

University of Cincinnati



Vice President
for Finance and Treasurer

300C Administration Building
Mail Location 620
Cincinnati, Ohio 45221-0620
Phone (513) 475-2413 or 2414

April 13, 1989

ADMINISTRATIVE MEMORANDUM NO. 105

TO: All Administrative Unit Heads

FROM: Dale L. McGirr, Eula L. Bingham, and Donald C. Harrison ^{EB} ^{DA} DLM

Re: New policy for close-out of grant and contract awards by
the Sponsored Program Accounting Office (SPA) -
Effective date 7/1/89

As the University competes aggressively to become one of the leading research institutions nationwide, we must continually seek ways to increase the efficiency of our operations. An increasing administrative workload due to the large number of sponsored projects and their ever-increasing requirements, the maintenance of timely agency reporting to avoid interruptions in funding of projects, and the best use of available external resources through proper program administration and accounting are challenges which must be faced daily as our research activity grows.

To address the need for timely reporting of expenditures/close-out of grant and contract awards, a delineation and clarification of SPA policies regarding close-outs is in order:

1. Unit heads or their designees must review all grant and contract ledgers on a monthly basis and promptly notify SPA of necessary adjustments (see Administrative Memorandum No. 88). Confirmation of the appropriateness of charges to a grant or contract by the originating unit is an ongoing process and should not be postponed until preparation of a final report of expenditures has begun.

2. A. A schedule has been established for the reporting of final adjustments by the unit to SPA, based on the filing period allowed by the sponsoring agency for the final report of expenditures:

<u>IF REPORT IS DUE ...</u>	<u>UNIT MUST CONFIRM CHARGES TO SPA ...</u>
90 or more days after budget period ends OR if no report is needed	within 45 days after budget period ends
60 - 89 days after budget period ends	within 30 days after budget period ends
less than 60 days after budget period ends	within 15 days after budget period ends

- B. If no response is received within the period indicated, the report/close-out will proceed using the ledger figures for the last month of the budget period, including any manual adjustments needed after a reconciliation process is completed by SPA staff.
3. Other adjustments during budget period and at close-out:

A. Agency disallowances

When the funding agency has disallowed an expense, the unit will have 30 days after notification* by SPA of the disallowance in which to provide an alternate funding source. If no alternate source is provided within that time period, the disallowed expense will be automatically charged by SPA to the unit's Research Incentive Award (RIA) fund so that the grant/contract account may be closed out and/or the final report filed.

* All notifications referenced in this document will be made in writing by SPA to the principal investigator, with copies to the unit head and the appropriate sponsored program office. The 30-day period will begin one day after the date of the letter from SPA.

B. SPA "disallowances"

When an expense or encumbrance is identified as questionable by SPA in conjunction with the appropriate sponsored programs office, the unit will have 30 days after notification from SPA of this "disallowance" in which to submit reasonable written justification** or to provide an alternate source of funding. If neither response is forthcoming within that time period:

- o any expense in question will be automatically charged by SPA to the unit's RIA fund so that the grant or contract account may be closed out and/or the final report filed;
- o any encumbrance in question will be moved (via change order and EPX-ELX) to the unit's RIA fund so that the grant or contract account may be closed out and/or the final report filed.

C. Overdrafts

- I. For overdrafts which have appeared on the grant or contract account's ledgers at any time prior to the final month of the budget period, the unit will have 30 days after the last day of the budget period in which to provide an alternate source of funding. If no alternate source is identified within that time period, the overdraft will be automatically charged by SPA to the unit's RIA fund so that the grant or contract account may be closed out and/or the final report filed.
- II. For "new" overdrafts appearing for the first time on the final month's ledgers, the unit must follow the schedule in 2.A. above for providing an alternate source of funding. If no alternate source is identified within the period indicated, the overdraft will be automatically charged by SPA to the unit's RIA fund so that the grant or contract account may be closed out and/or the final report filed.

** Justification should be provided by the principal investigator, with concurrence by the unit head or designee.

III. For overdrafts which result from SPA's adjustments (overhead, payroll, etc.) to final-month ledgers, the unit will have 30 days from the date of notification from SPA of the overdraft in which to provide an alternate source of funding. If no alternate source is identified within the period indicated, the overdraft will be automatically charged by SPA to the unit's RIA fund so that the grant or contract account may be closed out and/or the final report filed.

D. Open encumbrances

- I. a. If goods have not been received, the unit must follow the schedule in 2.A. above for either clearing the encumbrance or providing an alternate source of funding. If neither response is forthcoming within the period indicated, the encumbrance will be moved (via change order and EPX-ELX) to the unit's RIA fund so that the grant or contract account may be closed out and/or the final report filed.
- II. a. If goods have been received but not yet expensed (e.g., because no invoice has been received), the expense will be accrued and a preliminary report will be filed (if a report is required). Upon receipt of the invoice, a final report will be filed (and a final billing or cash draw will be completed, if required). Principal investigators will be advised of the situation and encouraged to follow up with vendors, providing whatever support is possible to resolve the issue.
- b. The situation should be resolved within 90 days of the filing date of the preliminary report. (If no agency report is required, this 90-day period will begin one day after the end of the budget period.)

Questions regarding the implementation of these policies should be referred to the Director of Sponsored Program Accounting at 556-4816.