Closeout of Sponsored Projects

Division of Financial Affairs

OSP Roundtable
**October 20, 2016**

WebEx Participants

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Jeffrey Silber (Host, me, internal)

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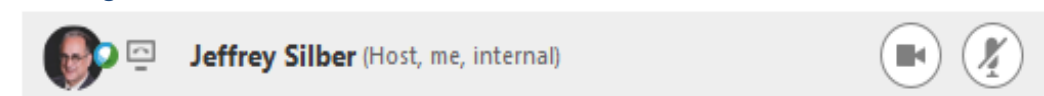
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Jeffrey Silber (Host, me, internal)

Sending video and audio

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Thank you, Jeff Silber for these explanations!

Agenda

- Roles and Responsibilities

- Closeout under Uniform Guidance

- Technical Aspect of Closeout (PI/Unit)
  - Reporting
  - Subcontract closeout

- Administrative Aspects of Closeout (OSP)
  - Reminders
  - Dashboards
  - Patent Reports

- Financial Aspect of Closeout
  - Unit Monitoring and Reconciliation Period
  - SFS Review Reporting Period
  - Dashboards Available
  - Allowable Cost Transfers
  - Final Financial Reporting
  - Final Billing
  - Account and Award Closeout in KFS
  - Record Retention

When does award close begin?

From a practical approach, award close begins when the award is received and thru life of the award. All attributes and functions of the award must be determined at the beginning to ensure proper financial management and reporting. Proper management of sponsored funds through the life of the award will ensure timely and efficient close at term.

Upon receipt of the award determine:

- What is the project period?

- Are any costs prohibited or require prior approval?

- Is there cost share?

- What reporting is required and when?
    - Technical
    - Equipment
    - Financial
    - Cost share

- When are the final technical and financial reports due?

Who is responsible for reporting?

Reporting includes both:

- **Technical:** annual technical, project outcome reports
- **Financial:** annual financial statements, equipment (Cap Assets), annual and final cost share, program income, final financial, and other as required by Sponsor (i.e. MBE/WBE).

Office of Sponsored Programs (OSP) is responsible for award documentation and general oversight of projects
- Submit reports, as required by Sponsor
- Maintain project reporting timeline

Technical reporting is the responsibility of the unit and Principal Investigator (PI).
- Work with the appropriate office/authorized representative for proper report submission.

Financial reporting is the responsibility of Sponsored Financial Services (SFS)
- The unit is ultimately responsible for ensuring that all sponsored account activity is appropriately and timely allocated to the proper accounts to facilitate required reporting.
- Financial reports or invoices should never be submitted directly to the sponsor by the unit.

Sponsored Project Lifecycle and Responsibilities

Reponsible/Involved Party	PI	Unit	OSP	SFS	Other offices	Sponsor
Proposal Development	✓	✓	notify, provide info			
Obtain Compliance Approval(s) if required	✓				ORIA, IRB, IACUC, IBC, EH&S	
Complete Form 10 (incl. Signatures)	✓	✓				
Deliver Proposal, Copies, and Completed Form 10 to OSP (due 5 business days prior to sponsor deadline)	✓	✓				
Review of Proposal by OSP	questions/ revisions		✓			
Institutional Approval and Proposal Submission for Sponsor Review			✓			
Notification of award			✓			✓
Negotiation of Terms and Conditions	questions/ revisions		✓		CTL, Counsel, Risk Mgmt	✓
All compliance approvals received	✓				ORIA, IRB, IACUC, IBC, EH&S	
Award Accepted			✓			
Award distributed to PI, Department, SFS and others			✓			
Request to establish project account / account creation	✓	✓		✓		
Perform Research / Project Scope	✓					
Expend Funds to Support Project	✓	✓		✓		
Project Management (interim reports, compliance renewals, extensions, subcontracts, notifications, etc.)	✓	✓	✓	✓	✓	✓
Final Reporting	Technical		Patent	Fiscal, Equipment, MBE/WBE		
Project Closeout	✓	✓	✓	✓	✓	✓

Time

Financial Reporting

- Most sponsors require some level of financial report.
  - When required, financial reports are a contractual requirement and must be completed within the prescribed time.
  - The award or sponsor regulations will state the frequency, type and method of reporting (e.g. summary versus detail, electronic versus paper)
  - Typically required at quarterly or annual intervals
  - Occasionally technical reports will need to be submitted concurrently with the financial reports, including final.

