

Policy 70.1: Financial Award Close-out

<i>Effective Date:</i>	July 1, 2012
<i>Last Updated:</i>	September 11, 2024
<i>Responsible Office:</i>	Office of Sponsored Projects Administration (OSPA)
<i>Contact:</i>	Post Award Management

Reason for Policy

[2 CFR 200.343 \(Uniform Guidance\)](#) sets forth the procedures for financial close-out of sponsored projects, as well as other procedures for subsequent disallowances and adjustments.

This policy is set to ensure reconciliation of sponsored awards in a timely, accurate manner and places responsibility for the reconciliation with the department or college.

Policy Statement

OSPA must ensure that sponsored projects are financially closed within the designated timeframe following the expiration of the award and ensure the timely submission of all financial reports and timely collection of all reimbursements due UNC Charlotte under the terms of the award.

A project is considered closed only after all funds due to the institution have been received and balances on the BANNER general ledger and operating ledger both equal zero dollars.

Outstanding balances will continue to appear on monthly e-print reports until those balances are resolved. It is therefore imperative for the administering award department to monitor funds that are closing to ensure expenditures are necessary and allowable under the terms and conditions of the award.

Procedures

While the typical time for close-out of a federal award is 90 days after the expiration date, many non-federal awards require the submission of final claims in considerably less time – from 5 to 60 days after expiration. OSPA staff will inform the PI of the specific closeout deadlines for fiscal reporting. OSPA initiates the close-out process through the following actions:

- A 90-day advance notice of expiration is sent to the PI, department administrator and ORS Staff.

- A 30-day advance notice of expiration, Closing Memo and a copy of the e-print report FRRGITD are sent to the PI, department administrator and college research officer.
- A [final notification](#) is sent at expiration to the PI, department administrator and ORS.

The department should review the most recent e-print reports (FRRGITD and FGRODTA) as well as all expenses not yet reflected in BANNER. All necessary transfers must be made within 90 days of the original charge and must be fully justified with supporting documentation.

Another sponsored project fund may not be used to cover an overdraft, unless the awards are related and specific agency approval is obtained in writing from the grants or contracting officer for the fund accepting the overdraft.

The department should review all encumbrances (*e.g.*, purchasing, subcontracts, etc.) and take action to ensure that charges can be made against the fund (*i.e.*, liquidated) **no later than 45 days** after the expiration, or within a shorter period if required by the sponsor. OSPA will perform a final F&A calculation on receipt of the certified Closing Memo and make adjustments if needed.

The department should complete the Closing Memo as instructed and return the signed document, which *must be certified by the PI*, along with all supporting documentation, to the appropriate research administrator in the Office of Sponsored Projects Administration.

Upon receipt of the certified Closing Memo by OSPA, followed by verification by the department that all identified allowable transactions have posted to BANNER, the specialist in the Compliance and Reporting unit of OSPA will prepare the *final financial report* and the *final property report* if applicable, for submission to the sponsor.

The following business processes must be followed until the fund balance reaches zero:

- **Corrected Projections by the Department and PI.** The department and PI should continue to monitor outstanding obligations reported on the Closing Memo as well as personnel encumbrances to see that the transactions are recorded in BANNER. In addition, any transactions not reported on the Closing Memo that are subsequently posted to BANNER must be removed from the fund.
- **Underused Funds.** When the total amount of awarded funds is not fully spent and the award is a cost-reimbursement award, the unused portion is returned to the sponsoring agency following the award termination. Should the agency allow the University to retain any unused funds as in the case of a fixed price contract, OSPA will prepare the document for transfer of such funds into the appropriate residual fund in accordance with [RA Policy 70.2 - Residual Balances](#).
- **Over-expended Funds.** *Overdrafts and audit disallowances on sponsored project funds are the responsibility of the Principal Investigator.* When a fund is overspent, corrective action must be indicated and promptly initiated between OSPA and the administering department. Expenditures incurred too late to be used during the award period will be diverted for use by and payment from another funding source. All expense transfers to another sponsored project must be adequately justified including the allowability and allocability of the expense. If an overdraft or unallowable expense is not removed from the fund within 90 days after expiration of the award, the

department will be notified of the overdraft and will be requested to designate a fund from which the overdraft will be covered (usually a departmental/PI residual fund or the departmental overhead fund).

- **Residual Balances.** See [RA Policy 70.2 - Residual Balances](#).

Exclusions/Exceptions

The PI, the administering department, and Division of Research must review the terms and conditions of an award for exclusions and exceptions since conditions differ from one award to another. If a continuation award exists and agency rules permit, exceptions may be allowed regarding expenditures; it is the responsibility of the PI, the administering department, and RED to be aware of such permissions.

Failure to Comply

Noncompliance jeopardizes future funding, and agencies may withhold future funding to either the specific PI or to the entire institution until all award terms have been satisfied. In the case of continued or repeated noncompliance, the Vice Chancellor for Research and Economic Development may prohibit future proposal submissions by a PI.

Related Information

[2 CFR 200.343 \(Uniform Guidance\)](#)

[RA Policy 70.2 - Residual Balances](#)

[Final Closeout Notice](#)