

# Uniform Guidance – 200.343

## Reporting and Closeout

*(UG and Recent Enforcement of  
Closeout Deadlines)*

FDP

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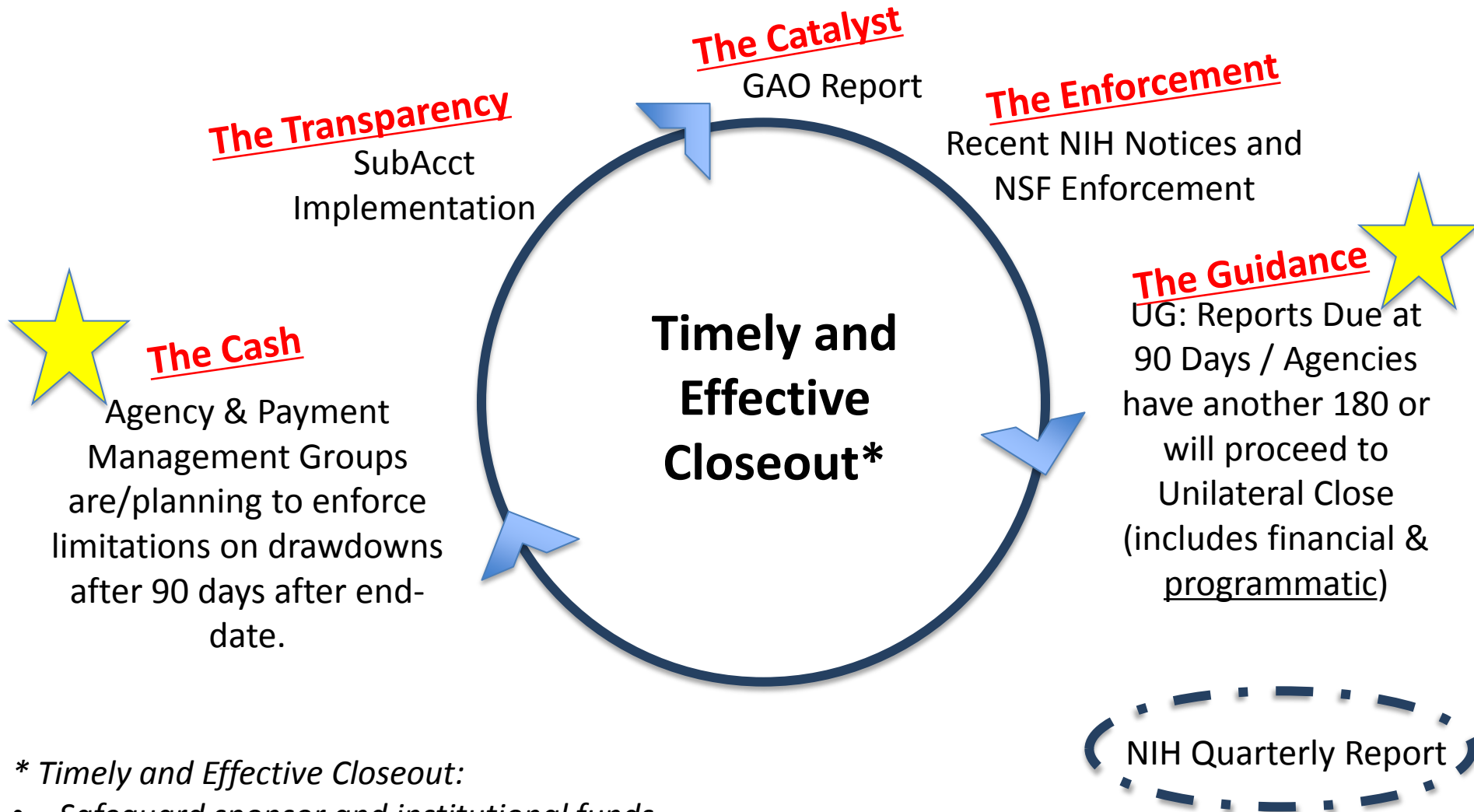
May 12, 2014

# 1:00 Session – Closeout Reporting

- Topic: Uniform Guidance – 200.343 Reporting and Closeout
  - *(Current Description): With the advent of the UG and recent enforcement efforts by multiple sponsors, this session will focus on the timing of FFR submissions and the potential impact on areas such as; LOC draws, resource workload management, subrecipient management, internal controls, general ledger closing and other challenges that face both the grantees and federal agencies during UG implementation. We will also discuss NIH's recently released Notice (NOT-OD-14-084) entitled "NIH Updating Grant Closeout Policies and Procedures to Align with New HHS Requirements".*
  - *Speakers: Jim Luther – Duke University, Michelle Bulls – NIH, & Dan Evon – Michigan State*

