

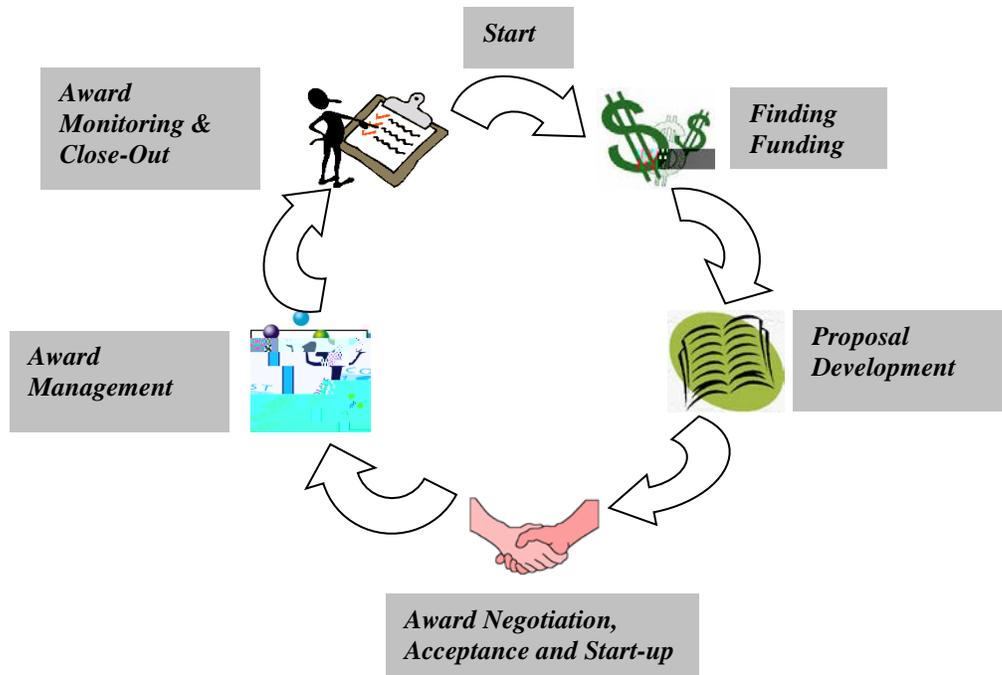
**University of North Carolina  
Contracts & Grants  
Business Process Standards**

**Revised June 2017**



## **Introduction**

From concept to completion, the contract award process involves various stages as outlined by the diagram below:



## **Purpose and Scope**

The purpose of this document is to provide guidelines for establishing and maintaining the baseline standards for the post-award Contracts & Grants process of the University of North Carolina (UNC) System. This process encompasses the following six sub-processes: 1) Account Setup, 2) Time and Effort, 3) Grant Management, 4) Billing and Drawdowns, 5) Reporting, and 6) Account Closeout. The standards integrate internal controls to ensure compliance with awards from federal, state and local government agencies and private organizations. In addition, implementation of these standards will help meet the University of North Carolina's Strategic Plan (approved by the Board of Governors in January 2017) [goal 1 Student Success] through the high impact practice of undergraduate research experiences, [goal 4 Economic Impact and Community Engagement] increasing research revenue and [goal 2 Affordability and Accessibility] maintaining operational and financial efficiency to benefit the University's research mission.

This document applies to all sponsored projects within the University of North Carolina (UNC) System, with a particular emphasis on Federal awards while recognizing the diversity of sponsors and associated requirements. Further, the

document assumes the successful completion of the Pre-Award stage (from identifying funding and proposal development and submission, through successful negotiation and acceptance of the award as well as completion of the regulatory review and approval process).

### **Mission Statement**

The organizational unit responsible for the Post-Award stage is dedicated to enhancing University research and sponsored activity by providing guidance and support services to its various stakeholders during from the grant life cycle from award setup to award closeout.

### **Stakeholders**

The target users of this document include the following units:

1. Pre-Award/Office of Sponsored Research – typically plays a critical role prior to and during the receipt of an award.
2. Post-Award/Contracts and Grants Office – typically plays a critical role once the award has been received.
3. Principle Investigator - has absolute responsibility for the overall conduct of a sponsored project, including all technical, programmatic, financial, compliance and administrative aspects.
4. Colleges/Departments – typically serve as a resource and the first line of support for the Principal Investigator and in larger institutions ma(d t)2yn1s a .17 -1.d (9d

2. Non Federal
  - a. Non Federal guidance includes the Sponsor guidelines/regulations, the North Carolina State Budget Manual, the state-approved records retention schedule and the Institution's administrative policies and procedures.

