Research Administration Practices (RAP) Sessions

Financial Closeout of Sponsored Projects

June 24, 2020

Tyler Brezler, Financial Officer, Department of Chemistry
Jamie Goldberg, Team Manager, Grant and Contract Administration, RAS
Virginia Johnson, Accounting Officer, VPF - Sponsored Accounting
Carole Trainor, Senior Research Administration Support and Education Specialist, VPR
Agenda

RAP Sessions: Targeted skills based educational offerings open to the Research Administration community at MIT. Information gathered and shared with attendees can be taken back to their desks and applied immediately.

Welcome and Introductions
Regulations, Policy and Terms
Award Closeout Timeline
Pre-Expiration Planning – DLC Best Practices
Award Expiration – VPF Audit & Email Notification
Audit Corrections and Adjustments
Final Financial Report & Award Closeout Finalization
Introductions

Tyler Brezler, Financial Officer, Department of Chemistry

Jamie Goldberg, Team Manager, Grant and Contract Administration, RAS

Virginia Johnson, Accounting Officer, VPF - Sponsored Accounting
The focus of our session is on financial closeout processes, policies and best practices.

Financial closeout of a sponsored project

Good closeouts come from good monitoring

Begin with the End in Mind
Regulations: Award Closeout

Uniform Guidance, 200.343 Closeouts
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.

• Uniform Guidance put pressure on the agencies to ensure all reports are received no later than 90 calendar days after the end date.

• **When we are a sub, we have 60 days** (or less depending on the subaward terms) to close out the award and submit all reports.

• Consequences: MIT will not be reimbursed for late posting charges.
Every federal award is subject to federal regulations, including OMB’s Uniform Guidance.

MIT policy aligns with federal regulations and ensures that they are applied consistently across the Institute. MIT Standard Terms (apply unless Sponsor specifies otherwise).

Federal agencies each implement the federal regulations according to their own, agency-specific terms. See Federal Terms and Conditions for lists by Sponsor and Type.

Special terms and conditions in the Agreement may further restrict the terms of the award.

For information on Waived or Required Terms by Sponsor see: Research Terms and Conditions Prior Approval Matrix (Appendix A)
Award Closeout Terms and Requirements

Agreement terms and requirements vary by sponsor, program and award type. To manage the award and prepare for closeout, it is critical for PIs and DLC research administrators to carefully read the agreement and sponsor guidelines.

**Kuali Coeus** is the system of record for sponsored agreements at the institute. Data from KC feeds to SAP and the Data Warehouse.
# KC Award: Data feed to SAP

<table>
<thead>
<tr>
<th>KC Award</th>
<th>SAP</th>
</tr>
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<tbody>
<tr>
<td>WBS Element</td>
<td>Account ID</td>
</tr>
<tr>
<td>Lead Unit</td>
<td>Profit Center</td>
</tr>
<tr>
<td>PI/PD</td>
<td>Supervisor</td>
</tr>
<tr>
<td><strong>Unit Administrator:</strong> ADMINISTRATIVE OFFICER or <strong>OTHER _INDIVIDUAL_TO_NOTIFY</strong></td>
<td><strong>Addressee</strong>&lt;br&gt;<em>limit to one addressee; receives SAP 001s</em></td>
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<tr>
<td>F&amp;A Rate Type</td>
<td>Costing Sheet</td>
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<td>On/Off Campus</td>
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<tr>
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<td>Agreement Type</td>
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<td>WBS Begin Date</td>
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<td>Obligated Distributable Amount</td>
<td>Authorized Total</td>
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<tr>
<td>Obligated End Date</td>
<td>WBS expiration date</td>
</tr>
</tbody>
</table>
Final Financial Reporting Closeout Timeline

Award Monitoring
Pre-Expiration planning and preparation

VPF Sponsored Accounting
Email notifications; Audit and Adjustments

Award Closed;
Final Financial Report

90 days prior
60 days prior
30 days prior
30 days after
60 days after
90 days after

Research Administration Practices (RAP) – Financial Closeout of Sponsored Projects
Review KC Award

Review the KC Award, sponsor Notice of Award and amendment to understand terms and conditions for managing the award and requirements for closeout, including:

• Start date for spending and Project end date
• Funding levels – obligated (currently available) and anticipated (current & future)
• Sponsor (Prime Sponsor – are we a Sub?)
• Subawards
• Payment Basis and Method
• Reports and deadlines
• Prior approvals and restrictions
• F&A Rate
• Cost Sharing commitments
• Fabricated equipment
• Award Hierarchy (Parent & Child accounts)
KC Award overview

Research Administration Practices (RAP) – Financial Closeout of Sponsored Projects

