

Closing Out Award

Closeout

All sponsored project awards must be formally closed-out as soon as possible after the project end date to ensure that all expenses posted to this project are allowable, no additional charges are posted, all payments are received, and required reports are submitted.

Clinical trials are considered ready for closeout when no additional patients are being enrolled or in a follow-up period. The PI is responsible for notifying ORA, Post Award when projects are ready to be closed out.

Email notifications are generated and sent to the PI 90 days prior to the project end date as a reminder of the upcoming expiration date and as a trigger for a no cost extension request or contract modification, if needed to complete the work.

Prior to the closeout, the PI and departmental designee are expected to review the project, clear out all outstanding encumbrances, and determine if all expenditures are posted. No new charges or commitments may be incurred to a project after the project end date. This includes personnel charges. Charges that were committed before the project end date may be processed after the end date but prior to the final financial report or invoice will be prepared based on the sponsor regulations and the award document.

Projects will be closed out in accordance with the Closeout Policy. The PI and/or other personnel will contact ORA to determine if there are residual balances.

Projects with negative balances at the end of the project must be subsidized from departmental funds. The PI, in consultation with his/her Division's Chair or Department/Center Director will determine how to fund the negative balance and will advise ORA by the given due date. If the PI/designee does not respond timely, ORA retains the right to charge the departmental account for the negative balance on the sponsored project.

Projects with residual balances will be closed out in accordance with the Residual Balance policy. The project account will be closed out by first charging any remaining indirect cost. If a reduced or waived indirect cost rate was granted at the outset of the project, and there are funds remaining at the completion of the project, these funds cannot be designated as residual until the reduced or waived portion of the indirect costs have been recovered. In the event that a PI leaves the university,

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residual fund balances will be retained by UM.

New expenditures incurred after the end date will not be allowed unless a NCE of time has been approved.

ORA, Post Award will place a freeze flag on all sponsored accounts within 90 days after the award end date. This will ensure no additional charges occur on the account without review. Encumbrances existing prior to the end date will be released as the purchase order is paid.

The PI or departmental designee is required to complete the following:

- Review all project expenditures to determine that they are allowable and appropriate and to ensure that charges have not posted in error.
- Verify that all expenses have posted to the project and that all payments to subrecipients and vendors have been made.
- Stop all recurring charges.
- Identify the account to which any over-expenditures incurred on the project should be transferred.
- Review project cost share expenditures to ensure that charges have not posted in error and that the cost share requirements have been met.
- Verify that all labor charges have been posted, that the total effort charged to the project is correct, and that the committed effort has been met.
- Inform ORA immediately of any errors charged to projects.
- Update all labor cost allocations to terminate future charges to this project.
- Confirm that all commitments are liquidated or invoiced and paid.
- Communicate to ORA when all intended expenditures and corrections have posted.
- Submit a final report to IRB (if applicable) and notify ORA of projects ending that do not have a contractually specified closing date.
- Verify that all outstanding reports or deliverables are completed.
- Review closeout issues and resolve questions. Issues may include monitoring visits by sponsors, outstanding case report forms, regulatory requirements to IRB, etc.
- Prepare the final technical report and submit a copy to the sponsor according to the instructions in the award document as applicable.
- Identify, document, and submit all Intellectual Property information, including the final invention report, when applicable.
- Verify/submit all compliance related documents.
- For any study with per-patient charges:
 - Reconcile the patient care charges to ensure that all payments to patients have been made.

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- Review patient enrollment and the per-patient reimbursement if applicable.
- Complete and sign the Closeout form.

Expenditures should be cut off as follows:

- Standing Purchase Orders: To close a standing purchase order on a sponsored account, send a Close PO Request through UMeNet (Ariba). No orders may be placed against a standing purchase order after the close of the project period.
- Telephone: To cancel telephone service on sponsored accounts, follow the Telecommunications procedures and forward a copy of this request, which identifies the telephone number, service, and the effective date of the change of service to ORA.
- Duplicating Charges: To cancel recurring duplicating charges on a sponsored account, send a memorandum to Duplicating Services with a copy to ORA with the following information: account number currently being charged, account number now to be charged, and the effective date of the change.
- Petty Cash and Travel Reimbursements: These must be closed consistent with university policy and are to be submitted within ten working days of the close of the project period.
- Equipment acquisitions within six months of the expiration of the award may require justification of the usefulness to the project in the close-out period.
- Supplies are to be acquired in reasonable amounts for the expected activity during the close-out period. "Stockpiling" in the terminal year of a project period are not allowed and may result in audit disallowances.

