

Financial Closeout Reference Guide

This *Financial Closeout Reference Guide* provides a quick overview for departmental research administrators (DAs) and principal investigators (PIs) of some of the responsibilities and processes involved in the closeout of a sponsored project.

Additional information and requirements are captured in the resources section at the end of this guide.

In financial closeout, the PI is responsible for the review and validation of project expenditures prior to SPF's submission of final financial reports required by the sponsor. PIs must ensure that any charges and/or adjustments are made in a timely and accurate manner so that the expenditures reflected on financial reports agree with those recorded in the University's accounting records.

Note: the term "project," as used herein, refers to the ARC project established to track a sponsored award (or segments thereof), and "activity" or "budget period" refers to the sub-project accounting mechanism established to track expenses.

Expenditure Finalization and Validation Timeline

Validation of the appropriateness of expenditures incurred in support of each project will be required annually and in advance of final financial reporting deadlines/closeout. The expenditure finalization and validation due date is predicated on the due date of the sponsor's final financial report, and is communicated to DAs and PIs 30 days before the budget period* or project termination date via a closeout notification, and, additionally, on the day of termination via a validation request. The ARC activity or activities attributed to the budget period or project termination will be inactivated on the expenditure finalization and validation due date.

- Expenditures must be finalized and validated the following number of days after project anniversary/budget period or project termination:
 - Expenditure finalization is defined as having received all approvals and being posted to the sponsored project in ARC
 - 90 days: for NIH & NSF prime grants and cooperative agreements
 - 60 days: for all other prime awards, including non-federal awards, and NIH & NSF contracts
 - 40 days: for all inbound subawards made to Columbia
 - 5 days: for all projects with non-standard (early) reporting due dates
- Activities will be inactivated automatically on the expenditure finalization and validation due date, inhibiting further expenditure changes
- SPF will submit financial reports based on expenses posted to ARC and will neither accept department provided financial reconciliations nor report pending expense adjustments

*Budget period exception: if the project end date exceeds the budget period end date by more than 30 days, a closeout notification will not be issued 30 days in advance of the budget period end date.

Required Validation of Expenditures

For annual validation of expenses:

- SPF will send validation requests to PIs and DA's on the anniversary of the project, and the validation will be due within 40, 60 or 90 days after the anniversary, depending on the sponsor and award type, as outlined above
- Where the DA is participating in the PI review, the DA may, at the discretion of the PI, provide the annual validation of project expenditures

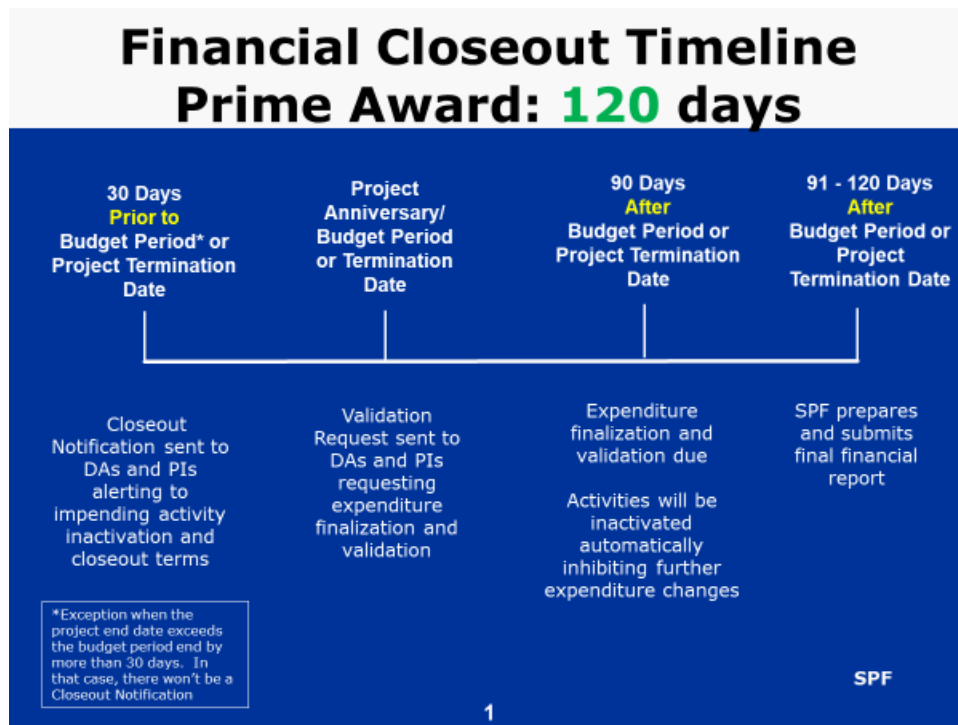
For final validation of expenses:

