

Financial Closeout of Sponsored Projects

Effective Date of Procedure: 01/01/2017 **Last Updated:** 10/09/2020

Purpose

The University has an obligation to ensure fiscal compliance in accordance with Sponsor and University policies. Collaboration between Principal Investigators, research administrators, and support from other business units across campus is essential to the management of a sponsored project from inception through its closeout.

Fund closeout is the process by which the University determines all allowable and applicable expenses are properly accounted for under the award’s terms and conditions. Upon award expiration, the final financial deliverable must be completed within the timeframe indicated in the agreement. Non-compliance may result in unrecovered sponsored project costs, cause more restrictive financial requirements and audits, and place the University at risk of securing future funding from sponsors.

This document describes the procedure to prepare a final financial deliverable and to financially close out funds for sponsored projects.

Definitions

Term	Definition
Closeout Packet (COP)	A tool used to communicate final expenses between the PI, department administrators, and EFM in order to properly close a fund. An accurate and complete COP contains all necessary components specific to the award and enables EFM to review if financial compliance requirements have been satisfied per award’s terms and conditions.
Current Balance	The budget available for spending. This is calculated based on the approved budget less expenses and encumbrances in the general ledger.
Department	PI, department administrators, and any other parties responsible for managing sponsored project funds in the administrating unit of the award. Department administrators refer to fund managers, business managers, or individual(s) responsible for submitting a closeout packet
Financial Deliverables	Financial requirements specified in the terms and conditions of an award and used to communicate the financial activity of a sponsored project (e.g. invoice, financial report, etc.).
Post Award Management System (PAMS)	A central web-based system that provides research administrators with tools to facilitate effective and efficient financial management of sponsored projects.
Questionable Costs	Expenses that do not have adequate documentation in place to be supported as allowable direct costs benefitting a sponsored
Senior Management	Refers to the Chief Administrative Officer (CAO), Chief Financial Officer (CFO), Director, or equivalent positions in the Department.
Sponsored Project	A specific research, training, public service project or other program that receives support from external sponsors under a contract, grant, cooperative agreement or subaward. Support may be in the form of funding, equipment or other material contributions.

Process

1. EFM sends multiple notifications to the PI and department administrators that a fund will soon expire or has expired. Notifications include the fund expiration date, current balance, EFM contact, as well as key demographic information about the award.
 - a. Fund expiration notifications¹² (See Appendix A: “Fund Expiration Notifications”) are sent 90¹³ and 30 days prior to, and on the day of fund expiration (See Appendix B: “Department Checklist at 90 Days Prior to Fund Expiration”).
 - b. Closeout packet (hereinafter, “COP”) reminders are sent 15 calendar days prior to the COP deadline (See Appendix C: “Closeout Packet Reminder”).
2. The Department submits a COP to EFM by the deadline complete with applicable supplemental schedules and/or supporting documentation.
3. EFM reviews the COP to prepare the final financial deliverable (hereinafter, “the Final”). EFM contacts the department administrator when the COP is missing significant information, is materially inaccurate, and/or as needed to prepare the Final.
4. When the requested information is not provided to EFM timely, or when the COP is not submitted by the deadline, the following steps will be taken to ensure on-time completion of the Final¹⁴.
 - a. EFM prepares the Final based on expenses posted to the general ledger excluding unallowable, inapplicable, and undocumented questionable costs (See Appendix D: “Guidelines for Questionable Costs”). Expenditures in the Final may not correspond to the final figures in the COP prepared by the Department.
 - b. EFM informs the PI, department administrator, and Senior Management of the Final expenditures by EFM’s analysis due date¹⁵ (See Appendix E: “Deadlines to Confirm Final Expenditures”). If this date falls on a weekend, EFM’s analysis will be communicated on the following business day. A reconciliation summary of general ledger expenses reported in the Final will be included in the notification (See Appendix F: “EFM’s Analysis of Final Expenditures”).
 - c. The Department confirms the final expenditures no later than the due date indicated in the EFM notification (referenced in step 4.b.).
 - i. If the Department agrees, EFM proceeds with completion of the Final as is.
 - ii. If the Department claims an adjustment is necessary, the department submits a list of adjustments and appropriate supporting documentation accompanied by the COP certification page. EFM will review the documentation and adjust the final expenditures as appropriate.
 - iii. If the Department does not respond, EFM proceeds with completion of the Final as is.

