

Achieving a Successful Project Closeout 4/19/2011

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Agenda

- Speaker Introductions
- Goals
- NIH Announcements
 - NOT-OD-09-128
 - NOT-OD-07-017
- Groundwork
- Ensuring Compliance throughout the award.
- Dealing with cost overruns-the science rarely stops!
- Approaches
 - Single project code
 - Multiple project codes
- Verifying accuracy during the filing process.
- Late vs. Possibility of re-filing



Speaker Introductions

- Mayo Clinic
 - Office of Sponsored Programs Administration
 - Submit applications and progress report info on behalf of PI.
 - Research Finance/Compliance Office
 - Support investigators in managing research programs.
 - Compliance monitoring and resolution
- Cleveland Clinic
 - Office of Sponsored Research and Programs (OSRP)
 - Pre-award administrative support, Institutional Official sign off and post award non-financial support.
 - Sponsored Programs Accounting (SPA)
 - Post award financial management system and support
 - Research Operations Compliance (ROC)
 - Effort Reporting, Compliance monitoring and resolution

Goal of the Session

This session will focus on implementing an action plan for Departments and Central Research Administration to ensure **accurate and timely filing of FFR's**. This session will also explore the various methods for managing and tracking project costs as well as key tips and tools for closing awards on time. Participants will gain insight into varying methods for award close out and best practices to ensure accurate and timely filing of FFR's.

Reminder of NIH Requirements for Submission of Financial, Administrative, and Scientific Closeout Reports in a Timely and Accurate Fashion

Notice Number: NOT-OD-09-128

Key Dates

Release Date: August 6, 2009

Issued by

National Institutes of Health (NIH), (<http://www.nih.gov>)

Other Relevant Notices

- [April 2, 2008](#) - See [NOT-OD-08-061](#) NIH Announces New Centralized Processing Center for Receipt of Grant Closeout Documents and Reminds Grantees of Required Closeout Reports for NIH Assistance Awards

Purpose

This Notice is a reminder that NIH grantees are obligated to provide timely and accurate final closeout reports on the financial, programmatic, and administrative aspects of their grant within 90 days after the project period end date. This includes ensuring that there are no discrepancies between the final Financial Status Report and the Payment Management System's Federal Cash Transaction Report.

A summary of the requirements for closeout reports and procedures for submitting the required documents to NIH are provided below.

Policy Reminder:

NIH recipients shall submit within 90 calendar days after the last day of the final budget period a Final Financial Status Report (FSR), a Final Progress Report, and a Final Invention Statement and Certification (as applicable). It is important to note that unless the Grants Management Officer (GMO) of the respective awarding component approves an extension of this 90-day reporting window in writing, grantees must submit the final reports within the prescribed timeframe.

NIH encourages grantees to submit all documents through the eRA Commons and grantees are required to submit an electronic final FSR through the eRA Commons (see NIH Guide Notice [NOT-OD-07-078](#) for more information on this requirement). Additionally, all non-financial closeout documents (such as the final progress report and HHS 568 Final Invention Statement and Certification) not submitted through the eRA Commons are required to be submitted to the following address.

NIH Centralized Processing Center
6705 Rockledge Drive

Implementation of Federal Financial Report – Upcoming Mandatory Use of the Federal Financial Report System in the eRA Commons Beginning February 1, 2011

Notice Number: NOT-OD-11-017

Key Dates

Release Date: January 4, 2011

Related Notices

[NOT-OD-10-038](#)

Issued by

National Institutes of Health ([NIH](#))

Purpose

Beginning February 1, 2011, NIH will implement the expenditure data portion of the Federal Financial Report (FFR) in the eRA Commons. The transition to use of the FFR for reporting expenditure data includes new reporting dates for annual FFRs, and reporting of cumulative data only.

BACKGROUND

The Office of Management and Budget has consolidated the Financial Status Report (FSR or SF-269/SF-269A) and the Federal Cash Transaction Report (FCTR or SF-272/SF-272A) into a single form known as the Federal Financial Report (FFR or SF-425/SF-425A). Since January 1, 2010, NIH grantees have been required to report cash transaction data via the Payment Management System (PMS) using the FFR cash transaction data elements. The expenditure data elements will now be reported to NIH using the FFR in the eRA Commons. The new eRA Commons system was piloted with 8 Federal Demonstration Partnership (FDP) institutions that assisted NIH with feedback and testing during the Summer and Fall 2010.

Groundwork: Definitions

- **Closeout:**

- The termination of any sponsor agreement type, in whole or in part, which finalizes all aspects of a project (financial, non-financial and regulatory).
- The submission of documentation that establishes the fulfillment of award terms and conditions.
- Certifying awardees' in compliance with sponsor regulations.
- The process of submitting all required reports, as identified by the sponsor.
- Submission of the “Final” invoice.
- Closure of the activity in accounting system

- **Financial Report:**

- A report showing the status of funds on a project at the end of the project period.