Award Effective Date: 08/07/2019
Federal Award Date: 07/31/2024
Execution Date: Anticipated Amount: $1,466,883.00

Obligation Start Date: 08/07/2019
Obligation End Date: 07/31/2021
Modification Date:
Obligated Amount: $1,466,883.00
### Period of Performance and Sponsor

**Institution**

<table>
<thead>
<tr>
<th>Award ID:</th>
<th>00001</th>
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<tbody>
<tr>
<td>Version:</td>
<td>3</td>
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<tr>
<td>Award Status:</td>
<td>Active</td>
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<tr>
<td>Account ID:</td>
<td>6942989</td>
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**Sponsor**

<table>
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<tr>
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<tr>
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<td>Subaward #</td>
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<tr>
<td>Modification ID:</td>
<td></td>
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<tr>
<td>FAIN ID:</td>
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**Prime Sponsor**

<table>
<thead>
<tr>
<th>Prime Sponsor ID:</th>
<th>000340</th>
</tr>
</thead>
<tbody>
<tr>
<td>NIH</td>
<td></td>
</tr>
</tbody>
</table>

**NSF Science Code**: Chemistry - Physical Sciences: F02

**Federal Award Year**:  

### Time & Money

<table>
<thead>
<tr>
<th>Award Effective Date:</th>
<th>07/01/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project End Date:</td>
<td>06/30/2025</td>
</tr>
<tr>
<td>Federal Award Date:</td>
<td></td>
</tr>
<tr>
<td>Execution Date:</td>
<td>06/18/2020</td>
</tr>
<tr>
<td>Anticipated Amount:</td>
<td>1,737,385.00</td>
</tr>
</tbody>
</table>

| Obligation Start Date: | 07/01/2020 |
| Obligation End Date:   | 06/30/2021 |
| Modification Date:     |            |
| Obligated Amount:      | 347,477.00 |

A Prime Sponsor indicates we are a Sub
KC: Payment, Reports and Terms

Document was successfully reloaded.

- Payment Basis and Method
- Terms & Prior Approvals

Research Administration Practices (RAP) – Financial Closeout of Sponsored Projects
**KC Payment Basis and Method**

Most MIT awards are “Cost Reimbursement” basis – Payment method may vary

Examples: MIT standard Research agreement, NIH/NSF grants

<table>
<thead>
<tr>
<th>Payment &amp; Invoices</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Payment Basis:</strong></td>
</tr>
<tr>
<td><strong>Payment Method:</strong></td>
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</table>

<table>
<thead>
<tr>
<th>Payment &amp; Invoices</th>
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</thead>
<tbody>
<tr>
<td><strong>Payment Basis:</strong></td>
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<td><strong>Payment Method:</strong></td>
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</table>

<table>
<thead>
<tr>
<th>Payment &amp; Invoices</th>
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<tbody>
<tr>
<td><strong>Payment Basis:</strong></td>
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<td><strong>Payment Method:</strong></td>
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<table>
<thead>
<tr>
<th>Payment &amp; Invoices</th>
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<tbody>
<tr>
<td><strong>Payment Basis:</strong></td>
</tr>
<tr>
<td><strong>Payment Method:</strong></td>
</tr>
</tbody>
</table>
Payment: Amount, method, schedule and unexpended balance

• What happens to unexpended funds at the end of the project?

5. PAYMENT.

A. AMOUNT AND TIMING. Payment(s) shall be made monthly to MIT by the Sponsor upon execution of this Agreement and within thirty (30) days of receipt of an associated monthly invoice.

B. FINAL ACCOUNTING. A final financial accounting of all costs incurred and all funds received by MIT hereunder, together with a check for the amount of the unexpended balance, if any, shall be submitted to the Sponsor within ninety (90) days following the Completion Date or termination of this Agreement.
Sponsored Billing Process

RAS creates WBS and establishes the **Payment Type/Billing Method** in the KC Award

Methods of invoicing
- **Cost Reimbursable**: Billing expenses that have occurred in the prior month(s)
- **Letter of Credit**: Draw down (used by many government sponsors)
- **Scheduled Billing** (i.e., Monthly, Quarterly, Annually) based on contract requirements rather than actual project costs. Per the agreement, some scheduled amounts may not be invoiced until your DLC meets certain milestone goals for the research you are conducting.

