



Closeout Procedure

Issued: November, 2007

Implemented: April, 2008

POLICY BACKGROUND

When a sponsored project is scheduled to end, and no extensions are requested, the Office of Research and Sponsored Programs initiates the Closeout Procedure. This procedure ensures that all financial and programmatic sponsor requirements are completed.

Note: The deadline for submission of final documents for most sponsors is 90 days after the end date of the award. If the deadline is different, please note this as an important talking point when the Principal Investigator (PI) and the Grants Administrator (GA) review the status of the award. For unusual financial reporting or invoicing requirements and/or deadlines, the Grants Administrator must notify the Fiscal Affairs Accountant. If reporting requirements are less than 90 days, the Closeout Procedure below will take place in a shorter period of time.

ORSP POST-AWARD

A. Notification of Award End Date (90 days prior to award end date)

1. The Post-Award Manager runs a closeout report at the beginning of each month.
2. The Post-Award Manager sorts the awards by GA responsible for the award.
3. The GA identifies his/her awards that have an end date within the next 90 days, and performs the following functions:
 - a. Crosschecks the information listed in FMS with the information in the award file to be certain of the exact project end date.
 - b. Generates an email to the Principal Investigator (PI), with a copy to the Fiscal Affairs Accountant, with the "End Date Notification Letter" as an attachment. The GA provides a copy of the Notification Letter to the College Dean or appropriate administrator.
 - c. The GA confirms that the PI is not requesting supplemental funding or a no-cost extension.

B. Preliminary Closeout (60 days prior to award end date)

1. The GA reviews the contents of the grant file for the requirements that should be met by the award's end.
2. The GA generates a list of the requirements and deadlines (e.g., technical report, final financial report, final invoice, etc.).
3. If appropriate, the GA emails the PI with a reminder of the requirements of the award.

4. The PI identifies employees (hourly and salaried) who have been paid from the award and identifies the new source of funding (next budget year, or new award) if the project continues.
5. The GA confirms with the Personnel Specialist that all appropriate documents have been submitted so that payroll appointments will not extend beyond the project end date. The Personnel Specialist sends a letter to the Employee, notifying him/her of termination or re-appointment.
6. When an award closes and the project has additional funding for multiple years, the GA works with the PI to set up the following year's budget. The PI should request a Fund Advance, if appropriate.

C. Closeout (30 days prior to award end date)

1. The GA and the PI review the financial information in FMS and highlight any outstanding issues.
 - a. *Open encumbrances/Purchase Orders:* Make sure all invoices have cleared and encumbrances are closed.
 - b. *Recurring charges (i.e. Telecom, Rapid Copy, Postage, Voyager Card charges):* Review and close any PO's established for internal SFSU recurring expenditures or identify a new source of funds.
 - c. *The University Corporation, San Francisco State Work Orders:* Review for any open PO's and contact University Corporation staff to ensure that invoices are submitted within 45 days of project ending.
 - d. *Procurement Cards:* Notify the Procurement Card Office that the closing project should be inactivated in the procurement card system on project end date.
 - e. *Reimbursed Release Time:* Review GL to ensure that all RRT has been charged.
 - f. *Personnel:* Check with PI or administrative contact for any outstanding time sheets and/or absence reports that need to be submitted.
2. The GA and the PI identify any cost sharing requirements and work with the Compliance Officer to ensure that proper documentation is obtained.

D. Final Closeout Procedure (within 60 days after the project end date)

1. After the award has ended, the GA contacts the PI to discuss the following items:
 - a. Identify any reports that may be due for the project (Technical; Patent; Equipment; Other).
 - b. In FMS, check that open encumbrances have cleared.
 - c. Close any outstanding encumbrances.
2. The GA conducts a review of expenditures and confirms with the PI that the expenses posted to FMS General Ledger are the actual expenses that should be reported on the final report/invoice.