- SPF will send validation requests to PIs and DA's at the budget period or project period end date, and the validation will be due in advance of, or on, the expenditure finalization deadline
- Both PI's and DA's must provide final validation of expenditures by the validation due date

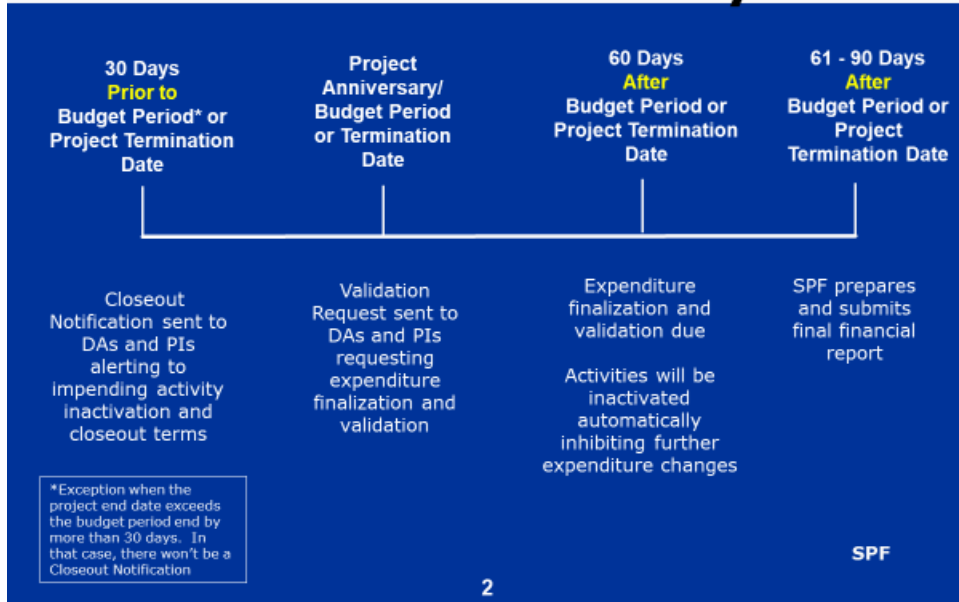
Equipment and Excess Supplies Disposition

The Controller's office may request, by email, that the PI and DA provide information related to the disposition of capital equipment or excess supplies with a value >\$5,000 at project termination

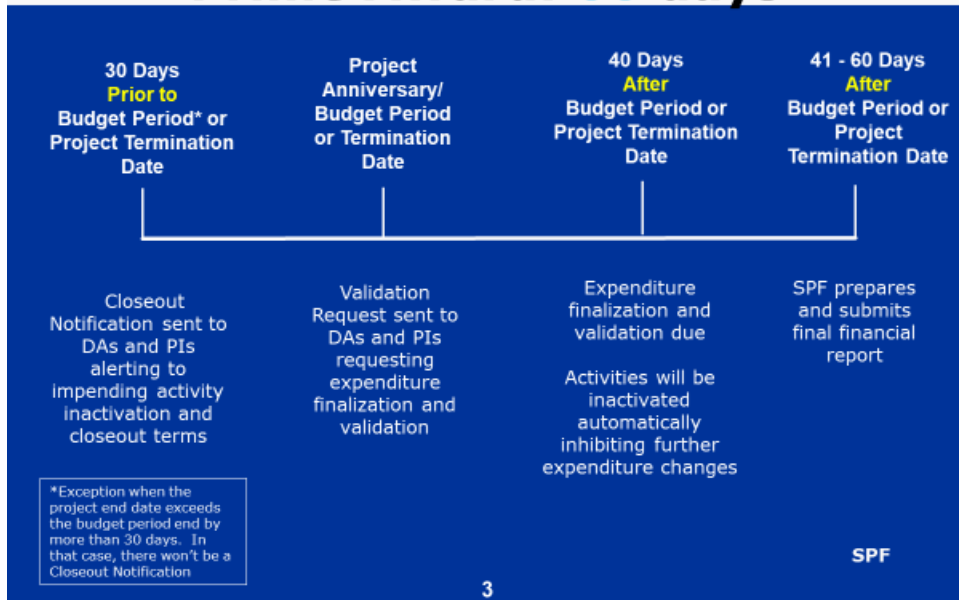
Financial Closeout Timelines



Financial Closeout Timeline Prime Award: **90** days



Financial Closeout Timeline Prime Award: **60** days



Activity Reactivation

When extenuating circumstance necessitate that an inactivated activity be re-activated, a DA must submit a request for re-activation to their SPF Manager. The DA should outline the extenuating circumstances in an email to their SPF Manager, who will evaluate the request along with SPF management to determine whether the re-activation is appropriate. Once the review has concluded and a decision is rendered, the SPF Manager will notify the DA via email. Please note, failure to meet operational and procedural objectives and controls is not considered an extenuating circumstance.