- Financial reports must be reconciled to the official records of the university (GL) and can only be issued by SFS.
  - Where highly specialized (e.g. task based) reporting may require the reports to be prepared by the unit and then reviewed by SFS.
  - Failure to submit reports timely may have negative impacts on both future funding and record retention period.

Tracking and Reporting Cost Sharing

- Cost share subaccounts (type CS) are established by the unit to track any Cornell match. KFS automatically processes the cost share subaccount transactions each night. A report to review this is available in Sponsored Institutional Dashboard.
  - Imputed costs must be tracked by the unit and incorporated into KFS cost share (50% GRA tuition College match, waived IDC, unpaid effort, in kind)
  - Cost sharing must be reflected in the appropriate cost base to permit proper F&A rate calculation. This occurs automatically when cost share subaccounts are used.
  - Award-to-award cost share is established through an account attribute.

- Monitoring cost share commitments, including those on subcontracts, is the responsibility of the unit. Regular review is important to ensure the commitment is being met through the life of the award. Failure to meet commitment will result in loss of funds.

- SFS reports cost sharing depending on the requirements of the award. This may be on each invoice, annually, at award end, or not at all. It is always subject to audit.

Project Closeout

Units must finalize project costs 30 days before the final financial report is due.

- **Federal Sponsors:** 2 CFR 200.343(a) states "The non-Federal entity must submit, no later than 90 calendar days after the end date of the period of performance, all financial, performance, and other reports as required by or the terms and conditions of the Federal award."

- **Non-federal Sponsors:** Final reporting date determined by award. _Some have very short final reporting deadlines, including reporting due at term._

- **Units should begin review and closeout about 90 days before the end of the award**:
  - The PI and unit should determine whether a no-cost extension may be required, and work with OSP to explore the possibility.
  - Monitor purchases. Generally no equipment or major supply acquisitions are made in the final months of the award, as such purchases may not meet the allowability requirements (i.e. may be neither necessary nor allocable).
  - Review and prepare HR and student appointments for move to other projects or funding sources. Doing this in advance precludes the need for cost transfers later.
  - Review budget for compliance and expenditures for appropriateness. Are any approvals needed?
  - Review for encumbrances, advances, receivables, and fabrications.
  - Follow up with subcontractor to ensure final invoices and reports are received timely.
  - Review cost share to ensure obligation will be met.

Project Closeout continued

Regular financial monitoring of sponsored accounts by unit and PI, as required by Policy 3.20, will result in timely and efficient award closure.

Items to watch for include:

- Transfer Object Codes, atypical on sponsored accounts.

- Negative expenses, can't move an expense that wasn't there.

- Specific budget restrictions, such as no travel allowed.

- Advance Object Code (1400), should be reviewed and cleared with 30 days of trip

- Federally unallowable or normally indirect expenses

- Salary Transfers at fiscal year close. Crossing fiscal years require a re-certification

Project Closeout continued

Business tools for financial monitoring include:

- Kuali Financial System

    - Balance and Encumbrance Inquiries

    - Labor Ledger

    - Pending Entries

- Cynergy Links

- OBIEE Dashboards

    - Sponsored Institutional (award and account level reporting)

    - Financial Activity (Labor, Bursar, Organization)

    - Research Administration (RA)

    - Cost Share and Program Income

Project Financial Closeout - Key Point

- The close-out and final report process for a grant or contract is of particular importance in that the timeliness and accuracy of the process affects the dollars reimbursed to the University.