Automatic payment method
- No billing occurs, sponsor automatically sends funds to MIT based on a schedule agreed upon by OSP and credited directly to WBS
- ⚫ VPF does not generate a cost reimbursable invoice or draw down our letter of credit until expenses post to the WBS

Learn more about Sponsored Billing: [https://vpf.mit.edu/sponsored-billing-procedures](https://vpf.mit.edu/sponsored-billing-procedures)
## KC Award Terms

Equipment, Invention, Prior Approvals, Property, etc., will be followed by a number indicating how many term codes are listed. May cite **Standard Agency Terms apply.** MIT Standard Terms apply if sponsored agreement is silent.

### Equipment Approval Terms (2)

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>16: Technical equipment may be purchased without approval</td>
</tr>
<tr>
<td>2</td>
<td>5: General purpose items may not be purchased without prior approval</td>
</tr>
</tbody>
</table>

### Invention Terms (1)

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>show</td>
<td></td>
</tr>
</tbody>
</table>

### Prior Approval Terms (8)

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<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2: Prior approval required for substantive changes in SOW</td>
</tr>
<tr>
<td>2</td>
<td>5: Prior approval required for change in key personnel</td>
</tr>
<tr>
<td>3</td>
<td>3: Prior approval required for absence and/or change of PI</td>
</tr>
<tr>
<td>4</td>
<td>11: Grants Officer must be notified within 10 days of exercise of single no-cost extension</td>
</tr>
<tr>
<td>5</td>
<td>6: Prior approval required for transfer of award to another institution</td>
</tr>
<tr>
<td>6</td>
<td>7: Prior approval required for no-cost extensions; see award for details and deadlines.</td>
</tr>
<tr>
<td>7</td>
<td>4: Prior approval required for alteration and/or renovation costs</td>
</tr>
<tr>
<td>8</td>
<td>15: Carryforward of unexpended funds in excess of 25% of the current period obligation (or $250,000 whichever is less) will be questioned and must be justified</td>
</tr>
</tbody>
</table>

### Property Terms (1)

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>7: Title to MIT; sponsor may require transfer within 120 days of expiration</td>
</tr>
</tbody>
</table>

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Research Administration Practices (RAP) – Financial Closeout of Sponsored Projects
Monitor award to make sure the correct overhead rates are applied through the lifecycle of the award.
Child accounts may be set up for interdepartmental collaboration, Fabricated Equipment, Cost Sharing, Participant Support or future increments
Early Terminations and Transfers

If the sponsor sends a termination or stop work notice:
   Usually looks like an official letter.
   Tell RAS immediately even if they were copied.
   Special things may need to happen.

If the PI is leaving:
   Work with RAS to terminate or transfer all awards - Different sponsors have different requirements.
   More notice is better.
   PI may need to submit final report of activities at MIT.
DLC Best Practices - Pre-Expiration

- Review KC and sponsor **Notices of Award** & amendments to understand sponsor terms & conditions for compliance
- Review **Cost Sharing** and child account set up
- Review accounts and **Salary Charges** with PIs regularly and perform timely projections
- Review and close out aging **PO commitments** on a regular basis
- Perform monthly **Financial Review & Control** to continually audit each account (frc.mit.edu)
Special Circumstances

- On interdepartmental projects, communicate and provide transparency to other DLCs
- Monitor fabricated equipment accounts and ensure completion of fabrication (VPF Property Office)
- Monitor Cost Sharing
- Stay in touch with subawardees to ensure consistent invoicing and project progress
- Reach out to Sponsored Accounting prior to account closeout
Pre-Closeout Notice Automated Email

On the 10\textsuperscript{th} day of each month, automated email is sent to people with Roles Database NTFY (notify) authorization: \textbf{WBS Closeout PC}

It is a reminder to identify closing awards

\textbf{See}

---

Front: PreCloseout@mit.edu
Send: Saturday, March 10, 2018 8:33 AM
To: Margaret L. Bryan
Subject: Pre-Closeout Notice Automated Email

Good Day,

We are contacting you in order to assist with the timely closeout of your expiring WBS accounts. While no immediate action is required, we hope this information will help you in preparation for closeout.

Please follow the link below to view your accounts that are closing within the next 90 days:

\url{http://val.mit.edu/static/wbs}

Below are some best practice actions that you should take as you review the activity on your accounts. These actions will help ensure a timely financial report submission:

\begin{itemize}
  \item Remember that any cost transfers should reflect research effort rather than budget.
  \item Note that during the final audit process, Sponsored Accounting will review the F&A and TD rates applied to the project and make any needed corrections. Since a problem in the F&A or TD rates can have a major financial impact on the funds available in a project, it is important to review these rates regularly during the lifetime of the award.
  \item Please remember that other MIT departments will also have steps to complete before the closeout deadline. As such, your completion of these requirements is the vital first phase of the closing process. Thank you very much for your cooperation and timely attention to this important process.
\end{itemize}

DLC Best Practices: \url{http://val.mit.edu/sponsored-accounting-14-00920W65%20Closeout%20Highlights}

In order to meet sponsor requirements, the financial closeout process, including submission of required final reports, must be completed promptly after the end date of each agreement.
Which Accounts Are Closing?

