512520 Sever. Wages	516120 Comp Ben.	5E+05 Transit Fee	Total
											0.00
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Total Projected Salary (d)		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unexpended balance after outstanding obligations - (line (a) minus (b), (c), and (d)											0.00

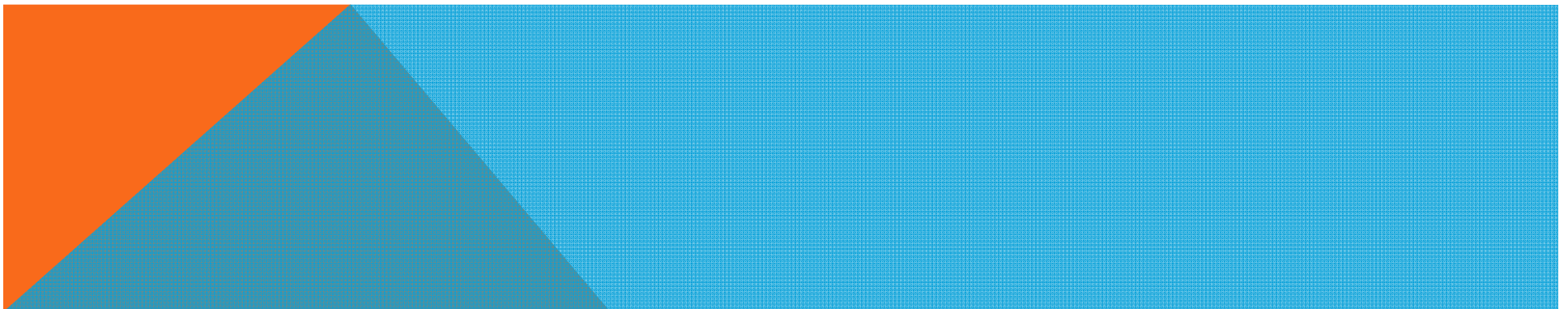
*Supplies received after termination date must be paid from another source
 ** [Link to Current Fringe Benefit Rates](#)

***Failure to return the NOTR by the required due date may result in OSR preparing the report on the current OSR Ledger Rollup Report**



THINGS TO CONSIDER IN COMPLETING NOTR

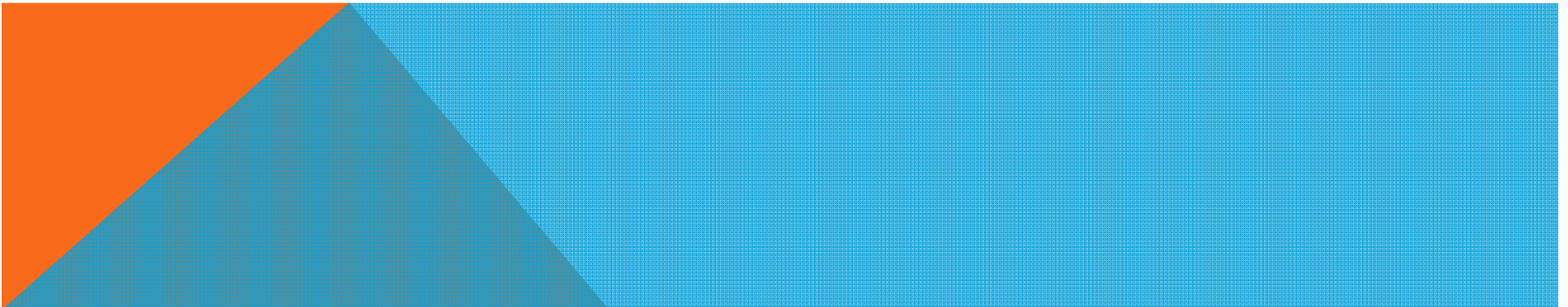
- Review payroll distributions; process salary source change to move personnel
- Review transactions for potential unallowable costs
- Remove/stop recurring charges
- Remove after end date charges
- Remove expenditures in excess of direct budget
- Verify receipt and approval of subcontractor final invoice
- Reconcile outstanding cash advances
- Liquidate encumbrances
- Ensure cost share is recorded and obligation has been met



THINGS TO CONSIDER IN COMPLETING NOTR

Per Deans, Directors, Department Heads memo date 11/15/11:

- Only irrevocable commitments will be accepted
 - Items purchased and evidence that the transaction has been initiated in the financial system or has been encumbered
- Documentation now being requested to support NOTR entries
- Copy of journal entries, voucher requests, travel, etc.
- Copy of personnel actions