Note: NSF and DoD are also in attendance

# Closeout, Final Reporting, Cash Draw Process & SubAcct Integration




\* *Timely and Effective Closeout:*

- *Safeguard sponsor and institutional funds*
- *Accurate & compliant FFR that does not require revisions*

# Uniform Guidance: § 200.343 Closeout

- (a) The non-Federal entity must submit, no later than 90 calendar days after the end date of the period of performance, **all financial, performance, and other reports** as required by or the terms and conditions of the Federal award. The Federal awarding agency or pass-through entity may approve extensions when requested by the non-Federal entity.
- (b) Unless the Federal awarding agency or pass-through entity authorizes an extension, a non-Federal entity must liquidate all obligations incurred under the Federal award not later than 90 calendar days after the end date of the period of performance as specified in the terms and conditions of the Federal award.
- (g) The Federal awarding agency or pass-through entity should complete all closeout actions for Federal awards no later than one year after receipt and acceptance of all required final reports.

# The “Catalyst” and “Enforcement”

- GAO Report on Closeouts (July 2012)
    - <http://www.gao.gov/assets/600/592995.pdf>
      - GAO identified more than \$794 million in funding remaining in expired grant accounts (accounts that were more than 3 months past the grant end date and had no activity for 9 months or more) in the Payment Management System (PMS)
- 
- HHS-PMS Grant Expiration Frequently Asked Questions (90 Day Closeout) – 2/15/2013
    - [http://www.dpm.psc.gov/awarding\\_agency/pms\\_grant\\_expiration\\_fa/pms\\_grant\\_expiration\\_fa.aspx?explorer.event=true](http://www.dpm.psc.gov/awarding_agency/pms_grant_expiration_fa/pms_grant_expiration_fa.aspx?explorer.event=true)
      - PMS will hold payment request until agency authorizes for draws after 90 days
  - NIH Domestic Awards to Transition to Payment Management System Subaccounts in FY 2014 (9/3/13) - NIH Notice NOT-OD-13-112
    - <http://grants.nih.gov/grants/guide/notice-files/NOT-OD-13-112.html>
      - NIH would transition to SubAcct reporting starting on 10/1/13 (this was subsequently delayed to 10/1/14 by Notice 13-120)
      - Final reports are due 90 days after end-date
      - PMS “will now hold payment requests for funds in subaccounts for awards that are 90 days or more beyond the project period end date”

Background

# The “Catalyst” and “Enforcement” (continued)

- NIH Domestic Awards to Transition to Payment Management System Subaccounts in FY 2014 and FY 2015 (September 26, 2013)
  - <http://grants.nih.gov/grants/guide/notice-files/NOT-OD-13-120.html>
    - Transition to SubAcct reporting (initially conveyed via 12-112) would be delayed until 10/1/14
    - Frequently Asked Questions – Payment (PMS Subaccount)
      - <http://grants.nih.gov/grants/payment/faqs.htm#3781>
- NIH Updating Grant Closeout Policies and Procedures to Align with New HHS Requirements (April 24, 2014)
  - <http://grants.nih.gov/grants/guide/notice-files/NOT-OD-14-084.html>
    - All reports required for closeout must be submitted no later than 90 days after the project end date.
    - Clarifies when Agency can proceed to a unilateral closeout if the grantee is non-communicative
    - Includes FAQ’s to clarify aspects of the Notice [http://grants.nih.gov/grants/closeout/faq\\_grants\\_closeout.htm](http://grants.nih.gov/grants/closeout/faq_grants_closeout.htm)

New

# NIH Updating Grant Closeout Policies and Procedures to Align with New HHS Requirements

(NIH Notice Number: NOT-OD-14-084 // April 24, 2014)

**New**

- **Purpose:** inform grantees that NIH will revise certain policies and procedures in the closeout of NIH grants and cooperative agreements to strengthen accountability, monitoring and oversight of closeout activities for grants with project end dates after **September 30, 2014**.
- **Background**
  - HHS directed Agencies; NIH will revise its policies and procedures to align with that guidance and improve administrative efficiencies in its closeout processes.
  - No changes....to initiate a one-time, no-cost extension...
  - In addition, all final reports needed to close a grant (financial, progress, and inventions statement/certification when applicable) ... due within 90 days
- **Anticipated Changes**
  - Anticipated changes will focus on condensing the timeframe for reconciling discrepancies between financial expenditures & cash transactions reports & for resolving other post-submission issues affecting acceptance of the FFR.