• Run the Expiring WBS Projects Report:
  ➢ http://vpf.mit.edu/static/wbs

This report shows you all cost objects with an “end date” in the next 90 days. Does not include “final end date” or actual end of project.
### Expiring WBS Projects

You may filter your list by one or more of the following, then press Reprompt:

Enter the number of days (equal to or less than 90) until expiration:

<table>
<thead>
<tr>
<th>Select Profit Center:</th>
<th>Select Supervisor(s):</th>
</tr>
</thead>
<tbody>
<tr>
<td>P069201 - Be Sub Faculty</td>
<td>Bawendi /Mouni G</td>
</tr>
<tr>
<td>P069850 - Materials Processing Center</td>
<td>Buchwald /Stephen Leffler</td>
</tr>
<tr>
<td>P151072 - Biology-Imperali</td>
<td>Cummins /Christopher C</td>
</tr>
<tr>
<td>P155644 - Biology-Rigvan</td>
<td>Danheiser /Rick Lane</td>
</tr>
<tr>
<td>P152000 - Chemistry</td>
<td>Hong /Mel</td>
</tr>
<tr>
<td>P159290 - Center For Env Health Sciences</td>
<td>Jamison /Timothy F</td>
</tr>
<tr>
<td>P243021 - Magnet Lab/Pafc - Research</td>
<td>Johnson /Jeremiah A.</td>
</tr>
<tr>
<td>P267202 - Rie - Muto/Foley Team</td>
<td>Kiesling /Laura L</td>
</tr>
<tr>
<td>P267600 - Rie - Sheehan/Sharma Team</td>
<td>Movassaghi /Mohammad</td>
</tr>
</tbody>
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Select all Deselect all

Sort by: Days Until Close

P152000

**Chemistry**

<table>
<thead>
<tr>
<th>Project WBS ID</th>
<th>Project WBS Name</th>
<th>Master Project Number</th>
<th>Supervisor</th>
<th>Sponsor</th>
<th>Prime Sponsor</th>
<th>Government Contract Number</th>
<th>Days Until Close</th>
<th>Project WBS Expiration Date</th>
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<td>6936760</td>
<td>Coherent Spectroscopy And Coherent Contr.</td>
<td>6936760</td>
<td>Nelson /Keith Adam</td>
<td>NSF</td>
<td>NSF</td>
<td>CHE-1665383</td>
<td>7</td>
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<tr>
<td>2389404</td>
<td>Palladium-Catalyzed Ortho-Trifluoromethy</td>
<td>2389404</td>
<td>Jamison / Timothy F</td>
<td>The Croucher Foundation</td>
<td>The Croucher Foundation</td>
<td>CROUCHER FOUNDATION FELLOWSHIP 2018/2019</td>
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<td>FL-000232/FL-000974</td>
<td>7</td>
<td>06/30/2020</td>
</tr>
</tbody>
</table>

Obligated End Date
90 Days to Expiration

When a project is scheduled to end, you must determine:

• Is the project actually coming to a close?
• Will enough funding remain after 90 days to necessitate a no-cost extension?
• Is the project scheduled to incur a significant overrun?
What You Need to Monitor

As a project approaches its end, pay close attention to:

- Balance
- Commitments
- Reoccurring expenses
- Service Center expenses
- Personnel paid from project
- Projections

For projects that may be continuing:

- Note future funding
- What reports are needed and when are they due?
Is the Project Actually Ending?

NO

If another budget year is expected:
• Is there a reporting requirement for the next increment of funding?
• Are there any carry forward restrictions?
• Is the sponsor providing a supplement of additional funding to extend the project?
• Do you anticipate that the next increment will be delayed?
• Should the account be extended in pending?

Research Administration Practices (RAP) – Financial Closeout of Sponsored Projects
**Carryforward Restrictions**

If the sponsor requires approval in order to carry forward a balance or overrun and:

**It’s a federal sponsor:**
- Work with RAS on how to manage the carryforward and they will communicate the request to the sponsor.

**It’s a non-federal organization (university, etc.):**
- Communicate with your contact there to make sure you understand what their requirements are; regarding deadlines, budgeting, and invoicing.

Research Administration Practices (RAP) – Financial Closeout of Sponsored Projects
Extending an Account in Pending Status

If the next increment of funding is delayed and you need to extend the obligated end date of the project for several months to continue working on the project, create a ticket in OST.