¹² Reminders for the PI and department administrator to actively prepare the fund for close out.

¹³ The checklist provides guidelines in reviewing key compliance areas 90 days prior to fund expiration.

¹⁴ When the sponsor requires detailed financial information that EFM does not have access to, the status of the Final will indicate “Pending Department Action” in PAMS. This alerts the department administrator to take immediate action on the requested information so EFM may proceed with completing the Final.

¹⁵ The timeline will vary based on the due date of the Final to the sponsor.

5. EFM submits the Final to the sponsor when required. When the Final is not required by the sponsor, EFM prepares a final report to properly close the fund. A copy of the Final is retained in PAMS and is downloadable by the department.
6. Cost overruns, unallowable and/or inapplicable expenses, encumbrances, and memo-liens must be cleared from the fund no later than 30 calendar days from the due date of the Final to the sponsor.
7. EFM transfers to a department unrestricted FAU any cost overruns, unallowable expenses, and/or inapplicable expenses remaining on the fund after 30 calendar days from the due date of the Final to the sponsor. If an unrestricted FAU is not provided timely, EFM selects a department unrestricted FAU to be used.
8. After the final has been submitted to the sponsor, EFM considers revision requests in exceptional circumstances only. Refer to the procedure on Revising Final Financial Deliverables.
9. The department is responsible to maintain appropriate supporting documentation for all expenditures incurred for sponsored projects. In the event of an audit, the Department provides EFM with requested documentation to support expenses questioned by auditors and is financially responsible for expenses determined unallowable and/or inapplicable due to inadequate documentation.

References

OMB Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, UC Contract and Grant Manual, UCLA Financial Policy, UCLA Policy 910: Management of Sponsored Projects, UCLA Policy 740: Purchasing Goods and Services.

Appendices

- Appendix A: Fund Expiration Notifications
- Appendix B: Department Checklist at 90 Days Prior to Fund Expiration
- Appendix C: Closeout Packet Reminder
- Appendix D: Guidelines for Questionable Costs
- Appendix E: Deadlines to Confirm Final Expenditures
- Appendix F: EFM's Analysis of Final Expenditures

APPENDIX A – Fund Expiration Notifications

Subject: 90-days: IMPORTANT NOTICE: Sponsored Project, Fund XXXXX Expires in 90 days
 30-days: IMPORTANT NOTICE: Sponsored Project, Fund XXXXX Expires in 30 days
 Exp. Date: IMPORTANT NOTICE: Sponsored Project, Fund XXXXX Has Expired

The fund referenced below will expire in (90 days | 30 days | has expired). The current balance as of this notice is: \$xx,xxx.xx.

PI Name	
Project Title	
Sponsor Name	
Fund End Date	
Sponsor Award Number	
Fund Number	
Project Period	
Award Type	
Department Name	
UCLA Award Number	
EFM Contact	
OCGA/TDG/CTAO Contact	

- 1) **When a fund is ready to close:**
 - Complete and submit a closeout packet (COP) to EFM by the deadline. COP deadlines can be found at <https://efm.research.ucla.edu/closeout-deadlines/>
 - Complete and submit the on-line carry forward request form, if applicable, using the following link: <https://ocga.research.ucla.edu/wp-content/uploads/prior-approval-request-form.xls>
 - Ensure all non-financial deliverables have been completed and submitted to sponsor (including)
 - o Progress/Scientific/Technical Reports
 - o Equipment Reports
 - o Milestone/Deliverable Reports
 - o Invention statements

- 2) **When a fund needs to remain open, inform EFM accountant if the following applies:**
 - When the following year funding for the same project period is expected to be executed on the same fund number or
 - When a request to extend the performance period has been submitted to the sponsor through OCGA/TDG/CTAO (e.g. No Cost Extension)
 - o For No Cost Extension requests or Amendment Requests (Renewal, Additional Funding, etc.) to OCGA, complete and submit on-line request form using the following link: <https://ocga.research.ucla.edu/wp-content/uploads/prior-approval-request-form.xls>
 - o Please contact the corresponding office For awards processed by TDG or CTAO

Disclaimer: This notice has been generated automatically based on the fund end date. If this does not apply to the award identified in this message, please check with your department administrator or EFM accountant.