**Key Terms**

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- a. Necessary and reasonable for the performance of the Federal award.
  - b. In conformity with any limitations or exclusions set forth in the Uniform Guidance (2 CFR Part 200) or in the sponsored agreement as to the types or amounts of cost items.
  - c. Consistent with policies and procedures that apply uniformly.
  - d. Documented for review
3. Allocable – The project that pays the expense must directly and proportionally benefit from that cost. A cost is allocable if it is:
    - a. Incurred specifically and solely for the sponsored award
    - b. Beneficial both to the sponsored award and other work, and can be distributed in reasonable approximated proportions.
    - c. Necessary to the overall operation, and is assignable in part to the sponsored award.
  4. Reasonableness – The cost may be considered reasonable if the nature and amount of the goods/services acquired reflects the same action that a prudent person would have taken under the same circumstances in incurring the cost:
    - a. Whether the cost is of a type generally recognized as ordinary and necessary for the performance of the sponsored agreement.
    - b. Has been determined to be reasonable by the individuals concerned, acting with due diligence in the same circumstances
    - c. Has been determined through sound business practices, Federal, state and other laws and regulations; costing policy, and is consistent with established standards for the project.



Internal Controls: A process or processes implemented designed to provide reasonable assurance regarding the achievement of objectives with the following:

1. Effectiveness of efficiency of operations
2. Reliability of reporting for internal and external purposes
3. Compliance with applicable laws and regulations

Office of Management and Budget (OMB): the U.S. Office of Management and Budget is the executive level agency that issues regulations for the administration of contracts, grants and cooperative agreements to federal agencies and recipients. (See 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit

Scholarship: An amount paid for the benefit of a student at an educational institution to aid in the pursuit of studies (IRS Pub. 970: Tax Benefit for Education). Scholarships are not normally included in time and effort reporting. Any payment where a 1099, rather than a W-2, is issued is not normally included in time and effort reporting.

Sponsor: An external funding agency which enters into an agreement with the University to support research, public service and instruction, or other sponsored activities. Sponsors can include private businesses, corporations, foundations and other not-for-profit organizations, other universities, and Federal, state and local governments.

Sponsored Project: A project or activity that is research, public service or instructional in nature and funded by a source external to the University. The sponsored project award may be in the form of a contract, grant, cooperative agreement, or other purchasing mechanism.

***Note:*** Refer to Appendix for further guidance on defining sponsored projects.

Stipend: A fixed sum of money paid periodically for services or to defray expenses. Stipend is generally used to describe various kinds of payments including:

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Subcontract: Agreement for the procurement of goods and/or services necessary for completion of award project.

Time and Effort Coordinator (TEC): Member of the Contracts and Grants Office responsible for maintaining the system for time and effort certification and distributing and collecting time and effort certifications.





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- iv. Space for CGO approvals, notes, emails
  - v. Award setup documents
  - vi. Space for billing/reporting documents unless stored electronically
  - vii. Other materials as specific to the project
7. For those projects that involve the use of human or animal subjects or hazardous materials/RNA/DNA, the award documents must include evidence that there are current approved protocols or other approvals in place as required. The

- ii. Operating State and Local Government
- iii. Operating Non-Governmental
- b. Non-exchange Purposes (Gifts, financial aid, grants)
  - i. Non-operating, non-capital grants (grants with limited sponsor benefit, student financial aid)
  - ii. Non-operating Other Non-capital grants (gifts)
- c. Capital Purposes (construction projects where university receives ownership)
  - i. Capital Grants

11. Awards from the State of North Carolina with blended funding should be reported based on the proportionality of funding (i.e. 60% federal, report as Exchange Operating Federal).

Note: Refer to Appendix for “Assigning a Source of Funds to Grant Awards” and “Revenue Classification Chart”

Additional information on financial reporting standards can be found in the Generally Accepted Accounting Standards (GASB 33).

See the instructions for the annual North Carolina Certified Annual Financial Report (CAFR), which provides further guidance on reporting subawards from UNC campuses as “Intra-state.”

12. If the award is considered significant or complex, is from a sponsor that is outside the normal funding community for the University or discipline, the PI is new to the University, or has not served as a PI before; or the award has significant cost share, a New Award Meeting with the PI and other interested parties should be initiated.