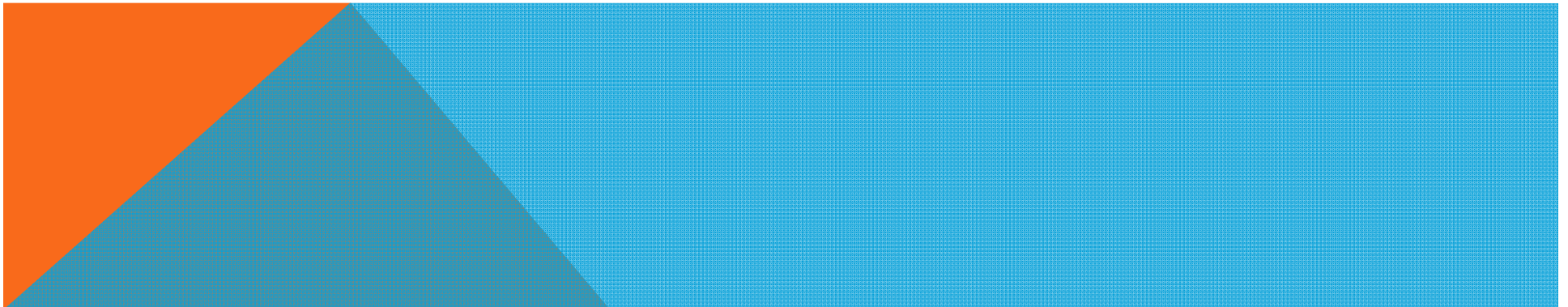
THINGS TO CONSIDER IN COMPLETING NOTR

If NOTR is not returned to OSR by deadline

- OSR prepares the final report based on current OSR Ledger rollup report less disallowed expenditures
- OSR sends copy of final report to department
- Department must move disallowed charges to another non sponsored account

Payment of any outstanding charges not detailed in NOTR will be responsibility of the PI and department incurring the costs

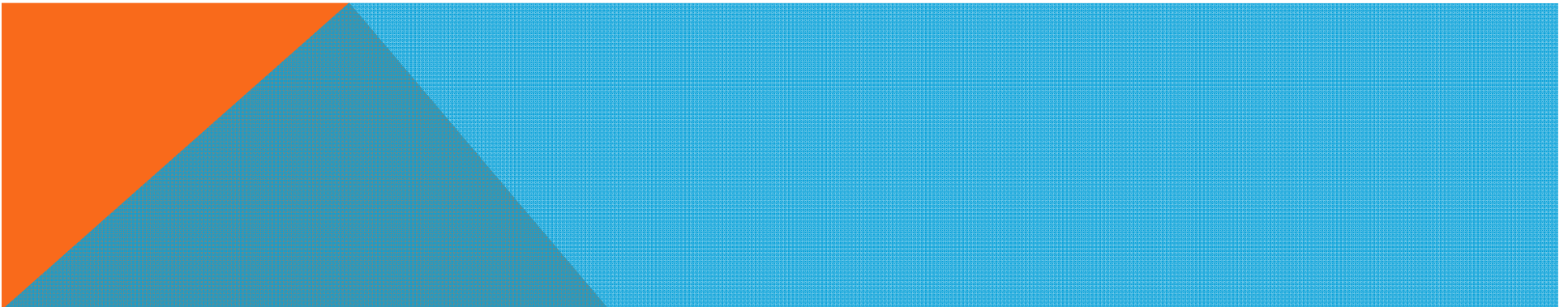
- Supplies received too late to be of use during the award period must be paid from another source



COST TRANSFERS

Uniform Guidance §200.405 (c) Any cost allocable to a particular Federal award under the principles provided for in this part may not be charged to other Federal awards **to overcome fund deficiencies**, to avoid restrictions imposed by Federal statutes, regulations, or terms and conditions of the Federal awards, or for other reasons. However, this prohibition would not preclude the non-Federal entity from shifting costs that are allowable under two or more Federal awards in accordance with existing Federal statutes, regulations, or the terms and conditions of the Federal awards.

NIH Grants Policy Statement (03/01), part II, subpart A: The transfers must be supported by documentation that fully explains how the error occurred and a certification of the correctness of the new charge by a responsible organizational official of the grantee, consortium participant, or contractor. An explanation merely stating that the transfer was made “to correct error” or “to transfer to correct project” is not sufficient. Transfers of costs from one budget period to the next solely to cover cost overruns are not allowable.

