

# University of Missouri System

## Accounting Policies and Procedures



**Policy Number:** APM 60.20

**Policy Name:** Closing Sponsored Awards

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### General Policy and Procedure Overview:

The University of Missouri receives many grants and contracts for research and development, as well as subawards and other agreements which must be governed by the rules of Office of Management and Budget (OMB) Circular A-133. This policy provides authoritative guidance for the University in closing all sponsored agreements managed in the PeopleSoft Grants Module.

NOTE: Each Notice of Grant Award (NGA) has varying requirements. It is important to be aware that any special terms and conditions listed in the NGA may supersede those of this policy, A-133, or other OMB circulars.

### Definitions:

- Allowable**— A cost is allocable if it is incurred specifically for the program, or incurred for several activities but can be distributed between them in reasonable proportion to benefits received, and is clearly necessary to the program.
- Allocable**—Cost is allocable if it is incurred specifically for the program, or incurred for several activities but can be distributed between them in reasonable proportion to benefits received, and is clearly necessary to the program.
- Award**—Agreement providing or obligating funds from a funding agency/sponsor in support of a sponsored project.
- Department**—The most specific administrative unit responsible for managing finances of the University.
- Subaward** – Also known as a subcontract, is a formal written agreement made between the University and a subrecipient to perform a portion of the work under a sponsored agreement.
- Reviewer**—An accountant within the Sponsored Programs Office responsible for the review of an award prior to closeout, and responsible for ensuring necessary tasks are completed once the Project Accountant has released a project.
- Notice of Grant Award (NGA)**—Legally binding document that notifies the grantee and others that an award has been made. It contains or references all terms and conditions of the award, and documents the obligation of funds.
- OMB**—Federal Office of Management and Budget.
- Project Accountant (PA)**— Sponsored Programs Office (SPO) accountant responsible for administration of an award from inception to submission of the final financial report and subsequent release of project to a Reviewer.
- Prime Award**—The award made to the University by the federal awarding agency.
- Principal Investigator (PI)**—Individual responsible for the development, writing, and completion of proposals and the resultant award. This person is also responsible for

management of the award and monitoring compliance with the NGA and University policy.

**Period of Availability**—Span of time in which award funds are available for any particular award, as directed by the NGA.

**Reporting Period**—Span of time from the final day of availability for award funds until the due date for final financial and technical reports.

**SPO**--Sponsored Programs Office—Each campus has an administrative office established to manage administrative duties and monitor compliance for externally sponsored program activity. The administrative name used on each campus is different, while the functions remain the same; SPO is a term used to refer to all four campus offices.

**Timely**—Guidance as to what is timely is specified in the Business Policy Manual [BPM-213](#).

### **Detail Policy:**

Each campus SPO provides to departments a notification that an agreement is ending 60 days prior to the end date and, again, 30 days prior to the award end date.

- Departments complete timely reviews of each project/contract to ensure that charges posting to the ChartField are applicable and allowable and incurred within the period of availability.
- All charges that are found to be unallowable must be moved timely by the Department to another ChartField.
- Department must cancel all feeders (including Payroll) drawing on a closing Project, before the end date of the award.

Every award will specify a time span at the end of the award in which the Department is required to submit all final reports. This is referred to as the Reporting Period.

- Departmental personnel have half of the reporting period to finalize expenditures on ChartFields and report final numbers to the SPO.
- The SPO has the other half of the reporting period to complete the final financial reports and ensure compliance with all applicable regulations. (For example, if the sponsor requests final reports due 30 days after the award, the department has 15 days to report final numbers to SPO and SPO has 15 days to file the final financial report.)
- Departments provide all necessary reconciliation paperwork, receipts, and other documentation to SPO and/or sponsors upon request.

Records such as approvals and reviews should be retained by the department for a minimum of five (5) years after the end date of the award unless the award specifies a longer period. Proposal, award and Effort Verification Reports are retained by SPO. Electronic scanned images are acceptable forms of original documentation for retention.

SPO uses the PeopleSoft Milestones feature to track reporting requirements (financial and programmatic) and their due dates for each award.

- SPO notifies departments of upcoming deadlines and assists with timely submission.
- SPO campus management reviews a summary report of all Milestones due and ensures SPO accountants are maintaining compliance.
- Department submits copies of the first three pages of every technical and other programmatic reports to SPO.
  - If the information in the report is classified or restrictive, the PI will send an email to SPO indicating this condition and certifying that the report has been submitted.

#### Closeout of a Subaward:

At the end of an award, the SPO will verify that all invoices have been received from all subrecipients before preparing a final financial report or final invoice for the prime agreement. The method and result of the verification will be documented, signed and dated. The documentation of the verification is reviewed and signed evidence of the SPO review. If the subaward was not fully spent, the SPO should contact appropriate staff to have the purchase order reduced to zero and closed.

