

SPONSORED PROJECT CLOSE-OUT/PAYMENT COLLECTION GUIDELINE

Purpose: To provide guidance to assist Principal Investigators (PI's), Award Managers, UAB research/fiscal administrators in close-out, invoicing, and payment collection on completed and/or discontinued extramurally-sponsored projects.

Background: **As a result of the increasingly complex and varied** awards that flow through the UAB research enterprise, it has become necessary to more clearly delineate specific roles and responsibilities for award invoicing, payment collection, and close-out. As a major recipient of federal, state, and local research funding, UAB has a responsibility to effectively and efficiently close out extramurally-sponsored projects and collect on all outstanding account receivables in a timely and accurate manner. This can only be accomplished when PI's, Award Managers, research administrators, and contract/grant administrators and accountants work together. It is the responsibility of the PI and Award Manager to responsibly perform all required tasks/deliverables and appropriately allocate costs to an award over the life of the grant/contract consistent with the approved budget of the sponsor and the initial grant/contract awarding documents including any mutually agreed to amendments or modifications. The Office of Sponsored Programs (OSP) is responsible for the administration of all aspects of the grant/contract proposal review, electronic submission, grant/contract awards management, and contract negotiation with sponsors on behalf of UAB. Grants & Contracts Accounting (GCA) is responsible for managing the post-award accounting, fiscal compliance, and reporting for UAB's sponsored grants and contracts. Most sponsoring agencies require that closeout documents be submitted within a maximum of 90 days of the last day of the agreed-upon period of performance. This guideline will help facilitate resolution of all outstanding financial issues related to sponsored projects within a timeframe that allows both OSP and GCA to properly close accounts within sponsor deadlines and promote efficient collection of all account receivables.

Definitions:

AR – accounts receivable

LOC – letter of credit

FFR – sponsors final financial report/invoice

ER – effort report

GRI – grant related income

VCS – voluntary cost sharing

MCS – mandatory cost sharing

PI – principal investigator

Award Manager – the person fiscally responsible for the project

GCA – grants and contracts accounting; post-award accounting

OSP – grants and contracts administration; pre-award and post-award, non-fiscal, administration

NCE – no cost extension

Scope: This guideline applies to the following individuals on campus who are assigned accountability/responsibility for closeout-related functions. These individuals include but are not limited to Principal Investigators (PI), Award Managers, Department Administrators, Fiscal Officers, Deans, and personnel in GCA and OSP.

Closeout notifications and NCE's: Extramurally-sponsored projects will be closed out in a timely and accurate manner to be compliant with sponsor reporting requirements and internal deadlines. To accomplish this, **GCA will first notify the PI and Award Manager of the project(s) ending 125 days prior to the end date and subsequently at days 95, 65, and 35 prior to the end date.** If needed, a request for a no-cost extension (NCE) of the project end date should be submitted to OSP to be co-signed and forwarded to the program sponsor during this period. If the NCE request has not been approved by the program sponsor before the end date, departments may proceed "at-risk" beyond the end date by completing an "at-risk" form and receiving GCA approval, however, closeout procedures will go into effect in order to comply with the reporting requirements of the sponsor. If no NCE is approved and an "at-risk" extension is not granted, all charges to the affected accounts should cease as of the final date of the original period of performance.

Final expenditure postings: The PI and Award Manager will have 30 days prior to the FFR due date to communicate to GCA any outstanding expenditure (to include outstanding sub-recipient payments) or issues that are pending; otherwise, GCA will assume all expenditures posted to the grant are final. Even for accounts with unresolved allocability issues, FFR's will be sent no later than the final due date. When appropriate, GCA will address any unresolved issues through a revised FFR. These FFR's will only be revised for amounts greater than \$1000 in additional charges and will not be revised until 6 months after the original FFR was sent. However, they will be revised for any amount if the net result is a credit due back to the sponsor.

Procedures/responsibilities for account closeout: The following procedures should be completed by PI's and Award Managers prior to the closeout. GCA responsibilities in this process are outlined below.

1. PI's and/or Award Managers will verify all salary/labor distributions for accuracy by the end of the project period. Salary transactions that post within the final 30 days of the project period may be adjusted within the first 30 days following the end of the project period. All reasonable efforts should be made to reconcile any effort report certifications that occur after the end of the project period due to UAB's scheduled quarterly certification process.

2. All open commitments must be liquidated or closed 30 days prior to the FFR due date. University Purchasing will be available to work with grant administrators to close-out open commitments. In cases where purchases have been processed and paid but open commitments remain due to costing differences, the grant administrator must notify the University Purchasing department, by sending a request in writing or via e-mail, to "Finally Close" the affected purchase order. The University Purchasing

department will be responsible for closing out open commitments within 10 days from the date the notification is received from the grant administrator. The notification should also indicate that the purchase has been delivered.

