I. Purpose, Reference, and Responsibility

A. Purpose

To clarify award close out policy, procedures, roles, and responsibilities related to Sponsored Projects.

B. Reference

1. Fiscal Policy 4-1 Clinical Trials
2. Fiscal Policy 4-12 Cost Transfers on Sponsored Projects
3. Fiscal Policy 4-13 Roles and Responsibilities for Grant and Contract Administration
4. OMB Circular A-110

C. Responsibility

UCHSC administrative units (defined as part of a school, department, division, center, institution section, or large program) and principal investigators are responsible for complying with and enforcing the following policies and procedures. Any penalties, disallowance, or losses of funding caused by non-compliance with this policy will be assessed against the principal investigator’s school/administrative unit in violation of the policy.

It is the responsibility of Grants and Contracts (G&C) to prepare and submit accurate and timely financial reports and invoices when required based on financial data (not deliverables) by the terms of each grant or contract (unique, detailed requirements require administrative unit support). G&C is also responsible for enforcing the following policies and procedures. G&C cannot complete its role without principal investigators and administrative units taking action on problematic data.

II. Applicability and Definitions

A. Applicability

This policy applies to all principal investigators, their administrative unit, and the PostAward staff of G&C.

B. Definitions
1. **Allocable costs** are costs that can be assigned to a university program/project, in reasonable and realistic proportion to the benefit provided relatively easily with a high degree of accuracy.

2. **Allowable costs** are costs that are acceptable to be charged to a sponsored agreement. The allowability of costs incurred by institutions of higher education is determined in accordance with the provisions of OMB Circular A-21.

3. **Cost Share** is that portion (cost) of a sponsored project or program that is not supported by the sponsor. Cost sharing consists of three types: mandatory, obligatory, and voluntary (see separate definition for each type of cost sharing). Cost sharing is usually provided through contributed effort by principal investigators or their staff and paid from unrestricted fund, auxiliary and self-funded activity fund and/or gift programs/projects.

4. **Cost Transfer** is the transfer of a cost incurred initially on one university program/project and subsequently transferred to a sponsored project. A cost transfer does not include items posted to a suspense account or program that are cleared to the appropriate project on a timely basis (less than 60 days from the original posting).

5. **FOPPS** is a unique combination of numbers within the PeopleSoft financial system made up of the fund, organization, program, or project and sub-class used in creating a new program or project.

6. **Sponsored Projects** are research, instructional, or public service activities that are related to the mission of the UCHSC and sponsored by external agencies or entities. Facilities and administrative cost recovery is not a factor in determining whether funding is a sponsored project. Application/award issues that require administration by G&C include any one of the following:

   a. The award is a grant or contract from a governmental entity.

   b. Sponsor support is directed to satisfy specific, programmatic objectives that are to be accomplished within a specific time and budget framework.

   c. The sponsor is entitled to receive some deliverable, such as a detailed technical report of research results or a report of expenditures.
d. There is a provision for audits by or on behalf of the sponsor.

e. The funding is for a project with compliance issues including, but not limited to: human subjects, animal use, biohazards, and biosafety.

f. Publication restrictions, patent, or licensing rights are requested by the grantor.

III. Policy

A. General

It is campus policy to have timely reconciliation, reporting, and close-out of sponsored projects. Consequences of delayed reporting and close-out may include:

1. Delay or withholding of payments on current projects.
2. Delay or withholding of future funding by sponsors.
3. Exposure to audit findings and disallowances.

For clinical trials also review Fiscal Policy 4-1 for additional direction.

B. Regulation

Most final financial reports are due to the sponsoring agency on or before the 90-day period from the project end date. In addition, Federal rules and regulations require that “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 implementation instructions”.

C. Implications for this Policy

1. Any remaining relevant project costs should be recorded in the accounting system within the 90-day period from the project end date.
2. Reported costs are to be allowable, allocable, and directly beneficial to the project.
3. Expenses do not exceed budgeted amounts.
4. Cost transfers are completed within the 90-day period from the project end date.
5. Cost-sharing obligations are met and have been appropriately documented.

IV. Procedure

A. General

The following procedures are established to:

1. Streamline the administration of sponsored projects that have ended.
2. Ensure prudent fiscal management.
3. Conform to Federal rules and regulations.

B. Grants and Contracts Notification

1. First Notice

Grants and Contracts will try to assist administrative units by notifying the administrative unit’s administrator for projects that are approaching their end date. This notification letter is planned to occur approximately 45 days in advance of the project end date.

The administrator and Principal Investigator (PI) should carefully review their projects to prepare for the closing process:

a. Personnel appointments should be revised as appropriate.
b. Outstanding encumbrances must be resolved.
c. Standing Purchase Orders must be cancelled or revised to charge different FOPPS.

The administrator and PI are responsible for notifying the G&C PostAward Administrator if extensions, re-budgeting requests, or additional funding notifications are expected on one or many of the projects set to end. These revisions must have adequate documentation.

2. Second Notice

Depending on reporting requirements, G&C will begin review of projects that have ended within approximately 60 days after the project end date. The PI and Division or Department Administrator will be advised in writing of concerns, with some specifics if available including:

a. Over-expenditures
b. Budget deviations
c. Unallowable expense categories
d. Undocumented cost sharing

The Division/Department Administrator or the PI will be expected to complete the necessary transactions to:
e. Resolve over-expenditures
f. Provide missing Personnel Effort Reports (PERs) and/or documentation of required matching funds
g. Remove unallowable expenses
h. Correct accounting errors

Of particular concern to UCHSC is the timeliness and justification of those journal entries made for the purpose of correcting errors on a project or cost transfers (See Fiscal Policy 4-12, Cost Transfers on Sponsored Projects).

If these transactions cannot be completed due to extenuating circumstances or problems outside of the department’s control, a detailed justification must be submitted to G&C within 30 days of the second notice.

3. Third Notice

If problems have not been resolved within 30 days of the second notice, the PI, Division Administrator, Department Administrator, Department Chair, and the School Administrator will be advised in writing of any outstanding issues. Action may include:
a. Removal of over-expenditures or documentation provided to show that additional funding has been awarded.
b. Removal of questionable expenses or written justification provided that the expenses are allowable within the terms of the project.
c. Provision of documentation that an extension has been awarded thereby delaying the report due date.
d. Provision of documentation showing that outstanding encumbrances are valid and will not cause over-expenditures.

These issues must be cleared within 30 days of the third notice or G&C will make any necessary corrections to the Unit’s Facilities and Administrative Cost Recovery FOPPS.
4. Moving Expenses to School/Departmental Administration Facilities and Administration Cost Recovery FOPPS

If these issues have not been resolved after 30 days from the date of the third notice, any necessary corrections will be implemented by G&C. Over-expenditures, unallowable expenses, or undocumented cost transfers will be charged directly to the School/Department/Center’s Facilities and Administrative Cost Recovery FOPPS. A copy of the charges will be sent to the School Administrator, Department, and/or Division Administrator, Department Chair, and the PI.

Charges moved to the Departmental FOPPS extend to:

a. Uncollectible costs or those expenses to a sponsored project that will not be reimbursed by the sponsor.
b. The existing backlog of old, expired project(s) with unresolved budget deficits.
c. Any new deficits incurred if three notifications to departments has occurred, whether or not G&C is able to meet the planned timetable for notice as described in this fiscal policy.

Note: additional time may be allowed when a unique billing or collection problem exists. Other exceptions to this procedure will be granted only in extraordinary circumstances, with written approval from the G&C Director or PostAward Manager.

For clinical trials also review Fiscal Policy 4-1 for additional direction.