#### Immediately following completion and submission of final financial report,

- The Project Accountant (PA) completes a Closeout Checklist, providing all pertinent information related to the closing of the agreement.
- The Closeout checklist and project file are forwarded to a Reviewer designated by the management of each SPO.
- The Reviewer evaluates all terms and conditions of the NGA and ensures compliance has been met.
- If the Reviewer disagrees with any part of the Project Accountant's (PA) closeout assessment, the Reviewer will return project to PA for resolution at SPO level.

#### Reviewer will:

- Ensure that all appropriate revenue is collected (and any extra funds returned);
- Ensure award terms are met;
- Oversee departmental transfers at the end of an agreement (when overspent);
- Complete transfers on fixed price contracts;
- Notify departments monthly of issues which are delaying closeout.

Non-compliance on the part of departments will be escalated using each campus' unique process, to be determined by each SPO and Research Office and documented by the SPO. Quarterly, the report of non-compliant incidents and issues that are delaying closeout will be provided to the Controller's Office for review and action.

#### When the project is closed:

- The Reviewer prints Budget Variance #8 and Balance Sheet #1 reports from the University Web Application.
- The Reviewer indicates that the revenue, direct costs, indirect costs, and encumbrances on the Budget Variance #8 have been checked, signs and dates the report.
- The Reviewer indicates that the Accounts Receivable, Cash, Accounts Payable and Fund Balance, amounts are zero, signs and dates the report.
- The Reviewer reviews all milestones related to program income for compliance.
- The Reviewer reviews equipment reconciliations for the project and determines whether title to any equipment should be requested.
- The Reviewer files the reports with the Closeout Checklist in the project file to confirm reconciliation.
- SPO management will review the file and Closeout Checklist to ensure the closeout of the project was completed properly and all required documentation is included in the permanent file. The SPO manager should sign and date the Closeout Checklist to document their review.
- The Controller's Office selects a sample of closed projects quarterly and reviews the Closeout Checklists for verification of managerial review.

## **Responsibilities:**

### **PI:**

To ensure compliance with the terms and conditions of each award, PIs are responsible for completion of the following tasks:

- Review sponsor funded, program income and cost share ChartFields in a timely manner—check to see if Project, cost-share and program income costs are allowable, allocable, and incurred within the period of availability.
- Transfer invalid or inappropriate expenses within established guidelines for timeliness of the transaction posting date, except at end of agreement, at which time transfers must be made before half of the final reporting period has expired.
- Change Personnel Action Forms (PAF) prior to the last month of award period.
- Cancel all feeders against the project before the end date per the award.
- Clear all payroll and purchase order encumbrances before half of the final reporting period has expired.
- Submit copies of first three pages of technical and programmatic reports to SPO.
- Ensure cost-share and program income requirements of the NGA are met.
- Provide notice of patents, copyrights and/or inventions to the PI's campus SPO and appropriate intellectual property office.
- Clear any deficits incurred, or excess income earned, on the project.
- Provide certification that expenditures on the project are complete and accurate.

These responsibilities may be modified or added to based on the requirements of a particular award.

### **SPO - Project Accountant:**

- Monitor grants and ensure compliance with the NGA.
- Ensure cost-share and program income requirements have been met.
- Submit all financial, equipment and intellectual property reports in a timely manner.
- Perform an equipment reconciliation, and work with Procurement and Campus Accounting to capitalize and record equipment appropriately.
- Escalate unresolved matters in accordance with campus escalation process.
- After resolution of open issues, prepare a closeout checklist of an award's status at closeout and submit to a Reviewer.

### **SPO – Reviewer:**

- Ensure terms of the Notice of Grant Award have been met.
- Review the PA's completed Closeout Checklist. Return as necessary to PA for incomplete resolution of open issues or submit to appropriate personnel for closeout management.
- Provide evidence of the review by signing and dating the Closeout Checklist and retain in the award file.

### **SPO – Management:**

- Ensure that the closing reviews are completed timely by staff.
- Review the completed Closeout Checklist.

- Review closed project files for completeness to ensure all closeout steps have been performed and all required documentation has been obtained.
- Confirm milestone compliance.
- Ensure the award ending notices are distributed at 60 and 30 days before the end of awards.

**Controller's Office:**

- Select a sample of closed projects quarterly and review the Closeout Checklists for verification of managerial review.
- Select a sample of closed subawards quarterly and review for appropriate closing of the subawards and verification of managerial review.

*Effective Date: July 1, 2007*

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**Questions and Comments?**

Any questions regarding the approved Accounting Policy and Procedure should be directed to the Controller's Office 118 University Hall, Columbia MO 65211, phone 573-882-2411.