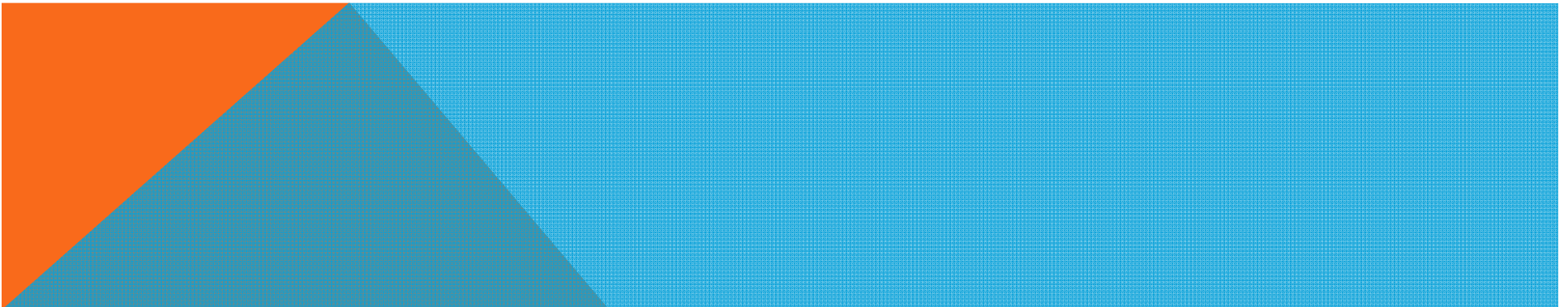


ARE COST TRANSFERS NECESSARY?

- Federal auditors recognize this necessity

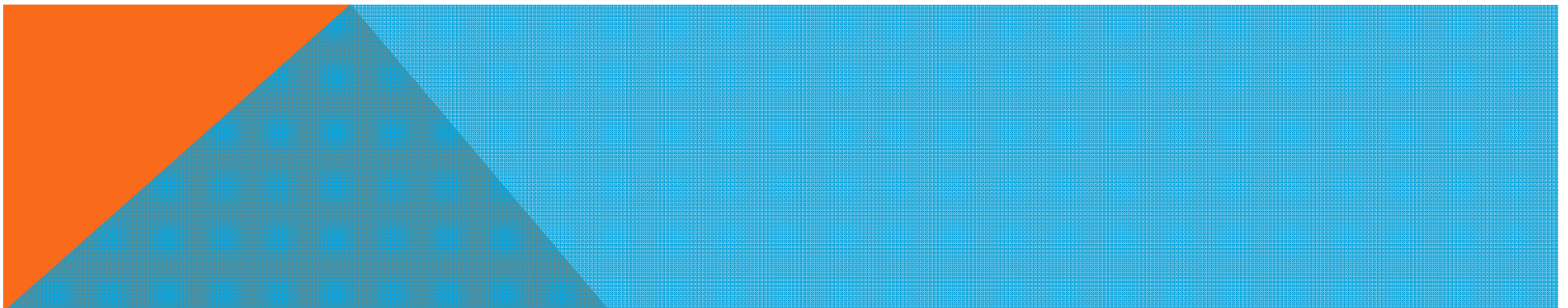
HOWEVER...

- Cost transfers cannot be used as a money management tool
- Frequent, late, and poorly explained cost transfers raise questions about the appropriateness of expenditures and the effectiveness of the institutions internal controls



BE PREPARED TO JUSTIFY...

- Why was the expense originally charged to the project?
- Why should the expense be transferred to the receiving project (if applicable)?
- Are the costs allowable on the project?
- Why is the cost transfer being requested more than 90 days after the original transaction date?
- Who has reviewed and approved the request?
- What steps will be taken to prevent this type of error from happening in the future?



WHAT CAN YOU DO TO HELP?

Review expenses periodically (at least monthly) to ensure

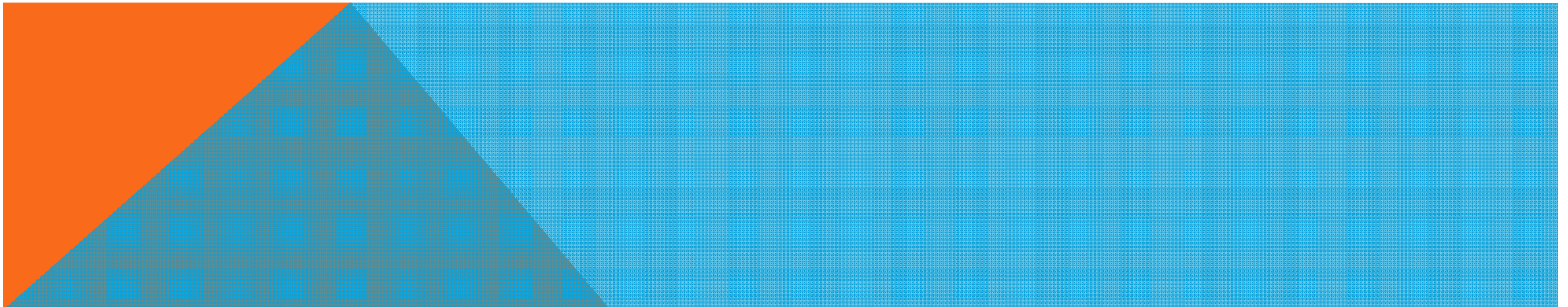
- Budget on the account has not been exceeded
- Funds are used appropriately (allocable, allowable, reasonable)
- Anticipated personnel is being charged to the account
- Cash advances have been reconciled

