

HARVARD UNIVERSITY



Sponsored Financial Reporting and Closeout Policy

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Responsible Office:	Office for Sponsored Programs

Policy Statement

As the recipient of sponsored funding from federal and non-federal sources, Harvard University is required to provide accurate, timely, and complete disclosure of the financial results of sponsored awards and programs. Timely recording of transactions to awards is critically important, especially as an award's end date approaches, and Harvard must adhere to final reporting, cash collection, and sponsor closeout requirements. The Sponsored Closeout Policy establishes the deliverables and deadlines that schools, departments/local units, and OSP must meet at the expiration of a sponsored project.

Reason for Policy

By accepting extramural funding from sponsors, Harvard agrees to manage and use these funds in accordance with sponsor terms and, if applicable, federal regulations. This policy provides guidance to finance and administrative staff who are responsible for managing federal and non-federal sponsored accounts. This policy also ensures that Harvard adheres to the requirements under the Office of Management and Budget (OMB) Uniform Guidance: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for federal awards. The policy applies to all sponsored projects at Harvard, whether or not they are subject to the Uniform Guidance.

Who Must Comply

All Harvard University schools, departments/local units, and University-wide initiatives must comply. All individuals involved with the financial and administrative aspects of sponsored awards, including central

and department/local unit sponsored award staff, principal investigators, and other research personnel must comply with this policy as applicable.

Procedures

(See Appendix B: Detailed Guidelines for Award Management, Financial Reporting, and Closeout for detailed guidance.)

1. Deliverables required at the end of a project
 - A. Deliverables due at a project's end date vary by sponsor and by federal agency, but generally include the timely submission of:
 - a. A final financial report
 - b. A final invoice or a request for a final draw (for our letter of credit sponsors)
 - c. A technical/scientific/progress report
 - d. An invention/patent report
 - e. A property/equipment inventory report
 - f. A cost-share report, or validation of any cost-sharing on the main financial report
 - g. Other non-financial reports (e.g., assignment and release forms)
 - B. Final payment on an award may be contingent on the receipt of non-financial reports.
2. Deliverable procedures and deadlines
 - A. Within 30 days following an award end date (sooner if sponsor requires earlier date for report submission):
 - a. Departments or local units shall prepare award for closeout
 - b. OSP begins preliminary review of award for closeout
 - B. By 15 days before sponsor deadline (sooner if sponsor requires earlier date for report submission):
 - a. Departments/units authorized local unit manager (LUM) shall:
 1. Confirm that final expenditures are reported in the general ledger (GL) or provide reconciliation from GL to final award expenditures. If a department/unit does not confirm the final award expenditures within

15 days of the sponsor deadline, OSP will submit final financial invoice/reports and final letter of credit draws based on GL expenses 15 days before the deadline. Some sponsors do not require a final financial report (“non-reportable” awards). However, we must confirm final expenditures and close all awards in underlying systems. For “non-reportable” awards, the default sponsor deadline is 90 days.

2. Verify that PI has submitted programmatic/technical reports to sponsor.
3. Clear compliance items and approve draft financial report (if applicable).

Note 1: There is ongoing communication between OSP and Departments/local units on the topics of due dates, deliverables, drafts, etc. between an award’s end date and a sponsor’s deadline. OSP will submit a draft final invoice or financial report within 45 days of an award’s end date, and this draft will serve as a prompt toward final confirmation and closeout.

Note 2: When Harvard is a subawardee on federal awards, 45 days following an award end date marks the 15-day deadline (i.e., final invoices are due from Harvard to prime recipients 60 days following sub award end dates).

- C. By 10 days before sponsor deadline (sooner if sponsor requires earlier date for report submission): OSP submits a final financial report to sponsor, requests a final draw, and submits a final invoice (according to sponsor procedures).
- D. After final report is submitted to sponsor:
 - a. Departments/local units will monitor the expired account to ensure no further transactions post to the expired award in the GL.
 - b. OSP will write off sponsored account balances to school’s unrestricted account within six months of the award end date.
 - c. For fixed price sponsored awards with an unexpended balance $\geq 25\%$ of the total sponsored award amount and/or $\geq \$100K$, the Principal Investigator and department/local unit will sign and submit an approved [Fixed Price Award Residual Balance Transfer Form](#) in accordance with the [Guidance on Fixed Price](#)

[Sponsored Awards](#). Departments/local units and OSP will coordinate the review and transfer of funds.

Exceptions to the procedural due dates will only be granted when presented, in writing, by the department/local unit and approved by a School Official. Such exceptions will be considered only in extenuating circumstances and may require OSP to request sponsor approval for extension of the reporting deadline. Examples of extenuating circumstances include:

- Failure of another department to take action – e.g., on a properly submitted payroll distribution change request or service center charges
- Failure of a subcontractor to issue a final invoice in a timely manner, when evidence of attempts to obtain invoice(s) exists.