Be sure to include:
• Reason for extension
• Desired length of extension (up to three months)
• Backup discretionary account

NOTE: Putting an account in pending status will prevent invoices from going to the sponsor. Consult with RAS if this is a concern.

Research Administration Practices (RAP) – Financial Closeout of Sponsored Projects
Is the Project Actually Ending?

YES

If a No Cost Extension (NCE) is required:
• Talk to the PI about the remaining balance
• Determine the necessary length of the extension
• Are there any specific sponsor requirements?
• How will the remaining balance be budgeted?
• What work will be performed during the extension?
• Create an OST ticket to finalize the NCE.
Supplements and Extensions

• **No Cost Extension:** The end of the project period is approaching, **AND** There is a programmatic need to continue the research, **AND** There are sufficient funds remaining to cover the extended effort

• When additional time is needed to complete a project.
  • No additional funds
  • No additional scope
  • Must request in writing from RAS with a technical reason.
  • Different sponsors have different requirements.
  • Usually need to request 30-90 days before end.
  • May need to put request in sponsor system (Fastlane) or RAS may need to request it directly (NASA).
  • KC proposal not required, you may submit a ticket in ost.mit.edu with Type = No Cost Extension
Is the Project Actually Ending?

YES

If there will be a significant overrun:
• Start discussions with the PI – IMMEDIATELY!
• If the account is not yet overrun, can it be wrapped up slightly early? Discuss how to slow spending.
• Were there any errors in spending that can be corrected?
• JVs and salary changes MUST meet MIT auditing standards!!
Is the Project Actually Ending?

YES

Start planning your closeout:
• Determine where personnel will go once account is closed
• Start closing old POs if any exist
• Audit account for unallowable expenses and move them
• Remind PI and lab personnel of purchasing restrictions as award ends
• Carefully monitor all spending, especially service centers and other MIT billing agents
• Don’t forget account hierarchies (parent and child)!

Research Administration Practices (RAP) – Financial Closeout of Sponsored Projects
Cost Transfers

MIT allows cost transfers involving sponsored projects only in special circumstances, including:

• **Error correction**
• **Transfers between cost objects of the same sponsored project** (e.g., child to child, parent to child, child to parent)
• **Costs benefiting more than one sponsored project**
• **Transfer of retroactive expenses** (including pre-award costs) on a project necessitated by a delay in finalizing contract negotiation.

Any time you initiate a transfer, you invite the assumption that the initial transaction was not handled properly. If expenses are being transferred to a sponsored project, there will be considerable scrutiny of the reasons for the transfer and of the justification for moving those charges.
Subaward Closeout Process

The closeout process begins when the Closeout Request Form is received by RST.

**PI/DLC** is responsible for obtaining the **Final Technical Report** from the Subrecipient. After financial and technical aspects for the subaward have been met, the completed Closeout Request Form and a copy of the Final Technical Report should be sent to: subawards-closeout@mit.edu

**RST** is responsible for obtaining all other reports as required in the Subaward Agreement (e.g. Patent and Property Reports).

**MIT reserves the right to withhold payment of final invoice until all deliverables are received. The Prime Award cannot close until all final Subaward deliverables are received.**

Closing An Account

After an account has expired:

• Close or move all open POs
  ➢ https://buying.mit.edu/b2pforms/closePOs.html

• Ensure that all salary changes have posted

• If you make a salary change after the expiration, you must wait until it posts before closing

• Move all unallowable transactions
  ➢ https://vpf.mit.edu/unallowed-costs
Balance Issues

Send an email to WBS Closeout:
• If account is overrun, provide a discretionary cost object to cover the overrun.

If some funds remain and:
  o It’s a Federal Draw-Down / Cost Reimbursement:
    ▪ No action is needed, SPNA will de-obligated unused balance
  o It’s an Advanced / Automatic Payment award:
    ▪ Inform WBS Closeout that remaining can be returned
  o It’s a Fixed-Price award:
    ▪ Work with RAS to determine how to handle remaining funds

How do I look up the Payment Info?
• In KC, look up the award, click on the Payment, Reports & Terms tab, and look under Payment & Invoices for the Payment Basis and Payment Method.
Award Expiration – PI/DLC

• Spending must end
• PI/DLC must ensure that all costs in SAP are accurate
• Cost transfers to correct erroneous charges and overruns
• Subcontract invoices are received and processed
• If Cost Sharing, confirm that costs are correctly coded
VPF Sponsored Accounting