3. If there are discrepancies, the GA discusses the expenses with the PI and the Personnel Specialists. Some areas to pay special attention to are listed below:
 - a. Review Personnel and Salary accounts for accuracy using the LCD Query in HRMS to identify salary transactions.
 - b. Confirm with the PI that the employee list is accurate. Ensure that the salary charges posted are correct according to the agreement and the award budget.
 - c. Ensure appropriate salary periods are posted to the award.
 - d. Ensure appropriate salary charges for those individuals are charged to the award.
 - e. Review equipment expenses for accuracy:
 - i. Check for appropriate charges.
 - ii. Budget/award disallowances.
 - iii. Outstanding PO's.
 - f. Review Subcontractor/ The University Corporation, San Francisco State Work Order payments and expenses:
 - i. Confirm that subcontractor expenses are posted.
 - ii. Identify and close any outstanding PO's.
4. Within forty-five days after the project end date, either the GA or PI initiates a Personnel (LCD), or non-Personnel cost transfer to reconcile and adjust any inappropriate expenses.
5. **Forty-five days** after the project end date, the PI or project staff submits all documents and back-up for any outstanding project expenditures to ORSP for processing.
6. **Sixty days** after the project end date, the GA confirms whether cost transfer adjustments submitted have posted in FMS and HRMS.

Note: Cost transfers should be completed before contacting Fiscal Affairs Accountants to process the final report.
7. **Sixty days** after the project end date (and thirty days before the final report submission deadline), the GA confirms with the Fiscal Affairs Accountant that the ORSP reconciliation is complete.
8. If the reconciliation is not complete, Fiscal Affairs identifies all adjustments that still need to be made and contacts the agency for an extension of thirty to sixty days for the FSR and final invoice if applicable.

E. Submission of Final Invoice/Financial Report

1. Seventy-five days after the end date (and two weeks before the final report is due), the Fiscal Affairs Accountant generates a draft version of the final invoice or financial report based on the information listed in FMS, and sends the draft to the GA and the PI to verify that the amount listed on the draft report should be reported to the sponsor.
2. The Fiscal Affairs Accountant includes the residual funds credit balance or the deficit balance of funds in the letter so the GA and the PI are aware of any funds that can be retained, or deficit funds that require a refund or a transfer to the PI's unit. The Fiscal Affairs Accountant manually adds any final billing or drawdown amounts to revenue.

3. If the GA and the PI have concerns over the draft report, they inform the Fiscal Affairs Accountant via email within one week of the email sent date. If a reply is not received from the GA or from the PI within one week, the Fiscal Affairs Accountant proceeds to submit the FSR/final invoice.
4. If the PI and/or the GA have concerns over the draft report numbers, the Fiscal Affairs Accountant, the GA, and the PI will work together to reconcile the remaining items before the final report is sent to the sponsor.
5. Within 120 days after the project end date, if the PI and the GA have confirmed a deficit or a surplus, the GA prepares the necessary “refund” or “write off” paperwork and forwards it to the ORSP Director for approval. The GA forwards the paperwork to Fiscal Affairs for processing.
6. Upon sending a final report to the sponsoring agency, the Fiscal Affairs Accountant sends a copy of the final report to the GA and the PI for their records, and retains a copy of the report in the award files maintained in Fiscal Affairs Accounting.
7. The Fiscal Affairs Accountant updates the Fiscal Affairs Closeout Checklist.
8. Once the GA receives confirmation from Fiscal Affairs Accounting that the final report/invoice was submitted, the GA updates the Closeout Checklist and checks the applicable box that indicates the final report/invoice was sent to the sponsor.
9. After 120 days following the project end date, the Fiscal Affairs Accountant places the sponsored project account in an inactive status in FMS to restrict any new charges from posting to the award.
10. The Fiscal Affairs Accountant will activate the project for one day for receipt of outstanding receivables.

F. Accounts Receivable

1. The Fiscal Affairs Accountant sends a monthly Accounts Receivable Aging report to the Post-Award Manager for review.
2. If accounts receivable are still outstanding, the Fiscal Affairs Accountant notifies the GA of the reason. If appropriate, the GA follows up with the PI. Examples of outstanding items that need to be followed-up are:
 - a. If the technical reports are not submitted, the GA follows up with the PI to ensure their prompt submission.
 - b. If the sponsor disallows certain charges, the Fiscal Affairs Accountant and the GA determine which charges are disallowed and determine a course of action.
 - i. Disallowed expenditures may be charged to the PI’s department, or other source of funds as appropriate.
 - c. If the sponsor does not receive the final financial report/invoice, Fiscal Affairs Accountant follows up with the agency.
3. The Fiscal Affairs Accountant contacts the GA and the PI, with a copy to the Post-Award Manager, to inform them of any changes to the original residual balance that was communicated in the letter sent along with the draft final financial report.
4. If all accounts receivable have been collected and the account balances (revenue = expenditures = reported amount), Fiscal Affairs finalizes the project inactivation in FMS.