Departments/local units are required to provide evidence of adequate closeout procedures as identified in Appendix B: Detailed Guidelines for Award Management, Financial Reporting, and Closeout.

Responsibilities and Contacts

Sponsored award management is a shared responsibility. Principal Investigators and department/local unit staff have primary responsibility, and pre-award and post-award offices secondary responsibility, to facilitate award management and monitor internal controls during an award's lifecycle. This section outlines the role of each individual or group for the successful management and closure of a sponsored award.

Principal Investigators (PIs) have overall responsibility for the programmatic objectives of the research. In addition, PIs are responsible for complying with sponsors' terms and regulations and for meeting all deliverables – scientific, financial and administrative. PIs are assisted by grant managers and other research personnel ("support staff") in managing an award and meeting deliverables. PIs are responsible for communicating issues to support staff throughout the award so that award terms and deliverables can be met or, if necessary, be modified. PIs should keep their grant manager informed of any interactions with the sponsor that may impact the terms or deliverables of the award. PIs should perform regular reviews of award expenditures and financial positions with their assigned grant

manager and, as part of that review, discuss budget to actual variances, review allowability of charges and ensure expenditures are fully represented (complete), monitor effort commitments and certify effort timely, as well as review and approve any subcontractor invoices for payment. These regular reviews include an update of “part of accounts”, subcontractor performance and administration where applicable (refer to the Subrecipient Monitoring Policy in the “Related Policies” section). Lastly, PIs are responsible for the timely submission of non-financial reports to sponsors, i.e. scientific, technical, invention, publications and/or patent reports.

Local Unit Managers (LUM) are responsible for financial administration of a PI’s research portfolio (proposal preparation and oversight, etc.). These staff members are typically grant managers, finance managers, lab managers, etc. The financial and administrative responsibilities include, but are not limited to, routine monitoring of grants and contracts for PIs to ensure (1) timely posting of transactions and retention of appropriate documentation in support of transactions, (2) confirmation of allowability of expenditures, (3) reasonableness of allocation of costs to awards, and (4) regular reconciliation of expenditures according to budgeted or obligated sponsor amounts. A LUM ensures compliance with the terms and conditions of the sponsored award and with University policy. Working closely with the PI to prepare for closeout, the LUM will inquire whether a “no-cost extension” should be requested and follow up on outstanding vendor invoices (including subcontractor invoices). A LUM may request an exception to the procedural deadlines under appropriate extenuating circumstances. An Authorized LUM confirms award expenditures (“final figure”) and approves final invoices and financial reports to OSP/Research Finance. A LUM may assist Research Finance (RF) in collecting outstanding invoices from sponsors if necessary. Following an award’s termination, a LUM will monitor the “closed” account until it is disabled in the general ledger to identify and remove any additional transactions posted that will cause a variance between the amounts reported to the sponsor and the University’s records. LUMs maintain financial records and documentation to support award expenditures.

School/Tub Level Officials (Sponsored and Finance Offices) partner with Research Finance/OSP to resolve outstanding award financial matters including, but not limited to, the review and approval of exceptions, past due sponsor accounts receivable, overspent and/or unreconciled accounts, past due reports or invoices, and closed accounts. School Officials serve as escalation contacts for Research Finance/OSP for complex issues needing resolution. They also support department/local unit staff and

Research Finance/OSP in responding to sponsor audits and annual independent financial statement and A-133 audits. Designated School Officials approve exceptions to this policy, taking into consideration the risks that such exceptions may present. School Officials are responsible for establishing effective internal control environments within their Schools to ensure proper stewardship of award funds.

Research Finance (RF) Team in the Office for Sponsored Programs (OSP) is responsible for meeting the financial terms and financial deliverables of federal and non-federal awards. This includes (1) monitoring award expenditures for compliance with sponsor guidelines or regulations, (2) cash management for awards, including interim and final invoicing, letter of credit draws, and agency reporting, and (3) reporting interim and final financial results of the award via a financial report to sponsors and closing out the award, (4) closing out funds in the system of record, GMAS, and (5) maintaining this policy. These primary responsibilities are accomplished through ongoing engagement with department/local unit grant managers and senior administrative staff who are responsible for the department/local unit's portfolio of awards, including upcoming closeouts. In conjunction with these duties, Research Finance staff members maintain appropriate records and documentation to support closeout, including the procedures performed for award monitoring, as well as documentation and other support for invoices and financial reports submitted to sponsor.

