

A8.900 Accounting for Research & Training
Office of Research Services

A8.954 Extramural Closeout Procedures

1. Purpose

To ensure that sponsored projects are closed out in accordance with all appropriate University of Hawai'i policies and award terms and conditions and to facilitate recovery of costs incurred.

2. Objectives

To establish guidelines and procedures for contract and grant closeout and to delineate responsibilities.

3. Applicability

These guidelines and procedures shall apply to all sponsored agreements.

4. Responsibilities

a. It is the responsibility of the Principal Investigator (PI) to:

1) Meet the award terms, including adherence to approved and/or revised budgets, project end dates, and deadlines for submitting closeout documents such as certified cost sharing, technical, invention and equipment reports and submit a copy of any reports to the Fiscal Officer (FO) and the Office of Research Services (ORS);

(a) If all required closeout reports are not submitted, subsequent PI proposals may be held until all outstanding requirements have been met on current awards.

- 2) Avoid purchases of goods and/or services that will not be consumed within the period of the award and therefore would not provide a benefit to the award.
 - 3) Respond in a timely manner to all fiscal and personnel matters that require PI initiation and/or concurrence at closing such as, the clearing of suspended transactions, liquidating outstanding encumbrances, addressing significantly over expended budget categories, finalizing cost sharing and FTE certifications, and reassignment or termination of project personnel;
 - 4) Ensure that costs charged to the project are allowable, allocable and reasonable and provide the FO with necessary documentation;
 - 5) Determine if the project needs be extended and, if so, initiate the extension process;
 - 6) Assist ORS with the collection of accounts receivable when necessary; and
 - 7) Work with the FO when deficits and disallowances occur and secure alternative funding (department account), as necessary.
- b. It is the responsibility of the Fiscal Officer (FO) to:
- 1) Assist the PI in ensuring that all allowable, allocable and reasonable costs associated with the project are properly posted in a timely manner;
 - 2) Inform ORS, via e-mail, when final invoicing or financial status report can be prepared;
 - 3) Submit required supporting documentation and reports necessary for ORS to prepare and process the final invoice;
 - 4) Assist the PI in processing the extension request, if necessary;
 - 5) Following approval of the extension request by the sponsor, initiate the account extension in FMIS.

- c. It is the responsibility of the Dean or Director to:
- 1) Ensure that the PI and FO carry out their closeout duties as required to meet terms of the award and the requirements of the APM; and
 - 2) Assist the PI in securing alternative funding when deficits and disallowances occur to cover associated losses arising:
 - i. When the sponsor refuses to pay the final invoice because closeout documents have not been submitted in a timely manner by the PI or FO; or
 - ii. The sponsor disallows costs because they are not allowable, allocable or reasonable.
- d. It is the responsibility of the Office of Research Services (ORS) to:
- 1) Issue courtesy reminder notices on closeout requirements to the PI and FO;
 - 2) Coordinate the submission of reports to the sponsor and endorse submissions as necessary;
 - 3) Inform the Dean/Director and FO if closeout problems arise in a timely manner;
 - 4) Closeout the project in a timely manner in accordance with this procedure;
 - 5) Promptly file the final invoice/financial report in accordance with award terms and send a copy of the invoice/financial report to the FO;
 - 6) Pursue accounts receivable collections, notifying the PI and FO and consulting with the General Counsel as necessary;
 - 7) Accept responsibility for deficits, disallowances and late invoicing arising from ORS errors and omissions; and
 - 8) Make aware the problem agencies and type of problem to the field.

- e. It is the responsibility of the Property and Fund Management Office (PFMO) to:
 - 1) Assist the PI and FO in filing required equipment reports in accordance with award terms.
- f. It is the responsibility of the Office of Technology Transfer and Economic Development (OTTED) to:
 - 1) Provide the PI technical advice in filing required invention reports and provide the resources if legal advice is required.
- g. It is the responsibility of the UH General Counsel to:
 - 1) Evaluate whether collection action should be pursued and assist ORS in engaging in the collection process.

5. Procedures

- a. Approximately 60 days prior to project termination date in FMIS:
 - 1) ORS will send a courtesy project termination notice to the PI with a copy to the FO to remind them of their closeout responsibilities;
 - 2) The PI, with the assistance of the FO, will begin reviewing anticipated expenditures and will address significantly over expended budget categories to avoid the appearance of change of scope.
 - 3) The PI, with the assistance of the FO, will anticipate and initiate the process to transfer payroll and other recurring costs to other projects or departmental accounts; and
 - 4) The PI will determine if a project extension is necessary and, if so, will initiate a written extension request in accordance with the award terms;
 - (a) The extension request must be submitted to ORS for endorsement and submission to the sponsor;

(b) Award terms generally require extension requests to be submitted 30 days prior to project termination.

