[DRAFT] Post-Award Financial Extension and Closeout

Policy Type: Administrative
Responsible Office: Office of Grants and Contracts Accounting and Effort Reporting, University Controller’s Office
Initial Policy Approved: No date available
Current Revision Approved: MM/DD/YYYY

Policy Statement and Purpose

The Office of Grants and Contracts Accounting (G&C) and Effort Reporting oversees post-award financial administration of externally sponsored programs. G&C provides financial reports to sponsors, interprets rules and regulations for the research community, serves as a depositor of federal and non-federal funds and operates the university’s effort reporting system. In furtherance of these objectives, this document sets forth Virginia Commonwealth University’s policy and procedures for the post-award financial extension and closeout at VCU. The policy applies to all sponsored programs, federal and non-federal, and outlines the appropriate procedure.

Noncompliance with this policy may result in disciplinary action up to and including termination. VCU supports an environment free from retaliation. Retaliation against any employee who brings forth a good faith concern, asks a clarifying question, or participates in an investigation is prohibited.

Table of Contents

Who Should Know This Policy.................................................................2
Definitions .........................................................................................2
Contacts ..........................................................................................2
Policy Specifics and Procedures ..........................................................2
Forms.....................................................................................................6
Related Documents ............................................................................6
Revision History ................................................................................6
FAQ.......................................................................................................7
Who Should Know This Policy

All individuals involved in administering the financial components of sponsored programs are responsible for knowing this policy and familiarizing themselves with its contents and provisions.

Definitions

There are no definitions associated with this policy.

Contacts

G&C Accounting officially interprets this policy. G&C is responsible for obtaining approval for any revisions as required by the policy Creating and Maintaining Policies and Procedures through the appropriate governance structures. Please direct policy questions to G&C at gcavcu@vcu.edu.

Policy Specifics and Procedures

The procedures below are designed to help ensure that VCU meets the requirements for sponsored program awards. The procedures assign responsibilities and expectations of those involved in the post award transferring, extending, and closeout of awards.

1. Transfers To/From Other Institutions

If a principal investigator (PI) decides to transfer to or from VCU, they may request that their research funding move with them. The awardee institution determines whether or not an award can be transferred. Typically, transfers are approved at the dean/school level unless the award is multi-disciplinary and funds individuals across campus. In those cases, the transfer request is ultimately decided by the vice president for research and innovation following consultation with relevant deans and schools.

It is the expectation of the university that if the transfer is approved, that the PI will cooperate to ensure that specific actions occur for the transfer to materialize as efficiently as possible. The PI moving to a new institution must notify both the funding agency and the grants offices in both institutions to initiate this process. The transfer will likely impact the awarded period of performance. VCU will work to ensure all costs are accounted for prior to relinquishing the grant to another institution or setting up a budget for an award relinquished by another institution.

An award transfer typically takes three (3) to six (6) months to be finalized. PIs are urged to begin the transfer process as soon as possible after approval. All transfers in or out must be processed through the Office of Sponsored Programs.

NIH grant awards require specific documentation for transfers:
• The PI must prepare a PHS award, Form #3734, Official Statement Relinquishing Interests and Rights in a Public Health Service Research Grant form, and have the completed form reviewed/verified by G&C for accurate amounts, prior to the form being signed by the proper institutional officials.
• G&C must verify the unexpended balance with Banner. To expedite processing of the form, the PI must provide to G&C documentation on how the unexpended balance shown on the form was calculated.
• The department chairperson must provide an alternate Banner index number to charge should the grant be overspent after the transfer has been made. There are many other issues that must be addressed by the PI when moving to a new institution, such as the transfer of equipment, intellectual property and other materials. The University Controller's Office – Fixed Assets Accounting must clear any equipment requested for transfer, if applicable, before the grant is transferred.
• Program income funds may not be transferred to another institution unless expressly directed by the sponsor of the underlying award.

2. Extend, Closeout, or Release a Contract

A. Extend a Grant or Contract:

90 Days Notice Memorandum

The 90 Days Notice Memorandum is initiated by G&C monthly to provide a communication to the PI 90 days in advance of the current budget period end date to allow the appropriate actions to be taken by both the PI and G&C. The PI must complete relevant sections of the memorandum and return it to G&C.

60 Day Employee status email and actions

• Sixty days prior to the budget period end date, the responsible fiscal administrator for the PI will receive a financial system generated email account termination notification. The purpose of the advance notice of account termination is to advise the PI that, according to university official financial records, the current budget period is about to expire, and it provides a listing of employees for whom action must be taken to update their labor assignment Index Code, or other action to ensure the current project is not erroneously charged. The PI must take the appropriate action to start the closeout process.
• Federal awarding agencies require the university to submit reports within 30 days after the end of each specified reporting period for quarterly and semi-annual reports, and 90 calendar days for annual and final reports. Extensions of reporting due dates may be approved by the federal awarding agency upon request of the university. Non-federal agencies will indicate special reporting terms and conditions, if applicable, in the notice of award.
• Unless the federal awarding agency authorizes an extension, the university must liquidate all obligations incurred under the award no later than 90 calendar days after
the budget period end date, or the project period end date as specified in the terms and conditions of the award or in the agency implementing instructions.

B. Closeout a Grant or Contract:

How to Closeout Grants

- Final Expenditure Report (FER)

G&C must prepare a FER to assist the PI in the reconciliation of final expenditures on grant or contract funds. It provides a summary of budget, expenditure, and revenue activity compiled over the life of the budget year or project. The FER must be initiated by G&C and submitted to the PI between 30 and 60 days following the budget period end date when annual budget year reporting is required by the sponsor. Otherwise, for project year financial reporting, the FER must be submitted between 30 and 60 days following the project period end date. The PI and fiscal administrator must review the document for accuracy and provide a certification that the expenses posted to the account are allowable under the terms of the award. The FER will be the document used by G&C to assist in the accurate preparation and submission of the sponsor-required financial report.

