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I. Purpose

This document explains administrative requirements and financial procedures for maintaining compliance with government and other regulations regarding sponsored programs grant and contract closeout procedures and procedures for subsequent disallowances and adjustments.

II. Policy

Closeout procedures, along with subsequent adjustments and disallowances, related to projects financed in whole or in part with Federal funds shall be administered in accordance with standards set forth in Office of Management and Budget (OMB) Circular A-110, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non Profit Organizations," SUBPART D - [After-the-Award Requirements, Section .70 through Section .73.](#)

III. Who is Responsible

Responsibility for following these guidelines is a joint effort among the Federal Awarding agency, the System Accounting Department, University Sponsored Programs Office or other responsible department, Principal Investigators or Project Directors, their Department Chairs or other direct supervisors, and unit-level fiscal personnel with general guidance and oversight of the colleges, schools and divisions.

The University of Maine System administration is responsible for providing guidance through administrative practice letters and business processes, and coordinating compliance monitoring through periodic internal and external audits.

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Failure to follow these guidelines may have serious consequences, including disallowed costs, which would require reimbursement to the sponsor from unrestricted departmental funds; increased Federal oversight, monitoring, and audits; and loss of future Federal funding.

IV. Responsibilities and Procedures

OMB Circular A-110, SUBPART D – After-the-Award requirements, Section 70 Purpose, states, “Sections .71 through .73 contain closeout procedures and other procedures for subsequent disallowances and adjustments.” Successfully meeting “after-the-award requirements” requires timely coordination among the Federal awarding agency and various System and campus employees. Responsibilities and procedures to meet these requirements are described below:

A. OMB Circular A-110, Section .71 Closeout Procedures:**1. The Federal Awarding Agency:**

- a. Section .71 (c) states, “The Federal awarding agency shall make prompt payments to a recipient for allowable reimbursable costs under the award being closed out.”
- b. Section .71 (e) states, “When authorized by the terms and conditions of the award, the Federal awarding agency shall make a settlement for any upward or downward adjustments to the Federal share of costs after closeout reports are received.”
- c. Section .71 (g) states, “In the event a final audit has not been performed prior to the closeout of an award, the Federal awarding agency shall retain the right to recover an appropriate amount after fully considering the recommendations on disallowed costs resulting from the final audit.”

2. The System Office Administration:

- a. Provides guidance through administrative practice letters and business process documents.

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- b. Per Section .71 (d), for projects funded by letter-of-credit, the System Accounting Department shall promptly refund any balances of unobligated cash (deobligates balances) that the Federal awarding agency has advanced or paid and that is not authorized to be retained by the University for use in other projects.
 - c. Implements relevant closing procedures in the business process document "[Accounting for Grants and Contracts.](#)"
 - d. Coordinates compliance through periodic internal and external audits.
- 3. Sponsored Programs Office or Other Responsible Department:**
- a. Provides general guidance and technical assistance to Principal Investigators or Project Directors, their Department Chairs or other direct supervisors, and unit-level fiscal personnel.
 - b. Per Section .71 (a), shall submit, within 90 calendar days after the date of completion of the award, all financial reports as required by the terms and conditions of the award. The Federal awarding agency may approve extensions when requested by the Principal Investigator or Program Director through the Sponsored Programs Office, or other responsible department.
 - c. Per Section .71 (d), for projects billed by the campus, the Sponsored Programs Office, or other responsible department, promptly refunds any balances of unobligated cash that the Federal awarding agency has advanced or paid and that is not authorized to be retained by the University for use in other projects. For projects funded by letter-of-credit, the Sponsored Programs Office, or other responsible department, adjusts budgets per closing procedures in the business process document "[Accounting for Grants and Contracts.](#)"

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d. Implements relevant closing procedures described in the business process document "[Accounting for Grants and Contracts](#)" which include but are not limited to the following:"

- Ensuring all outstanding invoices have been paid
- Ensuring all necessary expense transfers are completed
- Verifying Project-to-Date allocations for Facilities and Administrative (F&A) expenses and Fringe Benefit expenses reflect the intent and specifications of the grant award
- Verifying all revenue due from the sponsor has been received
- Verifying all necessary direct cost sharing has been funded and any excess has been returned to the original funding source

4. Principal Investigators or Project Directors, their Department Chairs or Other Direct Supervisors, and Unit-level Fiscal Personnel:

- a. Per Section .71 (a), shall submit, within 90 calendar days after the date of completion of the award, all performance and other reports (except financial reports) as required by the terms and conditions of the award. The Federal awarding agency may approve extensions when requested by the Principal Investigator or Program Director through the Sponsored Programs Office, or other responsible department.
- b. Per Section .71 (b), liquidates all obligations incurred under the award not later than 90 calendar days after the funding period or the date of completion as specified in the terms and conditions of the award or in agency implementing instructions, unless the Sponsored Programs Office, or other responsible department, through the Federal awarding agency, authorizes an extension.

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- c. Per Section .71 (f) accounts for any real and personal property acquired with Federal funds or received from the Federal Government in accordance with Section .31 through .37 (Property Standards) of OMB Circular A-110. Refer to [Administrative Practice Letter I-G.2 "General Accounting for Capital Assets"](#) for guidance.
- d. Implements relevant closing procedures in the business process document "[Accounting for Grants and Contracts.](#)"

B. OMB Circular A-110, Section .72 Subsequent Adjustments and Continuing Responsibilities:

The closeout of an award does not remove or end responsibilities and requirements in these areas:

- The obligation of the University to return any funds due as a result of refunds, corrections, or other transactions occurring after closeout of the award.
- Audit requirements in OMB Circular A-110, Section .26 Non-Federal audits.
- Property management requirements in OMB A-110 Sections .31 through .37, Property Standards.
- Records retention as required in OMB Circular A-110 Section .53.

C. OMB Circular A-110, Section .73 Collection of Amounts Due

OMB Circular A-110, Section .73 (a) indicates any funds paid to the University in excess of the amount to which the University is finally determined to be entitled under the terms and conditions of the award constitute a debt to the Federal Government. If not paid within a reasonable period after the demand for payment, the Federal awarding agency may reduce the debt by:

- Making an administrative offset against other requests for reimbursement.
- Withholding advance payments otherwise due to the University.
- Taking other action permitted by statute.

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OMB Circular A-110, Section .73 (b) states, "Except as otherwise provided by law, the Federal awarding agency shall charge interest on an overdue debt in accordance with 4 CFR Chapter II, "Federal Claims Collection Standards."

V. History of Policy

Issue 1: Effective 04/02/2007
Issue 2: Effective 06/15/2011 (Expands on closeout requirements under section IV.A.3.d. "*Sponsored Programs Office or Other Responsible Department*")

VI. Related Documents

[Accounting for Grants and Contracts](#) – Business Process Document
[APL I-G.2 General Accounting for Capital Assets](#)
[APL VIII-K Cost Transfers](#)

APPROVED:

***Signature on file in the Finance Office of
the University of Maine System.***

Vice Chancellor for Finance and Administration