

Purpose

The purpose for the Policy is to provide guidance to Principal Investigators and others responsible for the administration of sponsored projects on the requirements for final financial reporting and closeout of awards. Specifically, the intent of this policy is to:

- a. Streamline the process of closing out expired awards and improve stewardship of external funds.
- b. Enhance University compliance with OMB Circulars A-110 and A-133.
- c. Enhance compliance with sponsor guidelines.
- d. Improve the University’s cash flow. Ensure receipt of final payment.
- e. Reduce risk of delay, loss, reduction or withholding of future funding by sponsors.

Policy

. General Closeout requirements with respect to the timely closeout procedures for federally funded awards are listed in OMB Circular A-110: Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations, and also in the terms and conditions of the award document. For non-federal sponsors the closeout guidelines are set forth in the policies of those sponsors or the stated terms and conditions of the award.

Per OMB Circular A-110, section 71, “recipients shall submit, within 90 calendar days after the date of completion of the award, all financial, performance, and other reports as required by the terms and conditions of the award.... Unless the Federal awarding agency authorizes an extension, a recipient shall liquidate all obligations incurred under the award not later than 90 calendar days after the funding period or the date of completion as specified in the terms and conditions of the award or in agency implementing instructions... The recipient shall promptly refund any balances of unobligated cash that the Federal awarding agency has advanced or paid and that is not authorized to be retained by the recipient for use in other projects.” “The recipient shall account for any real and personal property acquired with Federal funds or received from the Federal Government in accordance with Sections __.31 through __.37.”

Definitions

Closeout - the process by which a Federal awarding agency determines that all applicable administrative actions and all required work of the award have been completed by the recipient and Federal awarding agency. The department and the PI cease using the Banner FOAP number. Transactions are no longer approved. The financial system blocks expenditures from posting to the Banner FOAP.

Fixed-price sponsored award – a sponsored award where the sponsoring agency pays a fixed dollar amount for certain agreed-upon deliverables, services, or milestones.

Funding period - the period of time when Federal funding is available for obligation by the recipient.

Project period - the period established in the award document during which Federal sponsorship begins and ends.

Residual Balance – A positive cash balance remaining in an account after completion of a fixed-price sponsored award activities.

Subaward - award of financial assistance in the form of money, or property in lieu of money, made under an award by a recipient to an eligible subrecipient or by a subrecipient to a lower tier subrecipient. The term includes financial assistance when provided by any legal agreement, even if the agreement is called a contract, but does not include procurement of goods and services nor does it include any form of assistance which is excluded from the definition of "award" in paragraph (e).

Subrecipient- the legal entity to which a subaward is made and which is accountable to the recipient for the use of the funds provided. The term may include foreign or international organizations (such as agencies of the United Nations) at the discretion of the Federal awarding agency.

Unliquidated obligations, - the amount of obligations incurred by the recipient that have not been paid. For reports prepared on an accrued expenditure basis, they represent the amount of obligations incurred by the recipient for which an outlay has not been recorded (i.e., an encumbrance).

Unobligated balance - the portion of the funds authorized by the Federal awarding agency that has not been obligated by the recipient and is determined by deducting the cumulative obligations from the cumulative funds authorized.

Procedures

Certain procedures are required to be followed when an award is ending to ensure that the University meets reporting requirements imposed by the awarding agencies. The procedures below allow for a timely progression through the closeout process as well represent the basis for acceptance of financial responsibility for the outcome of all collections efforts, and ensure that all grant requirements are met. Award Closeout includes physical completion of the work, fulfillment of administrative and financial requirements.

Closeout Completion Actions

- a. Closeout letters are distributed on a monthly basis to Principal Investigators and department grant administrators for grants scheduled to end within the next 60 days and will follow with a second notice 30 days prior to expiration date. The recipient of the letter is required to respond and provide a confirmation that the award is indeed ending. If applicable, an extension of the grant end date should be requested through Office of Sponsored research and Programs (OSRP) and submitted within the time frame specified by awarding agency, usually in advance of award expiration date. Unexpended

grant balances are not sufficient reason to extend a project. Extensions are approved for scope of work related reasons only.

- b. Once the PI confirms the project is in fact ending, the assigned GCA Accountant will initiate closeout procedures and undertake actions to work with the PI and departments to ensure cost sharing commitments and reporting requirements of the award are met.
- c. A full fund reconciliation will undertaken, which would include a review of encumbrances, subawards, payroll distributions, cost sharing and other transactions should be concluded. These transactions must be changed to an appropriate funding source or terminated effective as of the project end date. Principal Investigators and department staff is responsible for initiating these transfers. All cost transfers to the soon-to-be expired grant must be submitted to GCA with appropriate signatures no later than 30 days after award expiration date, or sooner, based on final financial reporting requirements imposed by awarding agency.
- d. The last day on which expenditures can be posted to the account is determined based on the final financial reporting due date. All expenses must be allowable and incurred prior to the actual end date of the project. The only postings permitted after the end date of the award are journal corrections, payment vouchers, credit adjustments, and facilities and administration (indirect costs) corrections.
- e. All expenses posted to the award should be reviewed and verified by the Principal Investigator or his or her designee to assure compliance with grant terms and conditions and applicable cost principles. Unallowable and unallocable expenses will be charged back to the department if not addressed promptly by the PI.
- f. PIs and departments will be notified to remove overdraft items. If PIs/departments fail to respond or remove items as requested, GCA will move overdraft expenditures to the departmental FOAP as necessary, in accordance with IIT's Grant Deficit Policy. Overdrafts are to be resolved prior to issuance of final financial report or an invoice. No deficit balance will be allowed to be carried forward beyond 90 days of the award end date.
- g. Adjusting entries and corrections are processed.
- h. All final reporting, financial and program, to awarding agency is prepared and submitted.
- i. All amounts due to IIT are collected.
- j. Award is inactivated in the Banner system.