Institutional Policies –basic principles

- .. *will comply with applicable federal regulations, and funding agencies' terms and conditions.*
- .. *will ensure that closeouts for sponsored programs are completed in a timely and accurate manner.*
- ..*All additional expenses will be the responsibility of the Principal Investigator's Department/Institute.*
- ..follow closeout procedures.

Who is Responsible for Post-Award Financial Management?

- A. Principal Investigator
- B. Departmental/Research Administrator
- C. Department Chair
- D. Institution/Central Office

PI - Responsibilities

- Provide analysis and input for closing financial reports.
- Determine if the project needs a “No Cost Extension” (NCE) request sent to the sponsor.
 - Identify and notify as soon as this is known, delays in responses from NIH are inherent.
- Should submit performance, technical, and/or all other misc. reports, required by the sponsor (if applicable).
- Possibly review and approve project closeouts and financial reports.

Admin. - Responsibilities

- Provide analysis and input for closing financial reports.
- Propose, approve, and process resolutions for financial issues.
- Prepare account reconciliations and perform a final review of all project expenses for allowability and consistency within the budget terms of the sponsor.
- Ensure that all projects are closed on-time.

Sponsored Programs Accounting-Responsibilities

- Provide analysis for closing financial reports.
 - Review indirect costs, valid obligations, and verify that all journal entries are processed.
- Process resolutions for financial issues, such as appropriately distributing outstanding balances and resolving account deficits.
- Prepare and submit financial reports to external sponsors, based on project terms and agreements.
- Maintain financial records for all sponsored projects.

Managing Compliance

- Procedures in place from “cradle to grave” will assist in ensuring timely reporting.
 - Example: Mayo Clinic
 - Compliance reviews at set periods during the budget year (i.e. zero month, 6 month, 12 month, 13 month)
 - Award kick off meetings to ensure all parties are clear on requirements.
 - Discuss effort commitments, cost sharing, allowable costs etc.
 - Quarterly financial/compliance review meetings between research staff and administration to review grant expenditures and progress.
 - Required by policy
 - Monthly review of effort certification to ensure timely completion.

Managing Compliance

- Example: Cleveland Clinic
 - Research Operations Compliance (ROC) provides reminders to all institutes when federal and federal subawards are scheduled to end.
 - Process
 - Data pulled from Lawson
 - Federal projects and sub-awards are tracked, via end-dates.
 - Federal subs are pulled 30 days prior to end date.
 - All activities are posted on the AAFS Share Point site.
 - Email notification sent to Administrators and Finance Managers w/Final Closeout Procedures
 - Monitor closeout tracker, shared with SPA and send an email post 60 days to Admin, PI if Closeout Worksheet has not been submitted.

Action Items for the Department

- Review current financial reports in detail
- Submit cost transfers
 - Is any thing missing?
 - Are any charges erroneously hitting activity?
- Clear Open encumbrances
 - Clear within 30-60 days after the end date, otherwise be sure it is noted as an obligation.
 - Contact vendor of subcontractor for final invoices

Action Items for the Department

- Submit closeout worksheets
- Notify all authorized spenders on the activity that purchases should cease immediately
- Close recurring charges
- Ensure all check requests have processed
- Update the payroll distribution

Dealing with Cost Overruns General

- Review spending status of awards on a monthly basis.
 - Ensure action plans are in place to remedy situation.
- Ensure costs are not spread out to other projects and funding sources.
 - Indirect impacts
- Remove cost overruns
 - Identify a guarantor up front in the application process that will cover any shortfalls.
- Ensure budget cuts from sponsors still allow the science to be completed.
- If institution policy requires science to stop, ensure that this happens. How??

Dealing with Cost Overruns-Mayo

- Created sub accounts within the grant project accounting number that allows for additional “funding” to cover the overruns of a project.
 - Allows research staff to continue to charge the same project to complete the science.
- These accounts are ignored for the purpose of recognizing revenue and cash draws with the payment system.
 - Accounts are also ignored during completion of FFR.

Dealing with Cost Overruns – Cleveland Clinic

- Deficits and any expenses not incurred on the activity at the time of filling FFR are moved to an internal treasury activity
- If PI intends to continue then they set up an internal activity supported by treasury funds and approved by the Institutional Chair.

Approaches

- Multiple Accounting codes for competitive Segment
 - Ensure proper controls for budgetary management of award.
 - Consistent allocation of effort
 - Can accommodate pre-award spending.
 - Creates additional work if next year activity is not established
 - PANs, Cost Transfers, Supply Chain Commitments
 - HR payroll distribution forms always need to be completed for the next year
 - Does not requires additional reconciliation and reports for filing of final financial reports
- Cleveland Clinic
 - It depends on the project and preference of the customer for Foundation, State, Other professional societies.
 - Multiple accounting codes are used for Federal Awards
 - Single Accounting Codes are used for Industry sponsored.

