

Research Administration

Financial Closeout of Awards
University of Massachusetts, Amherst
12/07/17

Today's Objectives:

- To gain an understanding of the sponsored award closeout process here at UMass

- To learn about the required roles and responsibilities in the closeout process and how we can work together to ensure compliance

**Important takeaway: Closeout of a sponsored award should begin prior to the end of the award. And, good project management over the life of the award will help to eliminate any problems after the award has ended. Being organized and knowing end date of funds, requesting NCE, managing encumbrances, evaluating and monitoring expenses etc. will help to avoid chaos at the end of the award.

Award Closeout - Is it Over Yet?

- ▶ Grant closeout is the process by which the funding agency determines that all applicable administrative and programmatic requirements in accordance with the award terms and conditions have been met. This is done at the termination of the award.
- ▶ Closeout requirements are normally specified in the terms of the initial award documents available in Summit. Sometimes those terms are updated or reminders are sent as the award is nearing termination.
- ▶ If the award receives an extension of the original end date either with a no cost extension (NCE) or supplemental funding, the closeout document deadlines are adjusted accordingly.

Importance of Timely Closeout

- ▶ The University has a responsibility to ensure that the closeout of each sponsored award is performed in a timely manner. Internal and External focus on compliance and oversight. Uniform Guidance (200.343 Closeout)
- ▶ The University is put at risk when closeouts are not accurate or not done in a timely manner.
 - ▶ Expenses can be posted in error
 - ▶ Possibility of non-payment
 - ▶ Increased audit risks
 - ▶ External auditors can validate whether deadlines are met
 - ▶ The longer it takes to close an award the longer we need to retain files and have them available for audit
 - ▶ Damage to an individual PI's relationship and/or the University's relationship with a particular sponsor which can impact future funding across campus

Timeline of Award Closeout Activities

Notice of Expiration

- ▶ As a courtesy, The Research Accounting Department (RAD) notifies the Principal Investigator (PI) and Business Manager that the award is expiring. We are currently revising the notice and have a handout with our draft version, we are requesting feedback to Liz Ortiz 5-1416 lortiz@admin.umass.edu.
 - ▶ At the beginning of the calendar month expiring award notices are generated for awards with end dates within 90 days. For example, a notice was sent at the beginning of this month (December) for awards ending during February.
 - ▶ This notice is also sent for multi-year awards when a renewal may be pending.
 - ▶ Please note: this process is based on the current end date of the award in People Soft. If you are getting this notice, but are needing or expecting an extension or renewal, you should know that the end date has not been officially updated. And, please take action, if necessary.
 - ▶ If an extension or renewal is pending and not yet processed by OPAM/Research Accounting, let your Research Accountant (RA) know.

Timeline of Award Closeout Activities

Pre-Closeout Review

- ▶ Upon receipt of Notice of Expiration (or Prior to) Departments review awards and consider the following:
 - ▶ Is a NCE necessary?
 - ▶ A NCE may be requested at least 30 days in advance (or as required in the terms of the award) to OPAM by the PI when all three of the following conditions are met:
 - ▶ The end of the award is approaching
 - ▶ There is a justifiable programmatic need to continue research
 - ▶ There are sufficient funds remaining to cover the extended effort

<http://www.umass.edu/research/awards/administration/no-cost-extensions>

Timeline and Award Closeout Activities

Departmental Responsibilities

- ▶ Ensure that no additional expenses are incurred after the award end date.
- ▶ Ensure that all project-related expenses have been posted. Communicate with your RA once all project related expenses have been posted.
- ▶ There is no standard closeout instruction list as every sponsor has different requirements. However, we have developed the following checklist to help you navigate through the closeout process. **Here is a department closeout checklist:**
 - ▶ Have expenditures been reviewed for allowability and (if necessary) have any unallowable charges been removed?
 - ▶ Are there any payroll adjustments needed? Are there any effort-related issues? Payroll adjustments can take time, its best to start this adjustment process as soon as possible.
 - ▶ Are all non payroll cost transfers posted?
 - ▶ Are all invoices processed, including all final subrecipient invoices?
 - ▶ Are PO encumbrances closed or removed? To cancel PO's email cancelpo@admin.umass.edu. For rush requests email and then call Procurement 5-0361.

Timeline and Award Closeout Activities

Departmental Responsibilities (Continued)

- ▶ Are procards and recharges (postage/telecom) no longer default charging to the project? Contact Procurement/Service Centers.
- ▶ Are all advances settled/cleared? Work with Jane Polo or your RA.
- ▶ Have you confirmed with your RA that mandatory cost share (if applicable) has been met?
- ▶ Have all programmatic and patent reports (if necessary) been submitted?
- ▶ Have you worked with your RA or the Receivables team in the Controller's Office to clear any over expenditures (if necessary)?
- ▶ Have you notified your RA if any issues exist between us and the sponsor regarding deliverables?

Timeline of Award Closeout Activities

Controller's Office Responsibilities

- ▶ Review, reconcile, and submit the financial report and/or the final invoice to the sponsor. **All financial information provided to sponsors must be from or approved by the Controller's Office.
- ▶ The Property Office will submit any necessary property reports
- ▶ Ensure F&A has charged correctly, if applicable
- ▶ Maintain and track accounts receivables and collections.
- ▶ Final review to ensure encumbrances are cleared, payments are received, and over-expenditures are resolved
- ▶ Inactivate the Speed Type for the project(s)
- ▶ Close the award in People Soft
- ▶ Ensure proper retention of grant- financial files (6 years after last payment).
<https://umass.app.box.com/s/i3fbdyxmqagetedtkux4cna7yk8d3da>

Most Common Items preventing Timely Award Closeouts

- ▶ Over expenditures are not resolved
- ▶ Late transfers (payroll and non-payroll)
- ▶ Cost share documentation isn't complete holding up the final financial report or invoice
- ▶ Final Subrecipient Invoices aren't received as outlined in the terms and conditions
- ▶ Progress or Other Non-Financial reports not completed/accepted which could be holding up final payment