Guidelines

Principal Investigators and departmental staff involved in the post-award management of the awards should assure that expenditures are allowable, allocable, reasonable, and timely. If unallowable costs have been incurred, they must be removed from the project and charged to an appropriate non-restricted FOAP. Generally, costs incurred beyond the project end date are not allowable.

Unobligated balances – It is improper to transfer costs to a sponsored project for the sole purpose of using unexpended sponsored funds. Unexpended sponsored funds must be returned to the sponsor at the close of the project. In many cases, the unexpended funds are simply an unutilized budget, which is de-obligated by the sponsoring agency once final financial reporting is submitted. Exceptions include fixed price contracts, agreements allowing carry-forward of funds, and agency-approved no-cost extensions.

Reporting requirements at award closeout time

- a. Technical/Narrative/Progress Reports - The Principal Investigator is responsible for the submission of the final report to the sponsor within the time frame specified by the agency. In some instances, the funding agency requires that the final report be signed by the authorizing official of the University. Failure to submit this report in a timely manner may jeopardize future funding. Some sponsors require use of their own form for final technical reports, or encourage electronic submission of final reports. These forms are available in the sponsor’s application packets, with the award document or on-line
- b. Patents/New Technology Reports/Inventions - Sponsors require a list of inventions made using funds from the award. This information concerning inventions or “no inventions” is prepared by the Principal Investigator and given to the Office of Sponsored Research and Programs, which after verification , is prepared and submitted along with the proper documentation for the agency.
- c. Property and Equipment - Some sponsors require a report on equipment inventory. Completion of the report is a joint responsibility of the PI and Grant and Contract Accounting Office. Final property reports will be prepared, certified, and mailed by the Grant and Contract Accounting Office.
- d. Final Financial Reports - Upon termination of the award, the Grant and Contract Accounting Office is responsible for submitting the final financial report to the agency within the time frame specified in the award document. The final report is reviewed with the Principal Investigator prior to submission to the agency. All financial reporting to agencies is done by the Office of Grant and Contract Accounting.
- e. Other Reports - Agencies sometimes require additional end products and reports as a result of the work performed. These requirements are usually set out in the award document. Most federal contracts require a contractor’s release, and a contractor’s assignment of refunds, rebates, and credits form. Grant and Contract Accounting Office is responsible for completing these forms and sending it to the awarding agency.

References

- [Circular A-](#), Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations
- [Circular A-](#), Cost Principles for Educational Institutions
- [Circular A-](#), Audits of States, Local Governments and Non-Profit Organizations

Responsibilities

Principal Investigator Responsibilities

Once it has been determined that an award is going to be closed, it is the responsibility of the Principal Investigator to ensure the following actions have been completed either before or immediately after the ending date has passed. This is crucial in that only expenses incurred prior to a grant's end date are allowable. The following is a checklist of the PI's responsibilities at the time of closeout.

Minimum of Sixty (60) days prior to the grant end date:

- a. Review award notice for report schedule and reporting requirements.
- b. Review the award's financial status/expenditures with the department's grant administrator/budget manager. Verify that all salaries that should be charged to the award have been charged. Verify that no salaries have been wrongly charged to the award.
- c. Meet with Grant and Contract Accounting Office to review the budget and expenditures posted and to discuss the status of the award so that any issues may be timely addressed. The PI should review all expenditures - salaries, fringe benefits, and other direct and indirect costs to assure compliance with approved budget, and to address budget variances.
- d. Ensures subaward recipients have met project goals, have submitted or will submit all required deliverables, reports and invoices. Coordinates with Grant and Contract Accounting the receipt of any subcontract closeout documents. Notifies any subcontractors of the deadline to submit final invoices.
- e. Request necessary budget revisions, no-cost extensions or continuations from the sponsor through Office of Sponsored Research and Programs (OSRP).
- f. Address disposition of Program Income (where applicable)
- g. Limit end-of award spending to only those items that are required to complete performance of that award and that are reasonable, allowable, allocable and consistent. Avoid equipment purchase in the last 90 days as it may not arrive in time to be of use during the completion of the project.