- a. This meeting should:
  - i. Identify unique issues to the project, including budget alignment
  - ii. Provide an overview of University policies and procedures impacting this project
  - iii. Inform the PI and support staff of educational opportunities across the campus specific to grants/contracts of use in managing the project.
  - iv. Identify sub-award recipients
  - v. Clarify and confirm cost sharing obligations
  - vi. Identify personnel resources that will be used on the grant.
  - vii. Inform the new PI of University specific rules and regulations including a reporting/critical action schedule and policies for managing the grant.
  - viii. Share critical sponsor documents with the PI (refer to Appendix; section III, for the PI Management Checklist).

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13. Once a financial fund has been created and the data elements in the financial system have been populated, notice of the award and any relevant documentation are shared with the PI and all co-PI's.
14. An award file is created as described in 6.b and filed in a manner consistent with the campus records retention schedule.





- c. The department/PI is responsible for returning/routing certifications to the TEC/CGO.
5. The TEC or other personnel will review the T/E system or T&E log for outstanding certification at the close of the reporting period.
  - a. As part of their review, the TEC or other personnel, will note where any certified direct time and effort percentages vary between the expected effort (charged salary) and certified effort (actual effort). For differences of >5%, the TEC or other personnel will contact the PI to determine if a new PAF is needed to correct the variance for the upcoming reporting period and may coordinate a journal entry to reclassify salary costs to accurately reflect the percentage of time and effort certified. All journal entry corrections must be processed within 90 days of the payroll period.
  - b. As part of their review, the TEC or other personnel (college or department level) will note where the PI or other named key personnel on federal projects have met less than 75% (>25% variance) of committed effort certified. Where differences greater than 25% are noted, the TEC or other personnel will contact the PI or named key personnel to determine if a journal entry will be needed to reclassify costs or if some additional effort will be certified through cost share. If the estimated combination of paid and cost share effort remains less than 75% of committed effort, the TEC or other personnel will work with the GO to determine additional actions that may be needed to meet sponsor requirements. This step may also occur during the Grants Management stage, in the course of prior approval reviews.
6. Time and effort certifications should be returned within nine weeks of the distribution/release date. For outstanding certifications, the TEC or other personnel will email the PIs, the Chair, and the non-compliant personnel a reminder to complete their time and effort certifications. At that time, the TEC or other personnel may notify the PI and Chair that costs may be disallowed if the effort certifications are not completed. After two additional weeks, the TEC will compile a list of non-compliant personnel, their PI, and the funds affected and forward the list to the Director of Contracts and Grants (DCG).
7. All time and effort certifications should be completed within eight weeks of distribution/release. At the end of nine weeks, for any outstanding certifications, the DCG may unilaterally disallow costs and move uncertified salary costs to a non-sponsored fund.

### **III. Grant Management**

#### **Executive Summary**

The Grant Management function includes periodic account maintenance as defined by the sponsor, federal regulations, and campus-specific requirements. The Contracts and Grants Office has the primary responsibility to provide the Principal Investigator with financial management resources and information necessary to effectively manage a sponsored project and to validate that all parties comply with the financial terms of the agreement. In this role, the Contracts and Grants Office is responsible for acting as a liaison between the project directors and Principal Investigators and the agency regarding fiscal matters, including both financial reporting, accounts receivable and financial compliance monitoring. A Principal Investigator has primary responsibility for managing his/her sponsored project funds in a manner consistent with these principles and exercising sound fiscal management. The Principal Investigator is ultimately responsible for expenditure of funds in compliance with all agency, State, and University regulations. The Principal Investigator is also responsible for the programmatic direction of the research project and for initial authorization of all expenditures charged to the award budget.

#### **Baseline Standards**

1. Establish Grant Management Responsibilities
  - a. Once the formal award documents are received and processed by the Post-Award Office (CGO) and the financial fund number is released to the Principal Investigator (PI), all parties involved with the award should be made aware of grant management duties for which they are responsible. The Contracts and Grants Office (CGO) should assign the award to a Grant Officer (GO). In addition, distinctive duties not owned by the CGO should be communicated to the PI and Department.
  - b. A Roles and Responsibilities Matrix should be utilized for internal assignments of duties as well as communicating responsibilities to other departments (refer to Appendix for Roles and Responsibilities Matrix Sample).
  - c. A Grant Management Checklist or work process guide should be used by the GO to verify that he/she is following all necessary steps for sponsored project management; including monitoring, approval, and verifications (refer to Appendix for Grant Management Checklist Sample).