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APPENDIX B – Department Checklist at 90 Days Prior to Fund Expiration

Description	Upon receipt of automatic notification: 90 days prior to fund expiration
General	
If multiple fund numbers are assigned to one award	Confirm that the prior year funds were closed and the funds have been closed (Y/N) in the OASIS fund table. If not, take necessary actions to close out prior year funds.
If linked account	Remind the linked department of the closeout packet due date.
Authorized amount	Confirm that the total appropriation per general ledger agrees to the approved budget per award snapshot.
Early termination	Submit the relinquishment statement along with the closeout packet.
Payroll	Notify the department payroll office that the budget/project period will end.
Expenses	
Review allowability and applicability	
Expenses outside period	Transfer or justify expenses outside the period (pre and post).
Budget vs. Actual	Review all actual expenses are within the categorical budget. Request approval for re-budgeting as needed.
U/W object codes	Transfer or justify unallowable and warning object codes.
Equipment	Transfer or justify equipment purchases within 90 days of fund expiration.
Effort	Confirm payroll distribution is based on actual effort of individual.
Salary cap	Transfer salary in excess of applicable salary cap rate.
E-verify	Transfer salary not in compliance with e-verify requirements.
IRB protocol	Check if a protocol number is listed on any award snapshot sequences. Transfer or justify expenses during any lapses.
Other restriction	Foreign travel, supplemental funding, equipment purchase, etc.
Review unobligated balance	
Completeness	<p>Confirm all applicable charges are posted to the ledger such as:</p> <ul style="list-style-type: none"> • Subaward payments including Multi Campus Agreement (MCA) • Recharges • Travel expenses • Patient care costs • GSR fees • Vacation used etc. <p>Plan timely purchases of goods and services for the remaining period as needed for the project.</p>
No Cost Extension/Carry Forward	Request No Cost Extension or Carry Forward approval, if needed.
Encumbrance / memo-lien	Release, cancel, change.
Overhead reconciliation	Request overhead adjusting journal to EFM, if needed.

This is not a complete compliance checklist but provides guidelines to assist in reviewing key compliance areas.

APPENDIX B – Department Checklist at 90 Days Prior to Fund Expiration (cont’d)

Description	Upon receipt of automatic notification: 90 days prior to fund expiration
If subaward exists	Confirm all invoices have been received and remind subawardees of the due date of the final invoice. Ensure subaward expenses are posted with the correct object codes for the first \$25,000 (7310) and the remaining balance (7300).
If program income exists	Confirm expenses related to program income generating activities are posted to the separate expense account.
If multiple earning basis	Confirm expenses for cost reimbursable budget and those for firm fixed rate or firm fixed price are recorded separately to designated expenses accounts.
If restricted supplemental funding exists	Confirm expenses are properly segregated and recorded to the designated expense account(s).
If multiple F&A rates exist	Confirm expenses are properly segregated and recorded to the designated expense account(s) with applicable F&A base and rate.
Revenue and Account Receivable	
All sponsored projects	Review Revenue and Accounts Receivable using general ledger and/or RAPID AR Billing and Accounts Receivable report for reference.
If program income exists	Confirm all program income is posted to a separate revenue account.
If STIP exists	Confirm STIP is earned and STIP disposition code in the financial system correctly represents sponsor’s requirement
If MCA exists	Confirm all payments from other UC campus are received.
Unspent Cash	
If cost reimbursable	EFM will process a refund upon closing.
If firm fixed rate or firm fixed price	Confirm all required assurances and an explanation for a high variance if applicable can be made by PI in accordance with UCLA Policy 913.
Cost Overrun	
Transfer	Review if all expenses are allowable and allocable to the fund. Provide EFM with a departmental unrestricted, non-sponsored FAU to move cost overrun.
Cost Share Commitment	
Fulfillment	Check the status of cost share commitment.

This is not a complete compliance checklist but provides guidelines to assist in reviewing key compliance areas.