Minimum of Thirty (30) days prior to termination of award:

- a. Prepare all necessary payroll authorizations to transfer expense to another funding source, or terminate personnel on award effective the last day of the award.
- b. Follow-up on all outstanding purchase orders. Cancel outstanding requisitions and blanket orders, as appropriate. Cancel all invalid outstanding commitments by contacting the Purchasing Department.
- c. Reassign or terminate all recurring transactions (P-cards, copier charges, etc.)
- d. Provide GCA with detailed disposition of outstanding charges, i.e. commitments not recorded, other outstanding purchases, payroll transfers, cost transfers and other adjustments. The Principal Investigator or Departmental Assistant must agree with Grant and Contract Accounting on final costs charged to the award.
- e. Provide GCA with a detailed disposition of all equipment purchases that the Sponsor retains title to for end-of-project Sponsor property reporting purposes.

- f. Gather all cost-sharing/matching detail delineated in the proposal which Grant and Contract Accounting is required to report to the agency. This includes names, account numbers, dates, percentage of salary, and other backup (for non- salary matching).
- g. Follow-up with the Department Chair to ensure all effort reports issued to date on the award have been completed and submitted to GCA.

At termination date:

- a. Identify any late charges that have not yet posted and email GCA a list of such expenses that will be charged to the project and should be included on the final report/invoice. Contact delinquent vendors to submit invoices to the Controller's Office on valid commitments to expedite closeout. GCA must adhere to strict submission dates for the final financial report/invoice. Some projects allow only 30-60 days for a final report or invoice to be submitted. Therefore, it is crucial that any remaining expenses be posted promptly to the project.
- b. Determine if cost-sharing requirements have been met.
- c. Carefully review the expenditure activity of the project. Verify that all costs charged to the project are appropriate. Reconcile grant fund – ensure costs are allowable, allocable, reasonable and consistent with the terms of the agreement. If a correction is required, work with your department staff to prepare Cost Transfer Request or Request for Payroll Redistribution forms. All cost transfers, including salaries, should be completed before final financial report is issued.
- d. Initiate transfer of unallowable costs and overdrafts to a non-sponsored FOAP
- e. Ensure that Effort Reports have been submitted for all completed quarters encompassed in the project period.

Thirty (30) Days after termination of the award:

- a. Review the Terms and Conditions of Award and ensure that all deliverables are submitted by the designated due dates, including Final Technical Reports, Final Invention Statements, and Property Reports. Work with Grant and Contract Accounting on completion of Property Reports.
- b. Close out IRB and IACUC protocols.
- c. Review all expenses posted to GL after termination date to determine allowability and allocability of charges. Prepare and submit to Project Accounting a journal entry removing unallowable expenses.
- d. Ensure that all subrecipients have submitted their final invoices, and that the invoices are approved and paid.
- e. Close subcontract/consultant encumbrances.
- f. Contact Grant and Contract Accounting to finalize costs on the award.

Sixty (60) days after termination of the award:

- a. Review final financial report. Contact GCA for resolution of any discrepancies.
- b. Forward to Grant and Contract Accounting a copy of the cover letter accompanying the Final Technical Report.
- c. Prepare/submit timely final reports: technical, invention, and other (reporting requirements are sponsor-specific).
- d. Retain financial award records for as long as they are useful, but for at least 3 years after submission of final financial reporting (Records Retention Policy).

Grant and Contract Accounting Office

The Grant and Contract Accounting Office staff will be responsible for:

- a. Notifying PI and Department Administrator when award end date is within 60 and 30 days of termination date.
- b. Review of award expenditures for unallowable costs, overdrafts, and remaining balances.
- c. Overall reconciliation of award expenditures
- d. Preparation of the final financial reports or invoices and submitting it to sponsors. Ensuring a timely submission of all financial reports or invoices to the awarding agencies. Ensuring Effort Certification is completed, if applicable.
- e. Preparing supporting reports – Property Report, Contractor’s Release form, etc.
- f. Process award adjusting and closing entries.
- e. Notifying departments of the date the final financial report or invoice was submitted to the sponsor to facilitate compliance with the University’s and sponsoring agency record retention policy.
- f. Tracking outstanding receivables, sending out past-due notices, and communicating progress with the PI, academic unit, and Controller’s Office. Collecting any outstanding revenue/payments from the sponsoring agency.
- g. Closing the grant in the Banner system once all financial obligations have been satisfied.
- h. Coordinating financial audits of sponsored projects by federal or external auditors, as needed.
- i. Facilitating the settlement of uncollectible issues.
- j. Maintaining financial records according to Records Retention Policy.
- k. Submit closeout letter to PI and department

Required Forms

Request for Payroll Redistribution

[://www.iit.edu/policy_procedures/forms/pay_request_for_payroll_redistribution.](http://www.iit.edu/policy_procedures/forms/pay_request_for_payroll_redistribution)

Cost transfer Form

[://www.iit.edu/policy_procedures/forms/gca_cost_transfer_form.](http://www.iit.edu/policy_procedures/forms/gca_cost_transfer_form)

Disposal/ Transfer/ Sale of Inventory Equipment Form

[://www.iit.edu/policy_procedures/forms/ga_disposal_transfer_sale_of_inventory_equipment_form.](http://www.iit.edu/policy_procedures/forms/ga_disposal_transfer_sale_of_inventory_equipment_form)