- d. In addition, a PI Checklist or instructional/procedure document should be used to provide PIs, particularly new ones, with basic terms and concepts as well as guidance on how to expend funds according to agency, state, federal, and University policies (refer to Appendix for PI Management Checklist Sample).

## 2. Expenditure Approvals

- a. The CGO, or departmental/college administrator monitors expenditures to verify compliance with applicable rules, regulations and directives. Many types of expenditures related to sponsored projects are handled in the same manner as expenditures for other fund sources and are subject to the same routine processing, reviews, approvals and other controls, including departmental and/or college-level review and approval. A high-level review of these expenditures should be performed every other month by the assigned GO, or designated departmental or college staff using standard reports that identify specific account code expenditures. Additionally, a high level review of awards nearing completion should be performed for late spending.
- b. High-risk Transactions - some types of expenditures related to sponsored projects require a different level of scrutiny to verify fiscal compliance with the award terms and conditions. The GO must review these high risk transactions, which may include:
  - i. Salaries and wages (addressed through Personnel Action Forms)
  - ii. Contracted services
  - iii. New Sub-awards
  - iv. Foreign travel
  - v. Food
  - vi. Scholarships, stipends, and tuition
  - vii. Equipment acquisitions
  - viii. Other expenditures >\$10,000 per transaction
  - ix. All cost transfers (JVs) including salary reallocations
  - x. Research incentives
- c. Salary and Wage Reconciliation
  - i. The CGO is responsible for reconciling the labor distribution report to the CGO's Time and Effort Information System. In the case of a larger institution, this reconciliation may be conducted at the college or department level. This serves to verify what should be charged to the award agrees to what was charged.



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University and may require written approval from the sponsor for any changes to the composition of the total cost share committed.

- c. Once an award is accepted by the University, the PI is responsible for verifying that any cost sharing commitments are met, and that all necessary documentation is provided in a timely manner. The Time and Effort Information System is the system of record to be used to record the obligation of institutional salary as cost share and to document

6. Are provided for in the approved budget when

reassignment is accomplished by means of the cost transfer process.

- ii. Cost transfers may be appropriate if the transfer represents the timely correction of a simple error or for transfers between sponsored projects provided the projects involve closely related work, and the expense is a proper charge to either project. *Note: Agency approval of these types of transfers is required in some instances and such approval should be evident in agency award documents.*
- iii. Cost transfers are not appropriate to reduce or avoid overruns on other sponsored projects (except as noted above), to avoid restrictions imposed by law or by the terms of an agreement, or for other reasons of convenience.
- iv. Cost transfer requests must be made within 90 days of originally incurring the expenditure. The request must include sufficient justification and necessary supporting documentation. Cost transfers made more than 90 days after the original transaction date are not approved as a standard best practice. If sufficient justification is made, the review must include the appropriate level of management review, as defined by the institution, prior to approval. Inappropriate charges to sponsored agreements must be corrected, regardless of timing.

Cost transfers are never allowable simply because there is funding available in one project and not in another.

### c. Expenditures in Excess of Available Funds

- i. If a sponsored project incurs expenses in excess of the total amount awarded or within an unchangeable line item, the expenses(s) must be moved to another financial fund through a cost transfer or if appropriate in very limited cases, additional revenue may be added to the award. If expenses are moved via a cost transfer, the expenses must be moved to another fund to which they would be allocable, not simply because there are funds available. If no alternative fund is available, the department or college is liable for the excess and disallowed expenses. The DCG should contact the department chair or dean for a financial fund number to complete the cost transfer. If additional revenue is being added, the determination of allowability should be made by

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the DCG and should be documented in the Contracts and Grants records for that award.