**New**

# NIH Updating Grant Closeout Policies and Procedures to Align with New HHS Requirements

(NIH Notice Number: NOT-OD-14-084 // April 24, 2014)

- **Anticipated Changes - *continued***
  - Grantees.... ensuring that the balances of expenditures and unobligated funds reported on the final expenditure FFR match those amounts as reported in the last federal cash report submitted to PMS.
  - New HHS policy stipulates that if the NIH cannot undertake a “bilateral closeout”—i.e., closeout with the cooperation of the grantee—within 180 days of the project end date, it must initiate “unilateral closeout”—i.e., closeout without receipt of acceptable final reports—or for those grantees that are not in compliance with the policy.
  - It is important to note that for financial closeout, if a grantee fails to submit a final expenditure FFR, new HHS policy directs NIH to close the grant using the last recorded cash drawdown level.



# NIH Updating Grant Closeout Policies and Procedures to Align with New HHS Requirements

(NIH Notice Number: NOT-OD-14-084 // April 24, 2014)

- [http://grants.nih.gov/grants/closeout/faq\\_grants\\_closeout.htm](http://grants.nih.gov/grants/closeout/faq_grants_closeout.htm)
- A. General Questions
  - [What is closeout? What is bilateral closeout? What is unilateral closeout?](#)
  - [How can I find out which grants at my institution are about to end and will require closeout?](#)
  - [What if we need more time to complete the project? Can the grant be extended?](#)
  - [What reports are required of grantees for closeout?](#)
- B. Preparing and Submitting Reports
  - [How long do we have to submit final reports? Where can I find instructions on what to include in each report? How do I submit the final reports to NIH?](#)
  - [Does the final quarterly cash transaction report need to be submitted to PMS at the same time we submit the final expenditure FFR \(SF425\) to NIH?](#)
  - [What are some potential reporting problems we should check before submitting the Final expenditure FFR?](#)
- C. Unilateral Closeout and Compliance-related Questions
  - [What will happen if we do not submit a Final Progress Report \(FPR\)?](#)
  - [What will happen if we do not submit a final expenditure Federal Financial Report \(Final FFR\)?](#)
  - [What will happen if there are discrepancies between the amount of total expenditures reported on our Final expenditure Federal Financial Report \(FFR\) and the last federal cash](#)

**New**

# National Science Foundation (NSF) Proposal & Award Policies & Procedures Guide (PAPPG) - EFFECTIVE DECEMBER 26, 2014

- **E. Award Financial Reporting Requirements - Final Disbursement Reporting (page III-7)**
  - 2. Grantees must liquidate all obligations incurred under their awards not later than 90 calendar days after the award end date
  - 3. NSF will financially close awards 90 days after the award end date and the award will be removed from the ACM\$ payment screen for active awards.
  - 5. Post Closeout Adjustments and Continuing Responsibilities. NSF will make settlements for any upward or downward adjustments to the Federal share of costs after the award financial closeout within the following time limits:
    - Upward adjustments may be submitted through ACM\$ for up to 15 months after the financial closeout date of the award.
    - Downward adjustments may be submitted through ACM\$ until the appropriation funding the award cancels...

# NSF Enforcement

From: McDaniels,Chasio [<mailto:CMCDANIE@nsf.gov>]

Sent: Tuesday, March 04, 2014 12:25 PM

To: \_\_\_\_\_

Subject: Post Award Adjustment

SAMPLE

Sir or Ma'am,

Your university was temporarily given a post award adjustment for a past award. However, the Division of Institution and Award Support (DIAS) is responsible for making the final determination as whether these adjustments should be permanently allowed. Please read the memorandum attached and forward all supporting documents for the post award adjustment back to me no later than March 31, 2014.

Please let me know if you have any questions.