Approaches

- Single accounting code for competitive segment:
 - Process used by Mayo Clinic.
 - Transitioned from multiple codes in 2007.
 - Ensure proper controls for budgetary management of award.
 - Allows study staff to use one code for the life of the competitive segment.
 - Consistent allocation of effort.
 - Can accommodate pre-award spending.
 - Requires additional reconciliation and reports for filing of final financial reports.

Approaches

- Single accounting code for competitive segment:
 - Resource savings from annual “closeout” of accounting codes.
 - Total cost for competitive segment is contained in one code.
 - Easier analysis for future competitive segment funding levels.
 - More fluid projection for expected expenditures throughout the comp segment.

Verifying Accuracy

- Build controls/reconciliation to ensure accurate financial information is processed.

Input Total

622,268.00

Ledger Total

622,268.00

— Do input and ledger totals agree?

Yes

Verifying Accuracy

- Verify that indirects are applied correctly to sub-award payments.
- Verify indirect and fringe benefit allocations are accurate.
- Confirm special terms and conditions related to the award have been met
- Confirm all expenditures were incurred during the period of availability for the award
- Confirm effort certification has been completed for all employees charged to the activity.

Re-filing vs. Late filing

- Re-filing of reports
 - Common Reasons:
 - Late or unprocessed cost transfers
 - Re-certifications
 - Late expenses/refunds
- Late filing of FFR's
 - Common Reasons
 - Pending 2nd NCE request.
 - Pending other NIH correspondence (CF, effort reductions)
 - Award was extended and a competing grant was awarded.

Re-filing vs. Late filing

- Every institution has to assess risk in re-filing/late filing of FSR.
- If additional cost is minimal and can be covered by unrestricted sources, this should be considered.
- Which is worse? Filing a report with known errors to hit deadlines or holding to fix errors and file a correct report?
 - Both are not necessarily good but institutions need to consider.
- Communication is the key:
 - Offices within the institution.
 - With sponsors.
- Respect the use of e-mail. Phone calls and face to face discussions yield better results.

Non-Financial Closeout - NIH

- Closeout documents due within 90 calendar days of end of grant support
- NIH strongly encourages submission via eRA Commons
 - **Paper applications (if applicable) submitted via NIH Central Closeout Center.**
- Technical Reporting (a.k.a. Final Progress Report)
 - **PI responsible for completing and submitting technical reports by the deadline as required by the sponsor.**

Non-Financial Closeout - NIH

- **Intellectual Property**
 - PI must complete the final invention statement (FIS) for federal sponsors if applicable.
 - FIS sent to Technology Transfer by OSRP before Institution sign off
- **Equipment (if applicable)**
 - Determine ownership and final disposition
 - Some federal awards may require a Final Property Report.
- **Policy Statement:**
http://grants.nih.gov/grants/policy/nihgps_2010/nihgps_ch8.htm

Non-Financial Closeout NIH (Continued)

- No Cost Extension
 - **Must be received by GMO NIH ten (10) days prior to end date**
 - **May extend final budget period one time for a period of up to twelve (12) months beyond the original expiration date shown in the NoA if:**
 - no term of award specifically prohibits the extension,
 - no additional funds are required to be obligated by the NIH awarding IC, and
 - the project's originally approved scope will not change.
 - **Any additional project period extension requires NIH prior approval.**
 - Letter created by department with signature line for PI and IO
 - IO will send documentation to NIH

Non-financial Closeouts

Communicating with Central Office

- Closeout request routed via grant management system
- Documents submitted to NIH
 - If electronic
 - Submit via Commons
 - If paper:
 - Provide documentation to OSRP
 - Documentation signed off by OSRP
 - Documentation returned to department to send to NIH
- Grant status changed to “Closed” in grant management system

Non-Financial Closeout

Other Federal

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- AHRQ
- CDC
- DOD
- DOE
- FDA
- HRSA
- NASA
- NSF
- VA Med.
Administration

DHHS Agencies

- DHHS Agencies:
 - AHRQ
 - CDC
 - FDA
 - HRSA
- Close-out documents are to be submitted within 90 days of award end date:
 - **Final Progress Report**
 - **Final FSR**
 - **Final Invention Statement**

DHHS Closeouts

- **Submission of closeouts documents are either paper or electronic**
- **AHRQ, CDC and FDA use the eRA Commons System**
- **HRSA submissions are processed using the Electronic Handbook (EHB)**
- **The Notice of Grant Award will specify the procedure to use for submission of documents**

For additional agency and their related closeout requirements, please see attached handout.

Bottom Line

- Over expenditure is no reason to not close. It is imperative that we find a home for the expenditures and close the project.
- Lack of timely close-out restricts our ability to be reimbursed for properly incurred costs.
- Lack of timely close-out may inhibit our ability to obtain future funding.
- Lack of timely close-out could cause our disbarment.

Bottom Line

- Federal Projects and Sub-awards will be closed on time according to the sponsors terms and conditions.
- Re-filing the closeout will be rare
- Department will be responsible for covering any costs not expensed properly.

Questions?