• Runs a Brio report for accounts that ended
• Sponsored Accounting Officers identify accounts with specific sponsor codes – team members manage accounts based on Sponsor.
• Review award structure (parent & child accounts) and End Dates
• Before creating the Final Financial Report, Sponsored Accounting audits the account to ensure allowability and allocability of charges.
VPF Sponsored Accounting

• Sponsored Accounting uses a Filemaker Database to manage to the WBS Auditing process.
## Preliminary Audit

### Database Tracks Audit Process

<table>
<thead>
<tr>
<th>WBS Families</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Name</td>
</tr>
<tr>
<td>Profile Desc</td>
</tr>
<tr>
<td>Gov’t Contract</td>
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<tr>
<td>Master WBS</td>
</tr>
<tr>
<td>Master Name</td>
</tr>
<tr>
<td>WB3 Number</td>
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<tr>
<td>PO#</td>
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<tr>
<td>Final Exp. Date</td>
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<tr>
<td>Obligation Exp Date</td>
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<tr>
<td>Due Date</td>
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<tr>
<td>Days till Due</td>
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<tr>
<td>Start Date</td>
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<tr>
<td>Award Date</td>
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<td>Award Type</td>
</tr>
<tr>
<td>ARRA</td>
</tr>
<tr>
<td>Status</td>
</tr>
<tr>
<td>Assigned to</td>
</tr>
<tr>
<td>Next Action Date</td>
</tr>
<tr>
<td>Next Action</td>
</tr>
<tr>
<td>Audit Status Code</td>
</tr>
<tr>
<td>Audit Status Desc</td>
</tr>
<tr>
<td>Responsible</td>
</tr>
<tr>
<td>FFR Date</td>
</tr>
<tr>
<td>FRR Reason</td>
</tr>
</tbody>
</table>

### Email Notification

Email notification is sent to DLC Contact.

### Contact Information

Contact Dale Twomey, Manager, Sponsored Accounting, at dalet@mit.edu regarding changes to the DLC Contact for your unit/profit center.

Research Administration Practices (RAP) – Financial Closeout of Sponsored Projects
Sponsored Accounting Audit

Preliminary Audit:

• POs that need to Close
• Unallowable charges per KC Award Terms (Meetings with food, foreign travel, prior approvals)
• Unexpended Balance
  • Will there be a No Cost Extension or balance returned to sponsor (per agreement)
• Overrun
  • Moved by DLC; if no action is taken and no communication from DLC, Sponsored Accounting will email and then move to discretionary
• Subawards
• Fabricated equipment
• Cost Sharing
Review Allowability of Charges

![Summary Statement Image]

Research Administration Practices (RAP) – Financial Closeout of Sponsored Projects
### Review Allowability of Charges

**Research Administration Practices (RAP) – Financial Closeout of Sponsored Projects**

<table>
<thead>
<tr>
<th>EXPENSE NET OF REVENUE</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries &amp; Benefits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>400005 - Faculty Summer - On</td>
<td>5,241.75</td>
<td>5,241.75</td>
</tr>
<tr>
<td>400350 - Research Staff-On</td>
<td>11,829.17</td>
<td>11,829.17</td>
</tr>
<tr>
<td>400602 - Other Support Staff-On</td>
<td>11,825.53</td>
<td>11,825.53</td>
</tr>
<tr>
<td>400706 - Research Asst-On</td>
<td>71,165.00</td>
<td>71,165.00</td>
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<tr>
<td>400770 - Undergrad UROP-On</td>
<td>6,998.75</td>
<td>6,998.75</td>
</tr>
<tr>
<td>TOTAL Salaries &amp; Wages</td>
<td>107,066.20</td>
<td>107,066.20</td>
</tr>
<tr>
<td>Employee Benefits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund &amp; MTDC Base EB On Campus</td>
<td>4,967.49</td>
<td>4,967.49</td>
</tr>
<tr>
<td>TOTAL Fund &amp; MTDC Base EB</td>
<td>4,967.49</td>
<td>4,967.49</td>
</tr>
<tr>
<td>Non Fund &amp; MTDC Base EB</td>
<td></td>
<td></td>
</tr>
<tr>
<td>600204 - EB On</td>
<td>1,100.77</td>
<td>1,100.77</td>
</tr>
<tr>
<td>TOTAL Non Fund &amp; MTDC Base EB</td>
<td>1,100.77</td>
<td>1,100.77</td>
</tr>
<tr>
<td>TOTAL Employee Benefits</td>
<td>6,068.26</td>
<td>6,068.26</td>
</tr>
<tr>
<td>TOTAL Salaries &amp; Benefits</td>
<td>113,128.46</td>
<td>113,128.46</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Travel</td>
<td></td>
<td></td>
</tr>
<tr>
<td>420050 - Travel Expenses</td>
<td>6,982.23</td>
<td>6,982.23</td>
</tr>
<tr>
<td>TOTAL Travel</td>
<td>6,982.23</td>
<td>6,982.23</td>
</tr>
<tr>
<td>Materials and Services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>420226 - Materials and Services</td>
<td>4,468.71</td>
<td>4,468.71</td>
</tr>
<tr>
<td>420232 - Mechanical Components</td>
<td>1,596.36</td>
<td>1,596.36</td>
</tr>
<tr>
<td>420310 - Raw Materials</td>
<td>2,226.62</td>
<td>2,226.62</td>
</tr>
<tr>
<td>420392 - Copying Expense</td>
<td>3.20</td>
<td>3.20</td>
</tr>
<tr>
<td>420600 - Subrecipient Agreement</td>
<td>114,981.65</td>
<td>114,981.65</td>
</tr>
<tr>
<td>420620 - Subrecipient Agreement</td>
<td>146,135.93</td>
<td>146,135.93</td>
</tr>
<tr>
<td>421000 - Meetings - Food &amp; Beve</td>
<td>3,283.40</td>
<td>3,283.40</td>
</tr>
<tr>
<td>421833 - Equipment Rental-not M</td>
<td>810.35</td>
<td>810.35</td>
</tr>
<tr>
<td>TOTAL Materials and Services</td>
<td>271,509.22</td>
<td>271,509.22</td>
</tr>
<tr>
<td>Service Facilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>421500 - Service Facilities</td>
<td>546.00</td>
<td>546.00</td>
</tr>
<tr>
<td>TOTAL Service Facilities</td>
<td>546.00</td>
<td>546.00</td>
</tr>
</tbody>
</table>
Audit and Reconciliation