All projects are subject to a close out review. ORA will conduct this review prior to closing out each project in addition to the steps listed below as follows:

- Identify projects that need to be closed.
- Verify that the committed effort for all key personnel has been met.
- Process and review final expenditure and cost transfer requests.
- Determine if all cost sharing requirements have been met.
- Review the grant terms or contractual agreement and determine if any unspent funds should be returned.
- Review the Closeout form.
- For studies with patient care costs:
 - Determine if revenue and expenditures appear reasonable and in line with the budget. Examples of final expenditures that are not reasonable or in line with the budget: a clinical study that enrolled patients or other research project that has been completed but with no or relatively few expenses charged; a project with budgeted effort, intercompany charges, etc, with little or no actual charges posted.
 - Review the patient care payments and determine if all payments to patients have been made.

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- Submit the final invoice or expenditure report if applicable.
- Ensure all invoices are paid.
- Sign the award close out check list.
- De-activate the activity after the project closeout.

This review, performed by ORA does not remove or reduce the PI's responsibilities but is intended as a close-out audit.

The project account will be closed when all required reports have been submitted, final payment has been received by UM, and there are no outstanding issues. Financial, performance, and other reports to Federal agencies are normally due within 90 calendar days after the completion of the award in accordance with the terms and conditions of the award. ORA and the department will work together to complete a reconciliation of the account prior to the due date of the report to the agency.

Once the above criteria have been met, ORA places a freeze flag on the account to ensure no further activity occurs. ORA will process all required system entries in order to properly delete the account and will place a delete flag to the account.

Account overdrafts and Residuals

Account Overdraft

The PI is responsible for managing all sponsored projects in a manner to minimize unallowable cost or overdrafts from occurring or to resolve these promptly when they occur.

Although circumstances may create a temporary overdraft on a sponsored project, resolution of overdrafts must incur as soon as possible, but by no later than by the final account reconciliation. The resolution can include one or more of the following actions:

- obtain additional sponsored funding;
- Absorb the overdraft through the PI's responsible departmental operating account.

The PI will work with ORA in obtaining the applicable resolution.

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Residuals

Once a fixed price award has been completed, including any no-cost extensions that may be granted, no new obligations or expenditures will be incurred against the account.

Upon closeout of the fixed fee/fixed price agreement, any revenue in excess of expenditures incurred will be subject to the residual policy. ORA is responsible for reviewing all related revenue and expenditures and determining if these seem reasonable. Once this review has been completed, any remaining residuals will be closed out as follows: If the total cost incurred on the project is less than the amount received, any waived indirect cost as well as any F&A budgeted but not charged will be charged to the project, and the remaining balance will be transferred to a departmental account. If this departmental account will reside in the School of Medicine, an approval from Medical Finance is required.

Residual balances in excess of 20% of the total revenue recognized are subject to a special review by ORA. If the residual is greater than 20% of the total revenue recognized, the PI will submit a written justification describing the cause of the residual balance. This, along with the Closeout Form and other supporting documents (if applicable) are submitted to ORA for review.

Transfer to another institution

- If a PI transfers to another institution, (s)he may decide to either leave his/her grant(s) or contract(s) with UM or transfer these to the new institution. Final disposition plans may require approval from the department Chair/Dean.
- If the award(s) remain at UM, the request to change the PI should be submitted to ORA, Pre Award for submission to the sponsor.
- If the award(s) are transferred to the PI's new institution, the PI confers with ORA, Pre Award who will advise and assist him/her in initiating the procedures required by the sponsor and the university for a grant/contract transfer.
- ORA, Post Award will follow sponsor procedures in submitting the final financial report, the relinquishing form, and a refund of unexpended funds to the sponsor, if applicable, and follow any other guidelines provided by the sponsor.

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- ORA, Post Award will ensure proper close out of the project.

- Capital equipment purchased or provided from an award may be transferred to another Institution providing all of the following conditions are met:
 - The equipment is transferred to the same institution as the award from which it was purchased and the sponsor has approved the transfer of the award.
 - The principal investigator (PI) and the department chair have determined the university will no longer need the equipment and approved the transfer;
 - The institution to which the equipment will be transferred agrees in writing to accept title and accountability for the equipment; and
 - The university will not incur any cost for packing and shipping the equipment, unless stipulated in the award.

- Capital equipment purchased and provided by the sponsor should typically be returned to the sponsor. However, if this equipment needs to be transferred to the PI's new institution, then approval from the agency is required.

If the Government holds title of the equipment, the final disposition guidance has to come from the government. To request a transfer:

- The PI will complete and submit a request for approval to the chair of the department or dean of the school. Upon review and approval from the chair/dean, this request will be forwarded to ORA.
- The university official in ORA will review the request in accordance with the sponsor guidelines and award specific terms and conditions. Upon review, the form will be returned to the PI or designee if additional information/justification is required, or forwarded to the sponsor for review if there are no additional questions.