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, cost sharing requirements, project end dates, and deadlines for submitting closeout documents such as technical, invention and equipment reports and submit a copy of any reports to the Fiscal Administrator (FA) and the Office of Research Services (ORS);

      (a) If all required closeout reports are not submitted, subsequent PI proposals and awards 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, clearing the transactions in the designated continuation accounts, clearing any deficits, liquidating outstanding encumbrances, addressing significantly over expended budget categories, finalizing cost sharing totals and effort certifications, and reassignment or termination of project personnel;

4) Ensure that costs charged to the project are allowable, allocable and reasonable and provide the FA with necessary documentation;

5) Determine if the project needs be extended and, if so, initiate the extension process;

6) Assist ORS with recovery of costs when necessary; and

7) Work with the FA when deficits and disallowances occur and secure alternative funding (department account), as necessary.

b. It is the responsibility of the Fiscal Administrator (FA) 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 and reviewing the designated continuation account(s) for any transactions that may need to be transferred to the applicable project account;

2) Assist the PI to clear any deficit in a timely manner;

3) Inform ORS, via e-mail, when final invoicing or financial status report can be prepared, including confirming and recording all required cost sharing information in the University’s financial system;

4) Submit required supporting documentation and reports necessary for ORS to prepare and process the final invoice;
5) Assist the PI in processing the extension request, if necessary;

6) Following approval of the extension request by the sponsor, initiate the account extension in the financial system.

c. It is the responsibility of the Dean or Director to:

1) Ensure that the PI and FA 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 costs.

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 FA;

2) Coordinate the submission of reports to the sponsor and endorse submissions as necessary;

3) Inform the Dean/Director and FA 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 FA;

6) Pursue recovery of costs, notifying and consulting with the PI and FA 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 FA 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.

5. Procedures

a. Approximately 60 days prior to project termination date:

1) ORS will send a courtesy project termination notice to the PI with a copy to the FA to remind them of their closeout responsibilities;

2) The PI, with the assistance of the FA, 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 FA, 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 FA or ORS Projects Fiscal Accounting will initiate a change to the account end date in the financial system.
b. Approximately thirty (30) days prior to project termination:

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

2) The FA will:

   (a) Assist the PI in monitoring outstanding purchase orders, encumbrances and transactions that may have posted to the continuation account;
   (b) Verify that all necessary adjustments have been posted;
   (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 FA, and copy the PI, 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 in the University’s financial system 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 FA;
   (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 FA 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 FA by the confirmation deadline per above timeline:

(a) ORS will prepare the final invoice based on the actual expenditures in the University’s financial system at the time the invoice is prepared. 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 transactions that may have posted to the designated continuation account; 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 FA, PI and Dean/Director for their concurrence/information before submitting the invoice to the sponsor, if the FA 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) Approximately 2 months after the final invoice has been submitted, ORS will notify and consult with the PI, FA, Dean/Director and will mail a 1st notice to sponsor regarding any unpaid balance, unless otherwise determined;

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, FA and Dean/Director;

3) Approximately 2 months after the 1st (if no 2nd notice was issued) or 2nd notice has been submitted and the balance remains unpaid and all collection efforts have been exhausted, ORS will notify and consult with the PI, FA and Dean/Director of the plan to forward the account to a collection agency. If necessary, ORS may also consult with the respective chancellor.

4) If a collection agency is utilized and the costs remain unrecoverable two years after the end date of the award, ORS will notify the school/campus to obtain funds or determine a payment plan to reimburse the project account.

5) If a collection agency is not utilized (i.e. sponsor bankruptcy, etc.) ORS will notify the school or campus to obtain funds or determine a payment plan to reimburse the project account for any cash deficit.

e. Final Project Closeout with concurrence from FA

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 FA 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 FA 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 made by the sponsor after closeout, 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, indirect costs will be calculated and recorded based on the total remaining balance using the indirect cost rate on the project account at that time, and the remaining balance, net of indirect costs, will transfer to an account under the responsibility of the School/College or Research Unit;

(f) Close the project account on the University’s financial system once all the aforementioned tasks have been completed; and

(g) Retain and purge project files in accordance with established guidelines. Refer to Retention and Custodial Requirements for Records in APM A8.926, Administrative and Financial Management Requirements for Extramurally Financed Research and Training Programs/Activities of the University of Hawaii. After the retention period has passed, the hard copy records will be destroyed and project records purged from ORS systems.