Ensure transactions listed on NOTR are processed

Proactively review accounts that have ended and have balances remaining

- Reconcile to the NOTR until BBA is zero

Apply for award deadline extension well in advance of 90-day budget period deadline



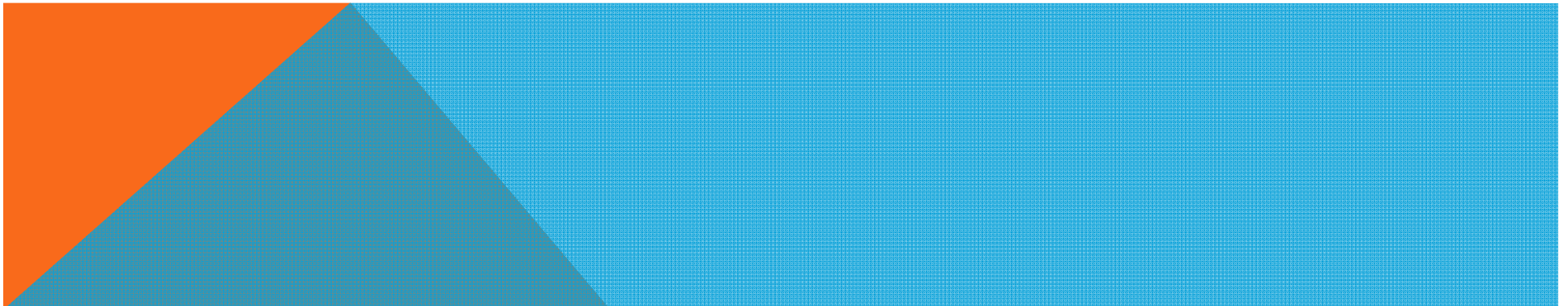
DRAFT

Sponsored Research Account Closeout Check List

UNC Account No.:		Award No.:		Dept Reviewer:	
PI Name:		End Date:		Date Reviewed:	

Is there an extension or renewal pending? Yes _____ No _____

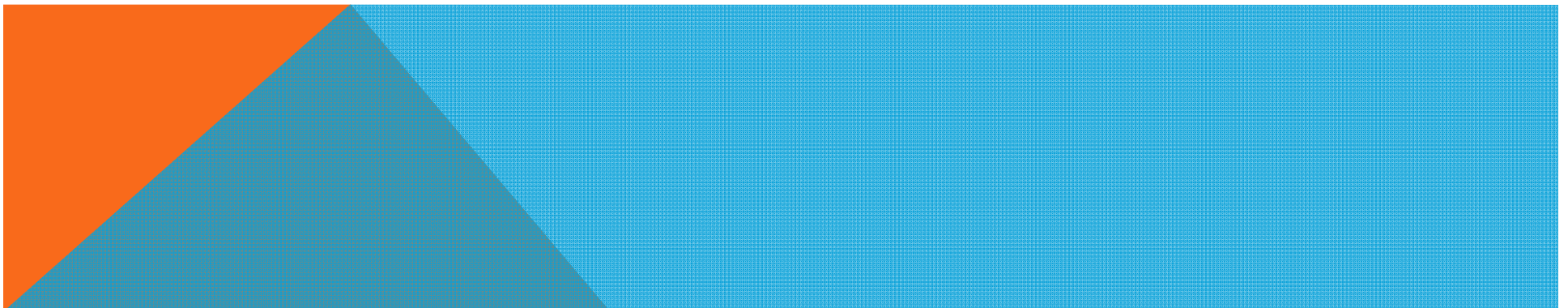
TASK		COMPLETED (Y/N)
Review award terms & conditions		
Outstanding Transactions	Check with the PI to obtain information on any pending transactions or unresolved items that are not reflected in Connect Carolina. Initiate transactions in the financial system prior to the budget end date.	
Unallowable Expenditures	Review transactions for all potential unallowable costs based on Uniform Guidance §200.401 - 405 and the applicable sponsor regulations (including but not limited to food, foreign travel, telephone equipment, line charges, general office supplies, and office furniture etc). Remove all unallowable charges to a non-sponsored research account.	
Over Expenditures	Remove all over expenditures. a. Transfer eligible expenditures to continuing project (if applicable) b. Transfer expenditures to non-sponsored research account	
Payroll Distributions	Review payroll distributions to verify they are in line with award budget. Process a salary source change to prevent additional charges from being recorded on the project after budget period end date.	
Clear Encumbrances	Review encumbrances related to direct expenditures and take action as appropriate to ensure they will be cleared.	
Subcontracts	If applicable, contact subcontractor to ensure timely submission of final invoice.	
Cost Share/Match	If applicable, verify that cost share requirements have been met and are recorded in the financial system.	
Equipment Inventory	If required by sponsor, verify location of all equipment purchased.	
Technical Report	If required by sponsor, review the reporting obligations in the award terms and conditions and obtain confirmation that all required technical or program reports will be submitted to the sponsor by the due date.	
Potential Inventions or Other Intellectual Properties	If applicable, consult with the PI and contact the Office of Technology Development to report all intellectual property and inventions related to the account.	