APPENDIX C – Closeout Packet Reminder

Subject: Fund [XXXXX] IMPORTANT NOTICE: Closeout packet due date is upcoming

The closeout packet deadline for Fund xxxx is fast approaching. If a closeout packet has been submitted to EFM or a request to extend the performance period has been submitted to the sponsor through OCGA, please disregard this notice.

If a closeout packet is not received by the deadline of: **dd/mm/yy**, the final financial deliverable will be issued in accordance with the Financial Closeout of Sponsored Projects Procedure. The award administering unit assumes financial responsibility for costs not claimed in the final invoice or financial report.

The current balance as of this notice is: \$xx,xxx.xx.

PI Name:	
Project Title:	
Sponsor Name:	
Fund End Date:	
Sponsor Award Number:	
Fund Number:	
Project Period:	
Award Type:	
Department Name:	
UCLA Award Number:	
EFM Contact:	
OCGA/TDG/CTAO Contact:	

As applicable, the closeout packet must include:

- Balances of restricted funding,
- Cost share report with detailed general ledgers to support the costs claimed,
- Unliquidated obligations for NIH training grants,
- Unrestricted FAU's to cover cost overruns,
- Policy 913 assurances with justifications, etc.

If a high unexpended balance with a carry forward restriction exists on the fund, please confirm all expenses incurred for the project are properly recorded to the project fund and submit carry forward request to the sponsor through the office that processed the award for prior approval. A delayed request and/or lack of reasonable explanation may place the balance at risk for use.

Disclaimer: This notice has been generated automatically based on the closeout packet due date to EFM.

APPENDIX D – Guidelines for Questionable Costs

Questionable costs require EFM’s review of the Department’s explanation and documentation to support charging these expenses as allowable and allocable direct costs to sponsored project funds. When the requested documentation is not provided timely, EFM will consider excluding such costs from the final claim to the sponsor for reimbursement, to ensure accurate and timely reporting to the sponsor. Listed below are examples of questionable costs provided as general guidelines.

1. Unallowable expenses per Uniform Guidance, sponsor’s guidelines, award specific terms and conditions, and/or any other applicable regulation:
 - a. Salary in excess of cap (NIH, AHA, CIRM, CEC, etc.)
 - b. E-Verify (federal and federal flow through funds)
 - c. General, Automobile, and Employment Practices Liability (federal and federal flow through funds)
 - d. Foreign Travel/Foreign cargo transportation (federal and federal flow through funds)
 - e. FICA, workers compensation, life insurance, union dues, and unemployment insurance (NIH Training awards)
 - f. Books, Subscriptions (AHA)
 - g. Expenses in obtaining a Visa (AHA)
 - h. Unallowable object codes
2. Inapplicable expenses:
 - a. All sponsored project funds
 - i. Expenses outside the performance period (allowable and applicable expenses occurred during the approved pre-spending period will be included).
 1. Payroll, including bi-weekly wages paid after the performance period, even if partially applicable to the project period
 2. Non-payroll expenses with document dates outside the performance period
3. Undocumented questionable expenses:
 - a. All sponsored project funds
 - i. Warning object codes
 - ii. Animal/human subject charges without a protocol number (in any award sequence)
 - iii. Rent expenses when the fund has an on-campus F&A rate
 - b. Additional questionable expenses for federally funded sponsored project funds
 - i. Administrative salaries
 - ii. Equipment purchased during the last 90 days of performance period

APPENDIX E – Deadlines to Confirm Final Expenditures

Final due date to the sponsor	Closeout packet due date to EFM	EFM analysis due date to the department (Note 1)	Department confirmation due date to EFM (Note 1)
60 days or more after fund end date	30 days prior to sponsor deadline	within 15 days after COP due date	within 3 business days after receipt of EFM's analysis
45-59 days after fund end date	1/2 of time between fund end date and sponsor due date	within 10 days after COP due date	within 3 business days after receipt of EFM's analysis
30-44 days after fund end date	1/2 of time between fund end date and sponsor due date	within 1/3 of the time between COP due date and sponsor due date	within 1/3 of the time between COP due date and sponsor due date after receipt of EFM's analysis
Fewer than 30 days after fund end date	<p>* Contact EFM accountant upon receipt of the first fund expiration notice, which is sent 90 days prior to the fund expiration and coordinate with EFM to plan financial closeout of the fund.</p> <p>* In cases where EFM is not contacted 90 days prior to the fund expiration, EFM will contact the department to establish the due date for the closeout packet 30 days prior to the sponsor due date.</p> <p>* COP reminders will be sent 15 days prior to the COP due date to EFM for all cases</p>		

(Note 1): These due dates are applicable only when the requested information is not provided to EFM timely, or when the COP is not submitted by the deadline. For more detailed process, refer to the step 4 in the procedure for "Financial Closeout of Sponsored Projects".