- d. Summary of Financial/Programmatic Prior Approvals (2 CFR Part 200.407): Prior written approvals are required under Federal awards for allowability, allocability and/or reasonableness in each of the following circumstances:
1. Change in scope or objective of the project or program (even if there is no associated budget revision that requires prior approval)
  2. Change in a key person specified in the application or Federal award
  3. The disengagement from the project for more than three (3) months, or a 25% reduction in time devoted to the project, by the approved project director or principal director (also see Time and Effort Base Line Standards, paragraph 5).
  4. The transfer of funds budgeted for participant support costs to other categories of expense.
  5. The subawarding, transferring or contracting out of any work, unless previously described in the application and funded in the approved Federal award (this does not apply to acquisition of supplies, materials, equipment or general support services).
  6. Changes in the amount of cost sharing or matching C. bJ -0.002 Tw 1. orc12e n(c)4enn 12s t104s sneou e of12 ehatnequiarmatun

5. Sub-awards

a. Processing the Sub-award

- i. The PI requests approval from the GO or the Pre-Award Office to issue a sub-award (GO or Pre-Award Office verifies funds are available and subrecipient is identified in the proposal.) The PI identifies the scope of work and budget for the subrecipient.
- ii. Prior to the issuance of the sub-award, a determination needs to be made if the subrecipient will be required to provide certification as to the compliance of its institutional policy for Conflict of Interest. If such a certification is required, the subagreement document must incorporate the appropriate language regarding which institution's Conflict of Interest policy will apply to the key personnel associated with the project.
- iii. Prior to the issuance of the sub-award, a risk assessment should be conducted by the CGO or the Pre-Award Office, or both, to determine the appropriate level of monitoring and to ensure monitoring and reporting requirements are incorporated into the sub-award document. The assessment should be conducted from the perspective of the subrecipient organization and may take project information into consideration. The GO or Pre-Award Office collect information on and assurances from the subrecipient, including initial verification of compliance with Federal audit requirements, that will inform the risk assessment and also document due diligence by the campus.
- iv. Subrecipient risk assessments should include consideration of the following characteristics:
  1. Subrecipient is a foreign entity
  2. Subrecipient has audit findings from a previous year or is implementing a corrective action plan
  3. Subrecipient is not subject to the Federal Single Audit requirements; AND
  4. Percent of the prime award flowing to the subrecipient
- v. Additional characteristics of the subrecipient or scope of work may also be considered when conducting the risk assessment.

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- vi. For Federally-funded sponsored projects prior to issuance of the subaward:
  1. Verify the subrecipient's current registration with [WWW.SAM.GOV](http://WWW.SAM.GOV)
  2. The CGO or Pre-Award Office should determine if the sub-award will be subject to FFATA reporting (Federal Funds Accountability and Transparency Act). If so, data required to complete the FFATA entry must be obtained from the subrecipient. The subrecipient data must be reported within 30 days of executing the subaward through the [www.fsr.gov](http://www.fsr.gov) site.
  
- vii. Risk assessment tools or instruments that inform decision-making and document the data elements considered should be used to determine the appropriate monitoring plan for individual subrecipients or for individual subawards (see Section A., iv above).. Documentation of the assessment should be maintained within the files of the unit responsible for the assessment function. Appropriate models of risk assessment tools will include the information referenced in Section A., iv above and may be modified to meet campus needs. See model attached as Appendix E.
  
- viii. The appropriate office (OSR or Legal) prepares the sub-award package for review and University approval. For Federal Awards, the following data elements must be included in the subaward:
  1. Federal award identification
  2. Subrecipient name, which matches its unique entity identifier
  3. Subrecipient's unique entity identifier
  4. Federal Award Identification Number (FAIN)
  5. Federal Award Date
  6. Subaward Period of Performance Start and End Date
  7. Amount of Federal Funds Obligated by this action
  8. Total Amount of Federal Funds Obligated to the Subrecipient
  9. Total Amount of the Federal Award
  10. Federal award project description, as required to be responsive to the FFATA
  11. Name of Federal Awarding Agency, the pass-through entity, and contact information for the pass-through awarding official
  12. CFDA Number and Name
  13. Identification of whether the award is R&D; AND

14. Indirect Cost for the Federal award (including if the de minimis rate is charged)

- ix. Conflict of Interest policy requirements, if applicable, specific monitoring activities, reporting requirements or data collection requirements relative to FFATA reporting are incorporated into the subaward document, in addition to any other special terms and conditions. Subaward clauses should always include audit requirements, records retention requirements and invoicing requirements, including final invoice date. The subaward package is sent to the subrecipient, along with a transmittal letter, for review and acceptance. Once the subaward is fully executed, a full copy of the executed subaward package is provided to the GO and the PI.
- x. Upon receipt of the fully executed subaward, the GO assures the subaward obligation is encumbered or is discretely budgeted within the account system.

b. Sub-recipient Invoices

- i. Prior to payment of sub-recipient invoices, the PI should sign-off on the invoice indicating agreement with progress of work and authorization of payment.
- ii. The final sub-award invoice should include PI certification indicating the sub-
  - b.