RESOLVING NEGATIVE BALANCES

Option 1		Option 2	Option 3
Move specific transactions		Use residual fund account	Use overhead receipt account
Process personnel action or online journal entry to move transactions to another non sponsored research account		Email residual fund account to OSR. A single transaction will be processed by OSR using Account 582580 (OSR Contact: Mary Harris or Jenifer Gwaltney)	Email overhead receipt account to OSR. A single transaction will be processed by OSR using Account 582580 (OSR Contact: Mary Harris or Jenifer Gwaltney)

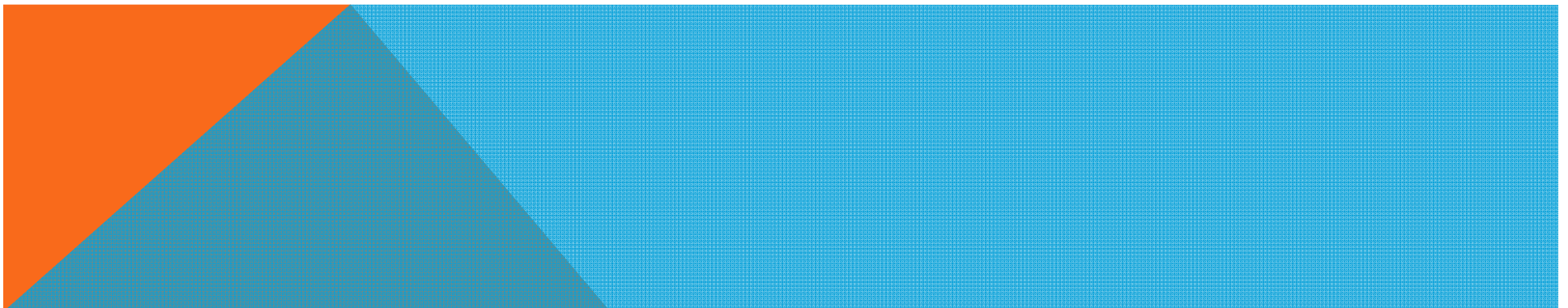
- All must be accompanied by a list of transactions
 - When applicable, charges can be transferred to a continuing account if they meet certain criteria
- +All unallowable costs must be moved by transaction.*



RESOLVING POSITIVE BALANCES

Option 1	Option 2
*Revise & Return	Residual Fund
If all charges are recorded appropriately and the award is cost reimbursable notify OSR and indicate final report needs to be revised and balance returned to the sponsor	If award is fixed price and the sponsor does not require return of excess funds, process an online residual fund journal entry to move direct expenditure balance

** Pattern of revising reports could indicate inability to manage funds*



OSR CONTACTS

Contact one of the following if you have questions:

- Reporting Team Lead on Closeout Report
 - Betty Williams (bettjwill@email.unc.edu)
 - Nancy Armstrong (nancy_armstrong@unc.edu)
 - Jim Kelly (jpkelly@email.unc.edu)

- Financial Reporter assigned to the account
 - RAMSeS Billing tab under Award Project

- Jenifer Gwaltney (j_gwaltney@unc.edu)
Assistant Director, Financial Reporting & Cash Management

- Sharon Brooks (sharon_brooks@unc.edu)
Director, Post Award and Cash Management