APPENDIX F – EFM’s Analysis of Final Expenditures

To: Department Administrator
 CC: PI and Department Management
 Subject: ACTION REQUIRED by [mm/dd/yyyy]: Fund # [12345]

Dear **name**,

The fund for the referenced award has expired. The due date to submit the final financial deliverable is [mm/dd/yyyy]. See below for key information.

Fund Number:	
Project Period:	
Invoice/Report Due Date:	
PI’s Name:	
Award #:	
Sponsor name:	
Additional Award Requirements:	Restricted Funding

A closeout packet has not been submitted to EFM by the deadline. In adherence with Sponsor and University policies and guidelines requiring timely submission of a final financial deliverable, EFM conducted a review of this fund.

Please confirm the final figure by responding to this email within 3 business days, by [mm/dd/yyyy]. The award administering unit will assume financial responsibility for costs not claimed in the final financial deliverable.

For adjustment details, please refer to the COP in PAMS.

Total authorized		\$x
Total expenses posted to g/l as of [mm/dd/yyyy]	\$x	
(Less): Inapplicable or Unallowable expenses to be moved off from the fund	(\$x)	
Add (less): Overhead adjustments	\$x	
(Less): Cost Overrun to be moved off from the fund	(\$x)	
Final expenses to be invoiced or reported		\$x
Unobligated balance		\$x

[ADDITIONAL VERBIAGE will be included AS APPLICABLE, see the following page]

If the final figure needs to be adjusted, please submit a list of adjustments with appropriate and sufficient supporting documents accompanied by the COP certification page to EFM prior to the due date referenced above. If EFM does not receive a response from the department or the department does not provide a list of adjustments, EFM will submit the final financial deliverable to the sponsor based on the expenses referenced in this email. Any costs not claimed in the final must be transferred out from the fund no later than 30 calendar days from the final due date.

Information regarding appropriate and sufficient documentation can be found at:

<https://efm.research.ucla.edu/faq/>

Information on the closeout procedure can be found at:

<https://efm.research.ucla.edu/closeout-overview/>

APPENDIX F – EFM’s Analysis of Final Expenditures (cont’d)

Below are examples of additional verbiage that may be included as applicable.

Restricted funding

This award includes restricted funding (e.g. Administrative Supplement, Diversity Supplement, etc.). Please refer to NOAs for details. If total expenses and balances of restricted funds is not provided by the due date referenced above, the balances will not be disclosed in the final, thereby placing restricted funding at risk for non- reimbursement by the sponsor.

Cost Sharing

This award includes a cost share requirement. Please submit an accurate and complete cost share contribution report. Without it, EFM cannot attest to the fulfillment of the commitment and will report **\$0.00** as committed cost share to the sponsor. The department assumes full financial responsibility if the sponsor requests full or partial reimbursement of the award for non-compliance. Information regarding cost sharing can be found at:

<https://efm.research.ucla.edu/cost-sharing/>

Unliquidated Obligation

This award requires the reporting of unliquidated obligations. Please submit appropriate documentation to support such obligations. Future year funding may be affected by incorrect reporting of unliquidated obligation in absence of required documentation.

Cost Overrun

This award has a cost overrun. Please provide EFM an unrestricted FAU to cover the cost overrun by the due date referenced above. If an unrestricted FAU is not provided by the deadline, EFM will identify a department’s unrestricted FAU to use in covering the cost overrun.

Carry Forward Restriction

This award has an unexpended balance with a carry forward restriction. Please confirm all expenses incurred for the project are properly recorded to the sponsored project fund and submit carry forward request to the sponsor through OCGA. A delayed request and/or lack of reasonable explanation may place the balance at risk for use.