G. Deficits and Surpluses

1. Deficit Write-Off

- a. Deficits \$100 or less are covered by the University. For amounts \$100 or less, no write-off form required. The GA notifies the Fiscal Affairs Accountant that the project can be deactivated.
- b. Deficits greater than \$100 are covered centrally or by the College or appropriate administrative unit.
- c. For amounts greater than \$100:
 - i. When a deficit is identified, ORSP generates a Deficit Report listing projects that have incurred deficits and provides a copy to the PI and to the College Dean or appropriate administrator.
 - ii. The GA completes the write-off form and includes an explanation for the deficit. The GA forwards the write-off form to the ORSP Director for approval.
 - iii. If the deficit is a result of system deficiencies or administrative error, and not caused by the PI, the ORSP Director recommends that the deficit be covered centrally and forwards the write-off recommendation to Fiscal Affairs for approval and processing. If Fiscal Affairs does not approve the write-off recommendation, individual cases will be reviewed by the joint FA-ORSP group.
 - iv. If the deficit is a not a result of system deficiencies or administrative error, the ORSP Director recommends the deficit to be covered by the College or appropriate administrative unit and forwards the write-off recommendation to Fiscal Affairs for approval and processing. At the same time, the Director informs the PI, Department Chair, and the College Dean.
 - v. When the PI's College or responsible administrative unit covers the deficit, Fiscal Affairs draws funds from the College's indirect cost account, and notifies the PI and the College Dean or appropriate administrator of the transfer of funds to cover the deficit, with a copy to the GA and Post-Award Manager.
- d. The Dean may submit an appeal to the ORSP Director. The Director will review appeals with the AVP for ORSP.

2. Surplus

- a. FA will provide monthly financial reports that will show project status, in order to ensure that PI's and staff can identify surpluses as early as possible.
- b. Unless otherwise specified by the terms and conditions of the award, surpluses in amounts greater than \$10 must be returned to the funding agency.
 - The GA notifies the PI as soon as a surplus has been identified and is designated to be returned to the funding agency. The PI has a specific period of time (typically five working days) to contact the GA if the PI needs to discuss the funding surplus.
 - When the University returns funds to an agency, the GA prepares the surplus packet (Direct Pay request, Revenue and Expense Report, and cover letter).
 - Once a refund check has been issued, the GA submits the surplus packet to the funding agency.

- The GA sends a copy of the surplus packet to Fiscal Affairs.

3. Residual funds

- a. If not specified in the terms and conditions of the award, the funding agency must provide written approval for surplus funds to be reverted back to the College or to the University.
- b. If the PI has other projects in deficit, the University may use those funds to cover the deficit.
- c. If the agency permits the funds to be reverted to the College or to the University, the existing project will be extended for a defined amount of time (no longer than 12 months) so that the PI can expend the residual funds.
- d. Once the initial extension has expired, any remaining funds will be reverted to the PI's department.
- e. The GA completes a journal entry form to transfer the funds to the department.

Summary of closeout activities

| Timeline | Event | Responsible Official |
|---------------------------|--|---|
| 90 days prior to end date | Notification sent to Principal Investigator | Grants Administrator |
| 60 days prior to end date | Preliminary Closeout | Grants Administrator/Principal Investigator |
| 30 days prior to end date | Initial Review of Financials | Grants Administrator/ Principal Investigator |
| 30 days post end date | Conduct Review of expenditures and confirm that there are none outstanding | Grants Administrator |
| 45 days past end date | All invoices received for payment | Grants Administrator/ Principal Investigator / Fiscal Affairs |
| 60 days past end date | Reconciliation Complete | Grants Administrator/ Fiscal Affairs |
| 75 days past end date | Draft FSR provided to Grant Administrator and Principal Investigator | Fiscal Affairs |
| 90 days past end date | Final Invoice/report submitted to agency | Fiscal Affairs |
| 120 days past end date | Inactivation of project in FMS | Fiscal Affairs |

In addition to the scheduled activities above, financial reports available to PI's and staff provide weekly updates on financial status for all sponsored projects. PI's and their staff are expected to review them periodically to keep track of financial activity.

Reminder: When the funding agency has reporting requirements that differ from this timetable, the timeline will be modified to indicate that invoices and/or reports must be submitted earlier than 90 days after the project end-date.

RELATED DOCUMENTS

- End Date Notification Letter
- Fiscal Affairs Closeout Checklist
- Closeout Checklist