Step 1: Audit

- Review posted charges to ensure allowability and allocability of charges.
- Area of focus during VPF audit:
  - Unallowable charges will need to be removed and in some rare cases reclassified.
  - Post term charges (charges incurred outside the life of the award) will need to be removed.
  - The DLC is responsible for submitting these cost transfers resulting from the VPF audit

Step 2: Reconciliation

- Validate Employee Benefits on salaries charged.
- Confirm total F&A charged.
Audit and Email Notification

Step 3: Audit and Reconciliation are Complete

• Sponsored Accounting prepares the WBS Closeout notification to be sent to the DLC.

Sponsored Accounting will make every attempt to send the First Notification email within thirty days after the WBS expired.
WBS Closeout: VPF E-mail Notifications

First Notification
• Sponsored Accounting emails WBS Closeout Notice to DLC staff.
• DLC has **10 business days** to respond.
  • Reply to or CC person who sent the email
  • Respond with status (i.e., “I’m waiting for travel to be submitted” is fine rather than no reply)

Second Notification
• If there is no response to the first notification, a WBS Closeout Follow Up Notice will be emailed to DLC.
• DLC has **5 business days** to respond.
WBS Closeout: VPF E-mail Notifications

LAST Chance

• If there is no response to second notification, a Sponsored Accounting Manager will e-mail to inform the DLC that the account will be closed.

• Any outstanding expenses will be allocated to a DLC general or discretionary account.
**WBS Closeout Process Final Steps**

- Response has been received from DLC and items on notification have been resolved
- **Sponsored Accounting**
  - Prepares final financial report & invoice for the sponsor (if required)
  - Resubmits any outstanding invoices to the sponsor.
  - Processes refunds to the sponsor (if needed)
  - Submits **term code 3** request form and final financial report to OSP
  - Submits a copy of the **Final Financial Report to DLC**
  - Mails all original documentation to sponsor
VPF Closeout Contacts

Who do I contact to close a purchase order (PO)?
• Contact pocloseout@mit.edu

Who do I contact for invoice questions regarding a sponsored WBS account?
• Contact billing-issues@mit.edu

The costing sheet on my WBS element has changed. Who should I contact to make the necessary indirect cost adjustments?
• Contact Underrecovery Issues.