(c) After the extension request has been approved, the FO will immediately initiate an account change request in FMIS to extend the account.

b. Approximately thirty (30) days prior to project termination in FMIS:

1) ORS will issue a courtesy reminder to the PI and FO on project closeout requirements; and

2) The FO will:

(a) Assist the PI in monitoring outstanding purchase orders, encumbrances and suspended transactions;

(b) Verify that all JV's have been posted in FMIS;

(c) Verify that all mandatory committed cost sharing has been recorded;

(d) Verify that all personnel have been transferred off of the account;

(e) Review the approved budget and actual expenditures for issues requiring resolution (e.g. miscoded expenditures that affect computation of F&A costs).

c. After the project has been terminated:

1) Upon project termination, ORS will send a courtesy reminder notice to the FO and request approval to process the final report and/or invoice.

2) ORS will process a "pre-final" invoice, if applicable, encompassing all expenditures recorded on FMIS prior to the final invoice.

3) The PI will submit required reports in accordance with the award terms or by the following distribution requirements:

(a) Technical reports are sent directly to the sponsor with a copy of the transmittal letter or equivalent to ORS and FO;

(b) Invention reports, using proper forms or electronic means are sent to ORS for endorsement and submission to sponsor; and

(c) Property reports should be coordinated with the Property and Fund Management Office (PFMO) and are sent directly to the sponsor.

4) The FO will notify ORS and the PI (and submit to ORS required supporting documents) that the account is ready to close in accordance with the following timeline:

(a) For projects with the standard 90 day deadline, no later than 30 days prior to the due date for the final financial report or invoice;

(b) For projects with a 60 to 89 day deadline, no later than 20 days prior to the due date for the final financial report or invoice; and

(c) For projects with a less than 60 day deadline, within 15 days prior to the due date for the final financial report or invoice.

5) If ORS does not receive notification and any required supporting documents from the FO by the confirmation deadline per above timeline:

(a) ORS will prepare the final invoice based on the actual expenditures in FMIS at the time the invoice is prepared, since FMIS is the official financial record of the University of Hawai'i. If the required project closeout documents (i.e., technical and other reports) are not submitted with the final invoice in accordance with award terms, the sponsor may not accept/pay the invoice.;

(b) The final invoice will not include:

- i. Outstanding encumbrances and suspended transactions; or
- ii. Unposted payroll and non-payroll charges;
- iii. Any exceptions will be considered on a case-by-case basis.

(c) When an invoice is prepared under these circumstances, ORS will send the final invoice to the FO, PI and Dean/Director for their concurrence/information before

submitting the invoice to the sponsor, if the FO or PI does not respond in a timely manner, the invoice will be sent to the sponsor automatically by ORS

(d) ORS will revise final invoices only when reported expenditures must be reduced and a refund is due to the sponsor.

d. The Collection Process

- 1) ORS will mail a 1st notice to sponsors for unpaid balances approximately 2 months after the final invoice has been submitted and copy the PI, FO and Dean/Director;
- 2) If necessary, ORS will mail a 2nd notice to sponsors for unpaid balances approximately 2 months after the 1st notice for payment has been submitted and copy the PI, FO and Dean/Director;
- 3) If payment appears to be uncollectible, approximately 2 months after the 1st (if no 2nd notice was issued) or 2nd notice has been submitted, ORS will notify the PI, FO and Dean/Director of the unpaid balance and forward the account to a collection agency.
- 4) ORS will work with General Counsel on follow-up collection action as necessary or request write-off approval for the uncollectible amount.

e. Final Project Closeout with concurrence from FO

- 1) After the final invoice has been filed and unpaid reimbursement requests have been forwarded to the Dean/Director, ORS will:
 - (a) Work with the PI and FO to delete any uncleared items from the project account;
 - (b) Refund all cash received in excess of final expenditures to the sponsor in accordance with the award terms;
 - (c) For projects with cash deficits, request FO to charge the School/College or Research Unit's department account to

cover the deficit balance (unless the deficit was caused by ORS errors, such as late invoicing or omissions);

(d) If subsequent payment is collected from the sponsor, credit the funds back to the account that was used to cover the deficit;

(e) For balances remaining in Fixed Price or fellowship/Institutional Allowance accounts that are not required to be returned to the sponsor, transfer to an account under the responsibility of the School/College or Research Unit; and

(f) Initiate deletion of the project from FMIS once all the aforementioned tasks have been completed.