

EASTERN MICHIGAN UNIVERSITY

**Sponsored Research Accounting
Project Close-Out Guidelines**

PURPOSE:

The purpose of the Sponsored Research Accounting Project Close-Out Guidelines is to articulate the roles and responsibilities in closing a grant- or contract-funded project. Following the procedures set forth in this document ensures that Eastern Michigan University SRA satisfies its reporting requirements to its sponsors. In addition, it lays out the requirements that must be met to receive incentive pay under the EMU-AAUP faculty contract.

All grants and contracts have end dates that require a variety of closeout procedures. The most common closeout is a final financial report. Other requirements may include:

- Final technical report
- Final financial report, sometimes including an invoice marked “Final”
- Inventions and patent report
- Equipment purchases and equipment ownership information
- Cost share reporting, and
- Contractor and subcontractor assignment of refunds, rebates and credits as well as subcontract release forms.

As the above list illustrates, satisfying the reporting requirements for the University will require the involvement of several offices. The PI, however, has primary responsibilities for fulfilling technical, scientific, fiscal management, administrative, and reporting obligations as required in the award. Sponsored Accounting has primary responsibility for financial reporting, invoicing, and institutional oversight. 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.

Reporting requirements and deadlines can be found in the award terms & conditions. The PI should review the terms and conditions of each award in order to determine the reporting requirements.

CLOSE-OUT PROCEDURE:

The University closeout procedure has been established so that it can comply with federal reporting requirements to file all final program and financial reports within ninety (90) calendar days (OMB Circular A-110). Please note that in some instances, the sponsor may require a shorter timeframe for reporting. In these cases, the PI and Sponsored Research Accounting (SRA) should plan and act accordingly so that the reporting requirements can be met in a timely fashion.

1. Sixty (60) days before the project period ends, the PI should review his or her progress on the project, as well as the financial statements.
 - a. Identify if a no-cost time extension is required;
 - b. Determine if any line items have been exceeded, and if a budget revision request is necessary, and
 - c. Begin the paperwork process to remove any personnel from the grant that is ending.

2. If a no cost time extension is required, the PI contacts the Office of Research Development and Administration (ORDA), which will assist the PI with the request. Please note that some sponsors require requests be submitted at least 45 days prior to end date. The PI's ORDA Project Officer can identify any agency specific requirements, and assist the PI in processing the request as necessary. The PI will be required to provide an explanation as to why the no cost time extension is needed. Extension periods are granted when additional time is needed to complete the project as proposed. Project extensions are not provided so that remaining grant funds can be expended.
3. In these last two months, complete all paperwork necessary to initiate any accounting transactions, along with appropriate supporting documentation, needed to reconcile the fund and prepare for final close. SRA will contact the PI if there are questions, or if additional items are necessary to complete the financial close of the fund. Please remember that any spending initiated in the last 60 days of the grant will require additional justification as the University must be able to demonstrate how charges to the grant fund solely benefit the sponsored project.
4. Within ten (10) business days after the close of the account, the PI should submit their outstanding expenses. This will allow SRA the time to complete financial reports in a timely manner. If the adjustments are not submitted to SRA within the allotted time the fund will be closed. Any trailing charges will not be included in the financial report. This may cause the account to go into overdraft, which will be charged back to the department designated or general fund.
5. Within ninety (90) calendar days of the project end date, or earlier if required by the sponsor:
 - a. Once closing figures are submitted by the PI, SRA will review the charges and the supporting documents for validity and include these charges in the financial reports. All transactions with supporting documentation are reviewed for appropriateness during the closing period. Any costs that are unallowable are charged back to departmental funds.
 - b. Agency specific regulations regarding spending against budgets must be reviewed to assure that any percentage of budget variance requirements are not exceeded.
 - c. Indirect costs and fringe benefits are adjusted to match budgeted rates and any adjustments are noted and journal entries are processed.
 - d. Once transactions are verified, the closing costs adjustments are posted. The financial report or final invoice is then prepared and forwarded to the agency.
 - e. The PI will submit the necessary technical and/or programmatic reports to the sponsor.
 - f. SRA will submit the necessary financial report, including cost-share reporting, as well as any required final invoices to sponsor.

- g. The Office of Research Development and Administration, through the Technology Transfer Coordinator, will work with the PI to complete and submit any required report for inventions and discoveries.
- h. SRA will also be responsible for completing and submitting any required contractor and subcontractor releases.

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, e.g. NIH, will allow automatic carry-over from year to year, under certain contracts. Carry-forward over a certain percentage may have to be documented by the PI to the agency. Sponsored Research Accounting will inform PI when there is a carry-forward amount 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 to carry-forward funds at the end of a project year. This written request needs to be submitted to the agency by the PI. Sponsored Research Accounting will remind the department of this requirement. 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, unused funds must be returned to the agency at the time of closing. Once the final expense figure has been determined, a copy of the final report summary will be sent to the sponsor along with the unspent funds. The summary report must also show a credit amount that matches the amount of the cash being returned. This refund and report will be reviewed by the Manager of Sponsored Research Accounting for internal control purposes and the payment request is forwarded to Accounts Payable for disbursement.