A subaward may be active concurrent with the performance period of the prime award. As a consequence, a final invoicing from the subawardee may not be received immediately following the actual termination date of the prime. For annual and final reporting purposes, the PI and fiscal administrator must ensure that the final invoice is received by the date specified in the subaward agreement. PIs must advise subawardees that their final invoicing must be received, approved, and payment made before the end of the period of time specified. Otherwise, the balance remaining will be subject to deobligation.

How to Closeout Fixed-Price Contracts/Agreements (including industry sponsored clinical trials)

- Final Expenditure Report (FER)-same requirement as above

Fixed-price contracts and agreements that have been satisfactorily completed (all the terms of the agreement have been met) and have a cash balance available must be closed-out by using the Fixed Price Agreement Closeout section of the 90 Days Notice Memorandum and the Fixed Price Agreement Closeout Form. These forms require university approvals and certifications based on the residual cash balance. Detailed procedures are located on the University Controller’s website.
C. How to Release a Contract

- G&C is responsible for submitting the required contract release forms to the sponsor. The release form is related to the financial claims of reimbursement of costs under the contract.
- G&C is responsible for preparing any necessary financial reports for the sponsor and collecting any funds due from the sponsor. After all necessary reports have been filed and the correct amount of funds has been received, the G&C will terminate the index status code on the system.
- The PI is responsible for final technical reports.

3. Audits of Sponsored Programs

- All requests for audits by sponsoring agencies are to be submitted to the Director of Grants and Contracts Accounting. Banner contains the official accounting records of the university, so all audit procedures must be performed using the financial records located in Banner and the associated G&C and the Office of Finance and Budget reports from Banner located in the VCU Reporting Center.
- G&C must notify PIs when one of their projects is under a special audit by the cognizant agency. The PI or designated administrator must provide documentation to G&C in support of expenditures when requested during the audit. The PI must consult G&C before communicating with the auditor regarding financial reporting.

4. Record Retention

- The University is required to retain all contract-related records (federal and non-federal) in accordance with the Commonwealth of Virginia, The Library of Virginia Record Retention and Disposition Schedule for College and University Records. Although, federal grantee records are required for three years, Virginia Commonwealth University must retain accounting and administration records for five years or in accordance with contract or grant stipulations, whichever is greater, then destroyed once an approved "Records Retention and Disposition Schedule" has been obtained.
- The university retains grant-related financial records for the current fiscal year, plus five more years or until audited, whichever is longer, except for the following items:
  - Grants involved with litigations or claims
  - Grants under audit
  - Records for nonexpendable property acquired with federal funds
  - Records transferred to or maintained by the federal sponsoring agency
1. 90 Days Notice

2. Form #3734, Official Statement Relinquishing Interests and Rights in a Public Health Service Research Grant form.

3. Fixed Price Agreement Closeout Form

Related Documents

1. Reconciliation of Banner Indexes/Orgs
   http://www.controller.vcu.edu/handbook/reconciliation.html

2. 2 CFR 200, Uniform Guidance (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards)

3. VCU Policy: Responsibility of the Office of Sponsored Programs

4. Records Management and Retention
   http://www.ts.vcu.edu/askit/policies-and-publications/records-management/

Revision History

This policy supersedes the following archived policies:

07/01/2010 Extend, Closeout or Release an Account
FAQ

**Unobligated Balance of Federal Funds**

1. What is an unobligated balance and what happens when unspent funds remain at the end of a grant?

   - Any balance (unrestricted on the Notice of Award) will be reflected as a carryover in the remark section on the Financial Status Report excluding Streamlined Non-competing Award Process (SNAP) awards. A revised Notice of Award will not be issued by the funding agency.

   - The PI and fiscal administrator will receive a FER from G&C which also requests if the unspent budget balance will be sought by the PI for approval with the sponsor as a carryover amount to the next budget period. If so, this amount will be shown as a budget decrease in the Carryforward budget holding account. If later approved by the sponsor, the restricted balances will be carried forward in the same category of the new budget year index.

2. Why does PHS want to know if more than 25% of the total amount award remains when I submit my progress report?

   - The Public Health Service Policy Statement requires that when a grantee reports on the annual Financial Status Report a balance of unobligated funds in excess of 25 percent of the total amount awarded, the awarding office Grants Management Officer (GMO) must review the circumstances resulting in such balances to assure that the funds are necessary to complete the project. Based on the outcome of the review, the GMO may take appropriate action, such as:
     - Restrict on future Notices of Grant Award the authority to automatically carryover unobligated balances
     - Use the balance as an offset against a subsequent award
     - Allows the carryover, but reduce the next budget period award level

   - The PI must consult the Office of Sponsored Programs on the letter of justification and budget when 25 percent or more of the original direct cost budget is being requested to be carried forward.

**Unliquidated Obligations**

1. What is an unliquidated obligation?

   - This includes commitments that have been made against the grant prior to the index end date. Normally, commitments should not be made during the *last two weeks* of a budget period.
- Unliquidated obligations (commitments) should be cleared from the index at least six months after the budget period. The PI and fiscal administrator should follow-up open on commitments using financial inquiries.

NOTE: No unliquidated obligations may be shown on the Financial Status Report of the final budget year. However, the PI may contact the Office of Sponsored Programs to obtain an extension without additional funds or G&C will be required to prepare a revised report.