Definitions

The list of definitions for this policy is extensive and has been included in Appendix A: Definitions for Sponsored Financial Reporting and Closeout Policy

Related Resources

- [Sponsored Expenditures Guidelines](#)
- [Cost Transfer Policy](#)
- [Cost Sharing Policy](#)
- [Internal Billing Policy](#)
- [Subrecipient Monitoring Policy](#)
- [Interest Income Paid on Non-Federal Sponsored Funds](#)

- [Uniform Guidance summary by section](#)
- [Guidance on Fixed Price Sponsored Awards](#)
- [Fixed Price Award Residual Balance Transfer Form](#)

Related Offices

Financial Administration Offices' Websites:

- [Financial Administration](#)
- [Office of the Controller](#)

School Sponsored Programs and Research Finance-related Offices' Websites:

- [HMS and HSDM Research Administration](#)
- [The Office for Academic and Research Integrity at HMS](#)
- [HSPH Research Administration](#)
- [FAS Research Administration Services](#)

Revision History

- 11/16/2015: Combined the Financial Reporting Policy and the Unreconciled Accounts Policy. Revised the format and procedures; added deadlines for OSP and department/unit deliverables, added definitions and detailed guidelines in appendices.
- 6/22/2016: Revised procedures to include process for unexpended balances on fixed price sponsored awards; added applicable fixed price sponsored award references and definition for fixed price sponsored award.
- 11/17/2016: Changed reference to CREW Unreconciled Accounts Report to Unreconciled Accounts Report in OBI Sponsored Accounts Suite Dashboard.

Appendix A: Definitions for Sponsored Financial Reporting and Closeout Policy

Activity

Six-digit chart value and required segment of the sponsored account string that captures the purpose or use of funds.

Authorized local unit manager (Authorized LUM)

The designated local unit individual who confirms award expenditures (“final figure”) and approves final invoices and financial reports to OSP/Research Finance.

Closeout

The act of completing all internal procedures and sponsor requirements to terminate or complete a research project. Specifically, closing out a sponsored project that has terminated includes the PI’s completion of the project, filing of non-financial reports, submission of final financial reports and invoices, final payment requests (for LOC drawdowns), submission of project deliverables, and meeting any other terms and conditions of the sponsored agreement. Most awards have strict deadlines for completion of closeout activities. Failure to complete closeout within the deadline can result in non-payment of the final amount due or may affect the ability to obtain another award from the sponsor.

Compliance checklist

A checklist that allows department grant managers and staff to review and confirm compliance items. Checklist items include inquiries such as: over-expenditures, pre-award charges, charges after the project end date, transactions on federal awards that trip cost accounting standards, object code credit balances, issues with subcontract coding, and invalid code combinations.

Cost share

Expenditures that are funded by the University or by a third party above the amount funded by the sponsor to support the scope of work defined by the sponsored (federal or non-federal) award. The University is responsible for financial accounting for all costs attributable to sponsor-funded projects,

including cost sharing. Any costs (mandatory or voluntary) offered at the proposal become a legally binding and accountable commitment of the University upon acceptance of an award, known as a “cost share commitment.” Schools and departments are responsible for regular monitoring of cost share commitments throughout the grant award period and for ensuring that cost share transactions are allowable and are coded correctly in the General Ledger. Cost share expenditures are included in financial reports if required by the sponsor. Prior to award closeout, OSP confirms with the department to ensure that the award-related cost share obligation has been fulfilled according to the terms and conditions of the award.

Exception

An exception to the procedural deadlines incorporated into the policy must be by written request of the department/local unit, approved by the designated School Official and is granted by OSP Research Finance only under extenuating circumstances. Such exceptions may require OSP to request an extension of reporting deadlines from the sponsor.

Final figure

Cumulative expenditures reported to the sponsor. Final figures are logged in GMAS by sub-activity. Entering the final figure into GMAS initiates the closeout process, because income and expenditures in the general ledger must agree to the final figure reported to the sponsor. Once a final figure is entered into GMAS, the sub-activity will appear on the Unreconciled Accounts Report in the OBI Sponsored Accounts Suite dashboard if the final figure does not match the income or expenditures. Unreconciled accounts are terminated awards that appear as active because there is a conflict (difference) between what was reported to the sponsor and what has been transacted to the account. These present obvious risks and must be managed and fully closed out/disabled to limit their financial risk as well as the risk of reporting distorted metrics on our portfolio of University research.

Final financial reports and/or final invoices

Many sponsors require the submission of annual and/or final financial reports or invoices at the end of a budget period and/or the end of the project. Final reports and/or final invoices are submitted at the

time of award termination. When an award is set up in “year logic” an annual report is due and the accounts for the period being reported on require “final figures” by sub-activity for closeout. A financial report may also contain “cost share” expenditures and program income (reported and disbursed) for the sponsored project when applicable.

Final payment draw down (Letter of credit payment)

Funding issued via a letter of credit must be drawn down within 90 days of the end of the award (some agencies allow 120 days from end date). These draw down requests are made by OSP weekly (or monthly) and based on expenditures posted to the GL.