- ii. All subrecipients should be subject to initial review of the entity's filing with the Federal Audit Clearing House or other financial statement information. Annual verification of subrecipient audits, which should be part of the subrecipient entity risk assessment, must be conducted. The Federal Audit Clearinghouse should be used for single audit review, along with other certifications for the subrecipient as needed. The CGO or other designated personnel must follow up on reported material findings to determine if the findings are relevant to the sub-award and if the corrective plan of action is adequate.

#### **IV. Billing and Drawdowns**

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The awarding document for each sponsored project contains specific requirements for either billing the sponsor or for drawing down (drawdowns) funds from the sponsor (typically from a US Federal Agency) once qualifying expenses have been incurred. Invoicing and drawdowns should be conducted on a routine or systematic basis. In some cases drawdown funds are provided in advance of qualifying expenditures. In these cases, the advanced funds must be applied to the contract or gce9ada9.9(or)7se/P <<u. ed

- establish a standard invoice template to be used unless award documents specify the use of a sponsor-specific template, in which case the alternate is used.
- b. Supporting documentation should be obtained and included with the invoice as required by the sponsor and indicated on the award sheet or in award documents. For sponsors that remit payment in the form of a hardcopy check, a second “remit copy” of the invoice should be sent with the original to be returned from the sponsor with the payment.
  - c. The university cashier or the unit responsible for receipt of payment should be provided with a record of invoices submitted to ensure payments received are applied to sponsored project accurately and timely.
3. Drawdowns:
- a. Drawdowns should be requested in accordance with sponsor directed guidelines. Unless otherwise specified, drawdowns should take place no less frequently than monthly. At least once a month the project-to-date expense report should be run for accounts that have drawdown payment terms. The report should be compared to receipts-to-date for these funds/accounts. Awards with significant undrawn amounts should be investigated and may require follow up with the PI to determine project status.
  - b. Supporting documentation should be obtained for the drawdown and retained and/or submitted as required by the agency.
  - c. A designated staff member(s) and a backup should be responsible for performing the actual drawdown from the sponsor’s website.
  - d. After issuing the drawdown request to the sponsor, a copy of the drawdown confirmation should be maintained for review or audit.
  - e. The time elapsed between the receipt of funds requested via drawdown and application/disbursement of the funds received must be minimized and the funds should be applied/dispensed within 72 hours of receipt. Any amounts drawn in advance should be limited to the minimum amount needed and be timed in accordance with the actual, immediate cash requirements.
  - f. The university cashier or the unit responsible for receipt of payment should be provided with a recor



process below and also refer the project file to the Director of Contracts and Grants or designee for evaluation. Further, in accordance with campus procedures, actions may be taken to suspend additional expenditures and to clear any deficit.

- ii. The sponsor indicates payment has been made; obtain specific information so the receipt can be tracked at the university by the designated staff member(s). Specifically, obtain the check#, check date and exact amount of the payment for check payments and wire date, exact amount of payment, routing number or receipting bank account number for wire/ACH payments.
  - iii. If none of the above conditions exist, proceed to the >60-day process below.
- d. **Invoices >60 days past due:** For uncollected accounts aged past 60 days, for which another North Carolina state agency is the sponsor, the Office of State Controller Statewide Accounts Receivable Management Unit will be notified. For all others, Per G.S. 147-86.11 (e) (4), the NC Attorney General's Office is notified of uncollected accounts aged past 60 days that are greater than \$500. A demand letter from the AG's office is generated for each uncollected account and submitted to the sponsor, with a copy to the campus. The campus will notify the AG's office within 45 days of the demand letter as to the status of payment and the AG's office will provide instruction about disposition of the uncollected account.
- i. The AG Guide for the Collection of Delinquent Accounts Receivable is located at the following URL:  
<http://www.ncdoj.gov/getdoc/a4647ec4-5fbd-48df-a425-9e82f6c492d2/Collections-Guidelines-Sept-2008.aspx>.
  - ii. FORM 2: School Accounts Receivable is used for submitting uncollected accounts to the AG's office. The form is located at the following URL:  
<http://www.ncdoj.gov/About->