  - Obligation is to submit final financial reports per the terms and conditions of the agreement. Failure may result in lost funding.

- The close out is the last opportunity to correct project reporting, while still having access to the sponsor's funds.

  - Transactions on the award should not be processed by units beyond the reconciliation and review period, as it will interfere with final reporting by SFS.

  - Final financial reports are normally due within 90 days of award term.

  - Final reports will not be amended to add expenses.

- Timely and accurate reporting is also critical in that it affects a sponsoring agency's opinion of Cornell as a whole and can influence future funding.

  - Reports must be supported by University's general ledger. (i.e. reflect posted activity).

Project Closeout – Expiring Accounts

- Sponsored accounts have an expiration date consistent with the performance period.

- Accounting lines utilizing an expired account prompt a "warning" to the initiator and approvers.
  - serves as a reminder to confirm activity is within the performance period of the agreement.

- Activity posting to an account after expiration date warrants review.
  - Determine if activity is within performance period and if not, remove transactions.

- Accounts cannot be closed until all financial activity is complete, including receipt of final payments.

SFS Final Close and Reporting Tasks

To prepare for final reporting and close of award and accounts, SFS will:

- Complete a summary review of the award for appropriate costing, including review for Pre-Award and Post-Award expenses.

- Verify fabrications are appropriately capitalized in KFS.

- Verify that open encumbrances, pre-paid expenses, advances or open receivables have been cleared.

- Notify the unit of any corrective actions required or need for cost clarification.

- Verify total award expenses with unit.

- Submit final invoice with reports as required, or refund as necessary to sponsor.

- In the case of true overdraft, SFS will transfer the amount as a lump sum to an unrestricted departmental account on DI e-doc using a Cost Share subaccount. This will retain the cost in the appropriate research base. **Regulations prohibit moving a true overdraft to another sponsored project.**

- Once transactions are final and payment is received, the account and award will be closed in KFS by SFS.

After Close - Retention of Records Policy 4.7

Units are responsible for retaining project records for future review or audit as required by the sponsor after the award has closed.

- Standard federal retention period is three years from the filing of the final financial report (i.e. all project material must be retained until that date).

- Standard NYS retention period is six years from the date of the original transaction.
  - *Note: The longer of the university or sponsor retention period prevails.*

- Source documentation uploaded to central systems is the responsibility of that central office.
  - KFS e-doc (Per Policy):
    - 6 full fiscal years (uploaded electronic copy or original documentation not uploaded [e.g., confidential material])
    - 60 days (original paper documents, included in uploaded electronic copy)
    - 1 year (original paper documents, included in uploaded electronic copy, if paid on federally funded contract)

- Documentation such as: technical reports, campus charges (Cornell Store, Facilities), are the responsibility of the unit expending the funds.

- Recharge operations are responsible for retaining billing records for six years.

Sponsored Financial Services

- Jeffrey Silber, Senior Director

- Ilene Lambiase, Manager

- Janet Strait, Quality Assurance and Analysis

- Kelly Gardner, Team Leader

- Karen Workman, SFS Accountant (speaker)

Sponsored Financial Services – web site including contact information

https://www.dfa.cornell.edu/sfs/

Sponsored Financial Services – Newsletter about "Hot Topics"

CU-DEPTRESEARCHADMIN-L@list.cornell.edu

To join list serv, send email with subject line = Join

Office of Sponsored Programs

- Mary-Margaret Klempa, Director of OSP and Proposal Advancement
- Christine Ashdown, Sr. Grant & Contract Officer, Federal Team Leader (speaker)
- Jeff Corbin, Sr. Grant & Contract Officer, State/Foundation Team Leader
- Robin Dollaway, Sr. Grant & Contract Officer, Industry Team Leader
- Mora Harris, Sr. Grant & Contract Officer, Subaward Team Leader

Office of Sponsored Programs – web site including contact information

https://osp.cornell.edu/