Who do I contact to close a WBS element?
• Contact wbscloseout@mit.edu
  Manager – Dale Twomey: dalet@mit.edu
  Asst. Manager- Mike Hiekin: mkhaykin@mit.edu

Note: Fabricated equipment WBS are the responsibility of VPF Property. A VPF Property representative will contact you directly.
## Financial Audit & Reconciliation

<table>
<thead>
<tr>
<th>Activities</th>
<th>DLC Responsibilities</th>
<th>VPF Responsibilities</th>
<th>RAS / RAS Sub-award Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Review Charges Posted</td>
<td>Reclassification/ removal of any unallowable charges</td>
<td>Ensure allowability and allocability of charges</td>
<td>May confirm legitimacy of unallowable charges</td>
</tr>
<tr>
<td>Review Salary Distributed</td>
<td>Review salaries posted against account for accuracy</td>
<td>Validate EB on salaries</td>
<td>N/A</td>
</tr>
<tr>
<td>F&amp;A</td>
<td>As needed</td>
<td>Confirm total F&amp;A charged</td>
<td>As needed</td>
</tr>
<tr>
<td>Confirm Total Charges</td>
<td>Ensure all charges have posted and there are no post-term charges</td>
<td>Verifies that all charges have posted including sub-award invoices</td>
<td>Ensure final invoices from sub-award are received and forwarded to DLC for review/ signature</td>
</tr>
</tbody>
</table>
## Financial Audit & Reconciliation (continued)

<table>
<thead>
<tr>
<th>Activities</th>
<th>DLC Responsibilities</th>
<th>VPF Responsibilities</th>
<th>RAS / RAS Sub-award Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment Account</td>
<td>Ensure all charges have posted and there are no post-term charges</td>
<td>VPF-Property</td>
<td>Ensure final invoices from sub-award are received and forwarded to DLC for review/ signature</td>
</tr>
<tr>
<td>WBS Closeout Notification to DLC</td>
<td>Reviews/make adjustment as required &amp; responds to VPF</td>
<td>Prepare and submit Notification</td>
<td>Sometimes may inform VPF if an extension has been requested</td>
</tr>
</tbody>
</table>
## Closeout Finalization

<table>
<thead>
<tr>
<th>Activities</th>
<th>DLC Responsibilities</th>
<th>VPF Responsibilities</th>
<th>RAS / RAS Sub-award Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open Purchase Orders (PO)</td>
<td>Closes open PO</td>
<td>May assist DLC or request closure of PO</td>
<td></td>
</tr>
<tr>
<td>Subaward commitment</td>
<td>Submits closeout checklist &amp; confirms receipt of final reports</td>
<td>Closes subaward commitment in collaboration with OSP/DLC</td>
<td>Closes subaward in collaboration with DLC</td>
</tr>
<tr>
<td>Outstanding payment</td>
<td>Assist with collection - work together with VPF &amp; RAS</td>
<td>Ensure payment received</td>
<td>Assist with collection- work together with DLC &amp; VPF</td>
</tr>
<tr>
<td>Cost Sharing Adjustment</td>
<td>Responsible to reconcile and request adjustments</td>
<td>Ensure cost share requirement met and request adjustments as needed</td>
<td>Make required adjustments</td>
</tr>
</tbody>
</table>

Research Administration Practices (RAP) – Financial Closeout of Sponsored Projects
Role Database – helpful information

Setting up Authorizations by Task
http://web.mit.edu/rolesdb/www/rolestasks.html

KC Roles (including viewing attachments such as the Agreement)
Resources: Financial Closeout

Cost Principles and Allowable Expenses

Research Terms and Conditions Prior Approval and Other Requirements Matrix for Federal Sponsors

Sponsor Terms by Term Type

MIT Standard Terms

Cost Transfers:
https://ras.mit.edu/grant-and-contract-administration/managing-projects/cost-transfers (RAS)
https://vpf.mit.edu/sponsored-accounting-1#2.01%20Transfers (VPF – Sponsored Accounting)
Resources: Financial Closeout

VPF Sponsored Account Closeouts
https://vpf.mit.edu/sponsored-account-close-outs

Monitoring Project Budgets
https://ras.mit.edu/grant-and-contract-administration/managing-projects

Financial Record Retention
https://vpf.mit.edu/800-financial-record-retention-for-dlcs

Subaward Closeout
https://ras.mit.edu/grant-and-contract-administration/subawards-overview/subaward-closeout

RAP session: Capital and Fabricated Equipment at Award (video)
https://mit.zoom.us/rec/share/-It1AJ3t_FxJSa_d83H6dpl9GID_eaa81SYb_fcFzxuJN6y7Q8RayOshwmt8sigh?startTime=1586959296000

Research Administration Practices (RAP) – Financial Closeout of Sponsored Projects
Resources: Financial Closeout

Fundamentals of Financial Management
http://web.mit.edu/training/course.html?course=ADM10050w&sys=PS1

KC Award Navigation
http://web.mit.edu/training/course.html?course=ADM16025w&sys=PS1
Questions – Help

- RAS Contract Administrator
- ask-sponsored@mit.edu
- Sponsored Accounting directory
- Property Office - property@mit.edu
- RA-Help@mit.edu
- Drop-In RA Support (via Zoom)