## V. Reporting

### **Executive Summary**

The Reporting function is intended to verify that necessary reports are submitted as required by the sponsor, whether it is a federal, state, local, or private institution. Though these requirements vary depending on the sponsor, most federal agencies have similar reporting requirements and often use a standard set of forms (refer to the Roles and Responsibilities Matrix for reporting responsibilities). The Contracts and Grants Office handles the preparation and submission of financial and other reports such as equipment reports or reports of subcontractors on a federal grant. Preparation of programmatic reports, including technical and invention reports, as required by the sponsor, is normally the responsibility of the Principal Investigator. The Pre-Award Office or in larger institutions, the college or department may confirm submission of the final technical report. Meeting such sponsor reporting requirements is critical since it can affect sponsor decisions about payments and the university's accounts receivable and future awards. Reporting requirements vary in frequency, format, due dates, and detail. Coordination and communication among the Contracts and Grants Office, the Office of Sponsored Programs, and the Principal Investigator is critical.

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on the SEFA. UNC campuses are required to list total direct Federal expenditures and expenditures of subawards issued under direct Federal awards. The CFDA number associated with the Federal funds is critical to SEFA reporting. The CFDA number should be recorded in the financial system for reporting purposes.

## **VI. Account Closeout**

### **Executive Summary**

The purpose of the Account Closeout function is to comply with the closeout requirements of the sponsoring agency and verify that all project activities have been completed in a timely manner. Specific closeout procedures for awards are typically established by the sponsoring agency in the award document. Federal regulations require all reports be submitted within 90 or 120 days (dependent on sponsor) after the date of completion of the award, including the final drawdown. The CGO reviews the account to verify that all significant actions are completed by the deadline including closeout of related sub-awards, submission and payment of the final invoice/final drawdown and inactivation of the fund in the financial system. This review should begin no later than 90 days prior to the end date of the sponsored project. During this review, the Contract and Grants Office also sends communication to the PI alerting them of their responsibilities as they relate to the closeout process.

### **Baseline Standards**

1. 90 days Prior to Award End Date
  - a. Each month, the Grant Officer (GO) generates a report that lists all sponsored projects with an end date occurring in the next 90 days.

does not have expanded authority to extend the grant end date, a request is sent to the sponsor with a justification provided by the PI. The justification should indicate the project activities that remain to be completed and the requested end date. This request is issued from the CGO or the Pre-Award Office. The responsibility for notice of an extension or the need to request an extension will be evident on the matrix of roles and responsibilities. The process will then follow steps outlined in Account Setup (refer to I.4). If a continuation or supplemental funding is anticipated, the GO should note this in the award file.

- ii. If there is not a need for a no-cost extension, continue with grant closeout procedures.
2. 30 days Prior to Award End Date
    - a. The GO emails the PI a Pre-Closeout Checklist/notification 30 days before the award end date. This checklist/notification serves as a second reminder to the PI of the impending grant end date and notifies the PI of his or her responsibilities (refer to Appendix for Notice of Award End (30 Days) / Pre-Closeout Checklist).
    - b. For each sponsored project, the GO should document when and to whom this checklist was sent.
    - c. At this time, the GO should review the award's account balance and any budget revisions.
    - d. The GO should also review a monthly expenditure report or ad hoc expenditure report to verify that charges posted to the sponsored project near the end of the project are reasonable, allocable and in accordance with sponsor guidelines.
    - e. At the University's discretion, financial system resources such as entering a termination date and last expenditure date may be

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level of authority. This allows for adequate time to meet the Federal closeout requirement in case additional follow-up is needed. This step includes receipt of all outstanding revenue (refer to Appendix for Grant Officer Award Closeout Checklist Sample).

- c. Revenue, billings, and expenditures should be reconciled, including comparison of the F&A recovered, budgeted, and the specific rate

## **VII. Audits**

### **Executive Summary**

The purpose of the Audit function is to comply with the requirements of the sponsoring agencies allowing for independent verification of sound internal controls and effective business practices that result in the proper costing and use of sponsor funds. Specific types of audits are to be performed under guidance rendered in 2 CFR Part 200.501 of the Uniform Guidance. Additionally, non-Federal sponsors often include audit clauses in their award agreements.

Following are typical audit clauses:

1. The recipient will provide the auditors with access to personnel, accounts, books, records, supporting documentation, and other information as needed/request, at all reasonable times.
2. The recipient will prepare appropriate financial statements, including the schedule of expenditures of Federal awards.
3. The recipient will promptly follow-up, take corrective actions and respond to audit findings including preparation of a summary schedule of prior audit findings.

**Appendix**

The following is a preliminary list of templates, supplements, and guidance, by sub-