Chasio Mc Daniels

Cost Analysis and Audit Resolution

Division of Institution and Award Support

(703) 292-4582

# **Joint FDP/COGR/Federal Partners Meeting April 14, 2014**

See May 7, 2014 email from David Wright  
(attachment: UG Whitepapers\_FDP.PDF)

# **April 14, 2014 - Joint FDP/COGR/Federal Partners Meeting**

## **Uniform Guidance: § 200.343 Closeout (Challenges / Barriers)**

- **Resource workload management:**
  - Universities are staffed to manage steady-state / “Peak” issues can occur between pre and post & at common project end dates
- **Subrecipient monitoring responsibilities**
  - Invoices due at day 60 (per FDP template) could easily require more than an additional 30 days to address administrative/financial subrecipient monitoring issues
- **Complex Grants**
  - Complex grants often have multiple internal and external subawards that the prime recipient will need to manage/coordinate and oversee in day 60 – 90.

# **April 14, 2014 - Joint FDP/COGR/Federal Partners Meeting**

## **Uniform Guidance: § 200.343 Closeout (Challenges / Barriers)**

- **Subagreement Management**
  - International invoice management (coordination, receipt, reconciliation)
  - Some invoicing is complex and is tied to milestones/other data points
  - If there is not adequate time, the unintentional outcomes could include:
    - Shortening of period of performance
    - Universities may have to select research partners more based on their ability to bill timely than quality of science
- **Ledger management for closing and payroll posting**
  - Timing of ledger closing processes (e.g. payroll and month-end) will mean that IT adjustments will need to be made either in closeout process or in expanding functionality of reporting;

# April 14, 2014 - Joint FDP/COGR/Federal Partners Meeting

## Uniform Guidance: § 200.343 Closeout

- **Potential Impact**

- FFR (Poor quality and Increased need for Revised FFR's)
- Loss of revenue
- Research: shortened period of performance, more faculty burden, not selecting a sub based on best research (but ability to bill with 60 days)

- **Technology**

- Change their current LOC process from several times/month to daily; this has implications for both IT resourcing as well as staffing in the central office
- Create workflow systems to route closeout docs, review FFRs, etc. With a tight timeframe of 90 days, universities will be hard-pressed to have adequate time to route via a paper process...

# DHHS Closeout Data

(Justification for closeout exceptions)

University		1	2	3	4
Complex Projects	(a)	373	24	227	250
Standard Projects	(b)	705	427	618	780
Total DHHS Projects	(c)	1078	451	845	1030
Complexity %	(d)	34.60%	5.32%	26.86%	24.27%

(a) Includes Program Projects (P Series), Cooperative Agreements (U series), CTSA Award, awards with subagreements and other projects deemed complex by the grantee

(b) All other active projects that are not deemed complex by the grantee. Note (c) - (a) = (b)

(c) Total active projects from the DHHS Quarterly FFR (includes both G and P accounts)

(d) The percentage of total projects that contain complex features/issue which frequently add additional time to the financial closeout process.



# **One University's Preparation Process (Duke University)**



# One University's Preparation Process (Duke University)

- Conduct “Readiness” analysis of upcoming end-dates (big months: March, April, June, May?)
- Determine if internal business process and policies need to be revised.
- Evaluate impact on training & education (faculty and staff)

# One University's Preparation Process (Duke University)

- Determine if internal business process and policies need to be revised.
  - Considerations: Lead time for changes, breadth and depth of stakeholder impact, risk, PI Irritation, Departmental disruption
  - Areas to Consider:
    - Analysis of current “late” postings
    - Internal billing (shared resources, clinical systems, student systems, etc.)
    - Peer invoicing timeliness
    - FFR policy (approval routing and revisions)

# One University's Preparation Process (Duke University)

- Preparation... continued
  - Cost Transfer policy
  - Procurement Terms and Conditions (OSA, etc.)
  - NCE Management
  - Closeout Process 
  - Sponsored Programs Billing & Reporting
  - Improved LOC Draw process 
  - Role of Parent on Closeout
  - Tracking of Programmatic and Administrative Reports
  - Management Reporting

# Prepared for April 14, 2014 *(includes post meeting updates)*

## Joint FDP/COGR/Federal Partners Meeting

- **Alternatives to Consider:**

- Work with agencies to either extend closeout to 180 days or develop a consistent way for institutions to request deviations in a non-punitive/non-burdensome manner that is clear to external and internal auditors and doesn't result in audit findings.  
“Extending Closeout” includes both financial reporting and drawdown of cash.
- Ensure that agencies are harmonized in their application of deadlines for reporting and cash-draw process.
- Work with FDP Sub Award group to determine if the standard terms needed to be adjusted to support any change.
- Consider the timing of implementation of this requirement to allow institutions adequate time to make necessary technology, policy, business process, and resource changes as it will likely be significant.

# Discussion