

# **EASTERN MICHIGAN UNIVERSITY**

## **Award Administration during Award Period Guidelines**

## **PURPOSE:**

During the award period the grant and contract accounts are monitored by the Principal Investigator, the departmental administrator and Sponsored Research Accounting (SRA). Upon completion of the award period, grants and contracts move to the closeout phase. The most common closeout procedure is a final financial report. Other requirements may include a final invoice, inventions and patent results, equipment purchases and equipment ownership information, cost sharing reporting, subcontractor assignment of refunds, rebates, and credits, as well as subcontract release forms. These requirements are generally fulfilled by SRA. The Principal Investigator frequently is required to complete a technical progress report providing the agency with the results of the research. Timeliness of reporting and closing is crucial to sound grants/contracts management to assure full compliance with agency regulations and to assure collection of all monetary reimbursement for costs incurred.

## **PROCEDURE:**

### **Sponsored Research Accounting responsibilities:**

- Assure appropriateness, reasonableness, and proper distribution of expenditures.
- Reviewing expenditures in restricted budget categories
- Managing effort reports
- Reviewing and monitoring cost transfers
- Drawing funds and reconciling accounts as required
- Work with the PI on clearing misplaced expenditures
- Prepare and submit sponsor financial reports and invoices as required
- Maintains all appropriate close-out documents for audit purposes.
- Responds to all audit inquiries from varying agencies.

### **The Principal Investigator responsibilities:**

- Assure appropriateness, reasonableness, and proper distribution of expenditures.
- Manages expenditures to not exceed available budgets.
- Reviews and signs effort reports as required.
- Initiates requests for re-budgeting and cost transfers.
- Approves payment for all invoices.
- Documents cost-sharing/matching funds as required.

### **Closing Funds**

- It is the responsibility of the SRA Office to prepare and submit financial reports to the sponsor. SRA will follow the guidelines list in External Regulations Governing Closing Procedures Circular A-110
- “Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations” sets forth standards for obtaining consistency and uniformity among Federal agencies in the administration of grants to and agreements with institutions of higher education. Subpart D- After-the-Award Requirements Section .70 - .73 list the requirements a federal agency can require.
- Requirements specify that in 90 calendar days (not business days) after the completion of an award, all financial, performance and other reports required must be completed unless an extension is allowed. Furthermore, recipient must liquidate all obligations incurred under the award in the same time period.

- Also stated, the federal agency has the right to disallow costs and recover funds on the basis of a later audit or other review.

### **Sponsored Research Accounting is responsible for reconciliations during and at end of the award period.**

#### Expense Adjustments:

- Departments will complete the Inter-Department transfer form and attach supporting documents for each transaction. The transfer must happen within 90 days of original transaction date. In order to initiate the accounting entries, the original appropriate financial accounting forms must accompany this worksheet (e.g., invoices, requisitions, transfers, direct pay forms). If transactions are already being processed but have not appeared in Banner, copies of those transactions must be sent to SRA.
- SRA will contact the department if there are questions or adjustments to be made to the information provided to close this grant.
- Once closing figures are submitted and the adjustments are made, SRA will notify the department that award is closed. The award will be closed in Banner and no further expenses will be permitted to be charged to the grant.

#### **Closing Sponsored Projects:**

##### **Department Responsibilities:**

- Departments must submit any closing adjustments to SRA within 30 days from the end date of the grant. This will allow SRA the time to complete the financial reports in a timely manner.
- For grants that have less than 90-day deadlines, departments must submit all the appropriate adjustments and paperwork within 30 days of the grant end date. Any trailing charges will not be included in the financial report and may cause the account to go into overdraft, which will be charged back. As follows:

#### **Cost Overruns**

Cost overruns in the fixed-price fund will be charged as follows;

- 1) Principal Investigator IDC; (if funds available are not sufficient then go to step 2.)
- 2) Department IDC (if funds available are not sufficient then go to step 3);
- 3) College IDC (if funds available are not sufficient then go to step 4);
- 4) Provost IDC (if funds available are not sufficient then go to step 5);
- 5) General Fund IDC

#### **Sponsored Research Accounting Responsibilities:**

- PIs should utilize my.emich.edu portal (self-service) for notifications that awards are coming to an end within 90 days. The PIs should submit all final expenses and begin the paperwork to remove any personnel from the award that is ending. All transactions are reviewed for appropriateness during the closing period. Transactions in process are reviewed and noted. Any costs that are unallowable are transferred and eliminated from the final financial reports.
- Agency specific regulations regarding spending against budgets must be reviewed to assure that any percentage of budget variance requirements are not exceeded.

- Indirect costs and fringe benefits are reviewed and any adjustments are noted and journal entries are processed.
- Cost categories are reviewed for appropriateness. Costs that are charged directly must be in allowable cost categories and match the approved budget.
- Once transactions are verified, the closing costs adjustments are posted. The financial report or final invoice is then prepared and forwarded to the agency and the PI.
- Federal regulations require a financial report within 90 days after a grant/contract closes (see discussion of A-110 above). The University follows this requirement for all close outs to be consistent in business practices. If the closing requests i.e.(Expense transfers, revised PAFs etc.) do not reach SRA within the necessary 90 days, the department will be responsible for the expense charges. SRA will close the grant/contract to meet the reporting date. As per A-110, agency permission is needed to allow costs beyond the 90 days.
- Small Balances Available - Grants/contracts that have balances less than \$50 are reported as fully spent and the funds or charges are moved to a IDC funds. Overdrafts greater than \$50 are to be written off and will follow cost overrun process.
- Carry Over of Unexpended Funds - Grants covering more than a one year period can have residual funds at the end of a project/budget year. Agency specific regulations need to be followed carefully.
- Agencies, i.e. NIH, allow automatic carry over from year to year. Carry-overs of a certain percentage may have to be documented by the PI to the agency. SRA should inform PI when there is a carry-over of 25% or greater. Most NIH grants keep the same account number for a project period so there is no need for a budget modification.
- Foundations and companies may require a written request for funds to be carried-over at the end of a project year. This written request needs to be submitted to the agency by the PI and ORDA. If the request is not made in a timely manner, the agency may require the University to return the unspent balance.
- Returning Unspent Funds to an Agency - Periodically, a PI will not utilize the full amount of funds awarded for a project. Unless the agency stipulates in the agreement that residual funds can be kept by the University, funds must be returned to the agency at the time of closing. The summary report must also show a credit amount that matches the amount of the funds being returned. This request is to be reviewed by the Manager of Sponsored Research Accounting for internal control purposes and the request is forwarded to accounts payable for payment.