3. It is the collective responsibility of GCA, PI's, Award Managers, and departmental fiscal managers to ensure effective and timely processing of appropriate cost transfers. Best efforts should be made to ensure all cost transfers are submitted and approved by the end of the project period, except for transactions that posted within the final 30 days of the project period. Cost transfers submitted more than 30 days after the project period closes will be reviewed on a case-by-case basis for allowability. GCA reserves the right to reject all cost transfer requests submitted more than 60 days after the project period ends.

4. When applicable, mandatory cost-sharing obligations should be funded and all appropriate expenses charged to the appropriate cost-share task by the end of the project period.

5. All sub-recipient payments must be paid 30 days prior to the FFR due date. PI's/Award Managers are expected to promptly process sub-recipient payment approvals and notify GCA when payments are made or if sub-recipients do not meet deadlines for submitting invoices.

6. Responsibility for billing/invoicing sponsors and collecting receivables is based upon the following award distinctions:

- a. GCA is responsible for billing and collections for all Letter of Credit (LOC) projects.
- b. GCA is responsible for billing and collections for all federal pass thru/reimbursement projects that do not require milestone-based deliverables.

7. Responsibility for billing/collection of fixed-price contracts will vary as follows:

- a. GCA will be responsible for billing and collections for scheduled payment projects.
- b. The PI and Award Manager will be responsible for billing and collections for per patient/visit and milestone contracts.

8. Any changes or exceptions to the responsibilities outlined for billing and collection in 6. and 7. above will require approval by a designated representative of the appropriate UAB School/Department and subsequent written notification to GCA within 30 days of the notification of award.

9. Cost overruns will be closed to the VCS account of the appropriate department.

10. When a sponsor requires a final invention statement and/or a final scientific report, the PI is responsible for submitting this documentation to the sponsor after internal routing and approval by OSP. For scheduled payment projects (7.a. above) GCA will send email notification to appropriate PI/Award Manager as a reminder as to when interim or final FFR's are due.

11. GCA is responsible for submitting all FFR's to the appropriate sponsor by contractual due dates. In the few cases that PI signature is required on a FFR, GCA will submit to the PI at least 10 days prior to FFR due date. PI will sign and return to GCA at least 5 days prior to FFR due date.

12. Unspent balances generally are returned to the sponsor after submission of the FFR. However, for those fixed price contracts that allow unspent balances to be retained by the University, GCA will transfer the residual balance per a completed residual certification form found at

<http://www.uab.edu/images/finance/vpad/pdf/grantsacct/residual%20letter.pdf>

Past Due Accounts: Efficient and effective collection of past-due accounts is a high priority for all parties involved in UAB externally-funded research. For all sponsored projects billed by GCA, GCA is responsible for collection efforts. When receivables from a sponsor are "past due" (defined as 90 days from the invoice date), GCA will immediately begin pro-active collection efforts. **For accounts where GCA is responsible for billing/invoicing/collecting, GCA will be required to demonstrate "due diligence" in collection activities.** "Due diligence" should include, at a minimum, at least 2 documented instances where email and/or phone contact with the appropriate sponsor has been made within the first 90 days. If no response is received from the sponsor for collections >90 days past due, GCA will alert the PI and Award Manager for assistance in collecting this debt. When contacted, the cognizant PI and Award Manager are both expected to work with GCA, as appropriate, to follow up with the sponsor and assist in effecting payment. PI/award manager efforts should include, but not be limited to, a minimum of 2 documented instances via email and/or phone within 30 days to appropriate program sponsors.

For accounts where PI/Award Managers are responsible for billing/invoicing/collecting, Award Managers are responsible for initiating collection efforts as outlined above. PI's are encouraged to seek assistance of GCA when collection efforts falter.

For accounts receivable on sponsored projects from entities that ceased operations or refused to pay at any point during the project period, proper notification to GCA and OSP should be made promptly so that appropriate corrective action and/or closeout/collection plans can be instituted immediately.

Past Due Accounts – over 120 days: Once a PI, Award Manager, and/or GCA determines that all reasonable collection efforts have failed and an account is past due over 120 days, or they become aware of an unrecoverable grant/contract, the billing

authority or PI/Award Manager shall convene a meeting to discuss a plan of action within 30 days of discovery. At a minimum, the PI, GCA, Award Manager, School Dean/Fiscal Officer, and Office of Legal Counsel should participate in developing an appropriate action plan to recover outstanding balances. GCA will provide a list of accounts receivable over 120 days to the Vice President for Development, Alumni and External Relations for review to ensure GCA collection activities are coordinated appropriately with accounts that involve philanthropic organizations.

Cost of unrecoverable receivables: Final responsibility for covering the cost of unpaid receivables will be addressed on a case-by-case basis. In general, parent School/departments/units bear financial default risk on most externally-funded projects. However, cognizant UAB billing/invoicing/collection entities (GCA, PI/Award Manager, UABRF) are responsible for covering lost receivables if appropriate collection procedures outlined above have not been met/documented and contribute to the loss. Any unresolved balance of greater than \$10,000 will be referred to the Associate Vice President for Financial Affairs and Associate Provost for Administration and Finance for final adjudication.

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