Expenditure Finalization and Validation

In advance of expenditure finalization and expenditure validation deadlines, PIs and DAs should conduct a thorough review of expenses and execute any transactions needed to bring expenditures to finality. A thorough review includes completing the following steps:

- Review current and pending expenditures to ensure that they are appropriate, allowable, and representative of all expenditures associated with the sponsored project for each activity's purpose and period;
- Review outbound subawards to ensure that all invoices have been received, reviewed and paid;
- Submit pending cost transfer requests;
- Clear petty cash and travel advances and liquidate open encumbrances and purchase orders;
- Review anticipated integrating system distributions (e.g., payroll and communications);
- Remove cost overruns, if any;
- Prepare for disposition of an unexpended balance, if any;
- For training grants, determine stipend, tuition, and fee amounts by trainee to be transferred to the following period and communicate result to your SPF Project Manager;
- Review receivables balance to ensure that expected payments have been received and applied;
- Determine if a no-cost extension is needed; and
- For training grants, provide your SPF Project Manager with a copy of the Statement of Appointment, Termination Notice, ARC statements supporting the stipends paid and Payback Agreement.

If an expenditure validation is not provided to SPF by the deadline specified in the notifications, SPF will prepare and submit the final financial report to the sponsor using the charges applied to the project as of the date of preparation of the report. Any outstanding encumbrances and any cost overruns must be cleared by the department. Further, any additional costs incurred on the project, but not reported in the final financial report, will be the obligation of the department. Only expenditure credits deemed necessary after the expenditure validation deadline will be allowed.

Responsibilities Summary

The following table summarizes the responsibilities of the PI, the DA and SPF in the financial closeout of a sponsored project:

PI and/or DA	SPF
Review projects on an ongoing basis to ensure that all expenses are appropriate and allowable; correct errors promptly	

	30 days prior to budget period* or project termination date: send closeout notifications to DAs and PIs alerting them to impending activity inactivation and closeout terms.
Process any outstanding vouchers that are allowable on the project; begin to finalize expenditures; perform through expense review	
	Project anniversary/budget period or project termination date: send validation requests to DAs and PIs requesting expenditure finalization and validation.
On or before expenditure finalization and validation due date: finalize expenses and send validation to SPF Manager; activities will be inactivated automatically, inhibiting further expenditure changes	
	Review and adjust F&A charges when necessary; prepares and submits final financial report to the sponsor.
	Provide copies of final FFR to the DA and SPA, and archive documentation.
	Close ARC project once all financial obligations have been met.

Major Equipment Disposition

For federal sponsored projects, major equipment disposition and excess supply disposition review may apply at project closeout.

Major equipment disposition review will apply when the federal project's terms and conditions require it. See Section 200.313(e) (Equipment) of the Uniform Guidance. If required, the Controller's Office will contact the PI and DA when a piece of equipment purchased on a grant has a Fair Market Value (FMV) of more than \$5,000 at award termination. In these cases, the piece of equipment must have one of the following dispositions:

- Continue to be used by the PI on the original project or program, whether or not the project or program continues to be supported by the federal award;
- Be used by the PI or another Columbia PI on another federal award;
- Be used by the PI or another Columbia PI on another non-federal award;
- Be retained with the FMV credited back to the sponsor; or
- Be resold and proceeds returned to the sponsor.

Excess Supply Disposition

Excess supply disposition activity will occur during federal project closeout if the estimated FMV of total reusable supplies purchased on an award exceeds \$5,000 and the PI does not have another active federal or non-federal award. See Section 200.314 (Supplies) of the Uniform Guidance. SPF will estimate the value of residual supplies at project closeout using an algorithm that considers the date of purchase, amount, depreciation of computer equipment, and supply type (i.e., non-reusable supplies such as reagents and gases). If this amount exceeds \$5,000, SPF will contact the DA to confirm disposition.

Additional Information and resources

For questions related to the financial administration and closeout of specific sponsored projects, please contact your department's SPF Manager. A PM assignment list is available at:

https://www.finance.columbia.edu/sites/default/files/content/Finance%20Documents/SPF/SPF_Department_Portfolio_by_Project_Manager.pdf

Additional information about the Uniform Guidance can be found at:

<https://research.columbia.edu/uniform-guidance>

Columbia University's Sponsored Projects Handbook provides additional information about research administration:

<https://research.columbia.edu/system/files/EVPR/SponsoredProjectsHandbook.pdf>

Information about the quarterly financial review of sponsored projects can be found at:

<http://finance.columbia.edu/content/quarterly-financial-review>

When modified, subsequent versions of this document can be found at:

https://www.finance.columbia.edu/sites/default/files/content/Finance%20Documents/SPF/financial_closeout_reference_guide.pdf

Additional information about Sponsored Projects Finance can be found at:

<https://www.finance.columbia.edu/content/sponsored-projects-finance-0>