Financial Reporting and Closeout of a Sponsored Project

Purpose:

Financial closeout is a shared responsibility involving the principal investigator (PI), departmental support staff, Accounting and Financial Reporting (AFR), and the Office of Post Award Management (OPM). It is AFR’s responsibility to submit financial reports that accurately reflect the use of sponsored funds as recorded in the institution’s financial system and in compliance with sponsor terms and conditions. Specifically, federal awards must be completed in accordance with Office of Management and Budget (OMB) uniform administrative requirements.

Failure to file timely and accurate reports and to close out awards effectively can result in delayed payments and loss of current or future funding.

Definitions:

1. Sponsored Project – A project funded by a grant, contract, or cooperative agreement under which the university agrees to perform a certain scope of work, according to specified terms and condition, and for specific budgeted monetary compensation. Sponsored projects include funds from Federal, State, and private sources.

2. Financial Report – A financial report is an accounting of expenditures and obligations incurred during the period of performance and/or at the conclusion of the sponsored project. A financial report may be referred to as a financial status report (FSR), invoice, statement of expenditures, or similar terms; all are covered within this policy. Financial reports may be required during the award life cycle (interim financial report) and/or upon completion or termination of the project (final financial report).

3. Financial Closeout – The process at the conclusion of a sponsored project by which the University closes existing cost centers to further expenditures and prepares required accounting for submission to the sponsor.

4. Project End Date – The end date of the sponsored project as stated in the sponsored agreement, including extensions and modifications. For expenditures to be allowable and allocable to the sponsored project, they must be incurred prior to the project end date.

5. No-Cost Extension – The extension of a project timeline that usually requires advanced notification or approval from the sponsor and does not typically include a budget increase.

6. Expenditure End Date – The expenditure end date is the last day on which expenditures can be posted to the cost center.

7. Closeout Period – The closeout period is the timeframe between the project end date and the expenditure end date; this period of time is typically 45 days but may vary by sponsor. The closeout period allows time for the final review and adjustment of previously posted project expenditures (both by the PI and by AFR) prior to submission of final reports.

Managing Project Expenditures:

While AFR is responsible for invoicing and financial reporting, the PI has primary responsibility for managing the project expenditures within the fiscal regulations and amounts specified by the sponsor. Because many invoices and financial reports submitted to the sponsor reflect expenditures recorded in the accounting system, it is imperative that the PI routinely monitor project expenditures. Regular
review and reconciliation of cost centers will ensure that any necessary adjustments are processed in a
timely manner.

Pre-Closing Procedures:

Beginning 90 days prior to the project end date:

A. Project Termination Notice – OPM will notify the PI 90 days prior to the end date of the award.
B. Review of Personnel Appointments – It is the responsibility of the PI and departmental support
staff to complete the requisite ePAR’s, either terminating appointments or appointing
personnel to other cost centers in order to avoid salary charges after the period of
performance.

Closeout Period Procedures:

A. Closeout Timeline

1. Federal – OMB 2 CFR 200.343 Closeout (Uniform Guidance) requires all performance,
financial, and other required reports to be submitted within 90 calendar days after the
project end date.
2. Federal Pass Through – Non-federal agencies that pass through federal funds to the
University are responsible for reporting to the Federal agency within the federal timeline.
Therefore, UTD is contractually obligated to complete closeout and final reporting to the
non-federal agency in a shorter timeframe.
3. State – State of Texas agencies typically allow 90 days for project closeout. However, some
agencies, specific awards, and awards from other states may require a shorter timeframe.
4. Private and Local – The closeout period for agreements issued by private sector and local
government entities varies by agreement.

B. Closeout Reports

1. Final Technical or Performance Reports – The PI is responsible for submitting the final
technical or performance report to the sponsor by the date specified in the agreement.
2. Final Financial Report – AFR is responsible for preparing and submitting the final financial
report to the sponsor by the date specified in the agreement.
3. Final Property Reports – AFR is responsible for maintaining financial records to accurately
account for capital equipment. AFR will prepare and certify final property reports and
submit to the sponsor by the date specified in the agreement.
4. Other Reports – As required by the sponsor.

C. Final Project Close-Out

1. In conjunction with the preparation of the final financial report, AFR will perform a final high
level review of project and cost share expenditures, prepare final Facilities and
Administrative (F&A) adjustments, and any other necessary adjustment. In the event deficit
balances were not cleared during the closeout period, AFR will work with the department to
transfer charges.
2. To allow AFR sufficient time to complete the closeout process with the sponsor, no cost
revisions are allowed after 45 days from the end date of the project. Adjustments must be
completed by the department prior to this deadline. If overages exist, AFR will obtain an
alternative cost center from the department. If not provided within 45 days of the end
date, excess expenditures will be transferred to research enhancement cost center(s) in the following order:

a. PI Research Enhancement cost center
b. School Research Enhancement cost center

3. Upon final submission of all required reports, AFR will submit the project to OPM and Systems Administration for inactivation in PeopleSoft.

4. The departmental staff, PI, OPM, and AFR should make every effort to have finalized closeouts prior to submission of reports. In the event of a downward adjustment to expenditures, AFR will work with the sponsor to refund excess funds and submit revised report, if required.

Roles and Responsibilities:

1. Principal Investigators
   a. Coordinate the review of project expenditures with departmental support staff on a monthly basis to ensure charges are reasonable, allocable, allowable, accurate, consistent, and benefit the project;
   b. Communicate errors to departmental support staff and to AFR on a timely basis to ensure adjustments and corrections are processed in accordance with federal regulations and institutional cost transfer policies;
   c. Submit project deliverables, including technical and performance reports, according to the schedule outlined in the terms and conditions of the award;
   d. Work with OPM to secure no cost extensions in accordance with the terms and conditions of the project;
   e. Ensure project expenditures are completed (including service center charges and sub recipient work) and deficit balances are cleared within the required timeframes;
   f. Ensure personnel appointments are ended on projects by the project end date.

2. Accounting and Financial Reporting
   a. Provide guidance to departments on the interpretation of applicable regulations, sponsor terms and conditions, and institutional policies;
   b. Submit final financial reports to sponsors in accordance with the terms and conditions of the project;
   c. Provide notification of final closeout to OPM in order to initiate project/cost center closeout;
   d. Maintain fiscal reports in accordance with federal, state, and institutional requirements.

3. Office of Post Award Management
   a. Provide guidance to PI’s and departments on the interpretation of federal regulations, sponsor terms and conditions, and institutional policies;
   b. Inform PI’s and departments of due dates and procedures 90 days prior to the project end date.

For questions regarding this procedure, contact the Accounting and Financial Reporting Manager for Sponsored Programs at ext. 4518.