Fixed price sponsored award

This type of agreement is for a price agreed to up front and requires the University to successfully perform the work and deliver the product.

FRAP

An acronym for Financial Reporting Application Portal. The portal is an application that automates standard invoices and financial reports that are due sponsors. In addition automating these standard templates, the application performs certain compliance reviews based on the award type logged into the GMAS system and award expenditures that have been transacted to the general ledger.

FRAP compliance checklist

An electronic checklist that allows department grant managers and staff to review and confirm compliance items from their desktop computer. Checklist items include inquiries such as: over-expenditures, pre-award charges, charges after the project end date, transactions on federal awards that trip cost accounting standards, object code credit balances, issues with subcontract coding, and invalid code combinations.

Invalid code combinations

A charge in the GL for which the fund-activity-subactivity combination does not exist in GMAS. Please note: Transactions posted to invalid code combination(s) do not appear in the project financials in GMAS and are not included on invoices or financial reports to sponsors. They do, however, appear in the GL and are the responsibility of the departments to address.

LOC

Harvard has standing letter of credit (LOC) mechanisms with several federal agencies which allows us to draw up to “authorized” award amounts designated by the sponsor.

No cost extension

A mechanism to extend the performance period of an award without adding additional funding. NCE’s typically must be requested before the award period ends.

Small balance write-offs

As part of the monthly review of Unreconciled Accounts that is completed by OSP, accounts that are underspent by \$25 or less, or overspent by \$250 or less, are included with OSP’s journals for small balance write-offs, thus allowing accounts to disable during the next disable cycle.

Sub-activity

A four-digit value within Harvard's Chart of Accounts that helps to identify tasks, phases, years or sub-categories within an activity of an award. A subactivity is required for all sponsored awards and allows an award to be broken down by tasks and/or grant years.

Task logic account

Subactivity values within an award are typically structured either by task logic or by year/task logic. When task logic is used, the first two digits of the subactivity values are “00,” which usually indicates that the values are used for the duration of an award; the last two digits may represent a unique task

within an award. Task logic may be used for sponsored awards that allow automatic carry-forward of funds from one budget period to the next.

Unliquidated obligations

The amount of obligations incurred by the recipient that have not been paid. For reports prepared on an accrued expenditure basis, these represent obligation amount incurred by the recipient that has not been settled or paid.

Unreconciled accounts

The result of a general ledger account (a 33-digit account) that is out of balance where the net sum of cumulative expenditures, income (plus any non-operating transfers), and final figure (see definition above) logged in GMAS do not equal zero. When the three do not net to zero, the 33-digit string will appear as “unreconciled” on the Unreconciled Report until adjustments are posted to the general ledger to correct the expenditures or income or the final figure in GMAS.

Year logic

A GMAS term for setting up an award where the sponsor requires annual reporting and does not allow automatic carry-forward of unutilized funds from one year to the next. In these circumstances, year logic account structure is required to facilitate tracking and reporting for each budget period. When year logic is used the first two digits of all sub-activity values indicate the year/period of the project (e.g., “01” is the first period and “02” is the second period); the last two digits represent a unique task (e.g., main account, subcontract, part-of account, program income).

Appendix B: Detailed Guidelines for Award Management, Financial Reporting, and Closeout

Introduction

These guidelines are presented in the spirit of a framework to follow so that we meet or exceed sponsor requirements.

Individual awards should be reviewed and expenses reconciled in conjunction with a regular monthly close cycle by department/local unit grant management staff. Regular monthly monitoring of an award's financial activity by department/local unit staff reduces the number of journal entries required to correct original transactions and allows monitoring against award terms. Some awards are far more complex than others; much of the research may be done through collaboration with other institutions or even at other parts of Harvard, known as "part-of accounts." These awards present administrative complexities to reporting and closeout that need to be actively managed to ensure Harvard (1) reports accurately to the sponsor and (2) is fully reimbursed for the costs incurred on the award.

Active award management includes ongoing monitoring of sponsored accounts, ensuring compliance and planning ahead in order to meet deliverables that were promised in the proposal and award agreement. The breadth of responsibilities for staff who manage grants can be significant, and funding comes from a diverse group of sponsors within each category of federal and non-federal sources. Therefore, developing a rigorous support system that includes resource planning and coordination between the finance, administrative, and programmatic group is critical. Departments/local units that practice ongoing monthly reviews and reconciliations of awards experience a smoother award closeout process and avoid late corrective journal entries. Recurring reviews and reconciliations reduce financial risk.

Non-federal awards require additional review of reporting terms and conditions in order to determine the appropriate time frame for the preparation of final invoices and financial reports. While some non-federal sponsor deadlines to complete award reconciliation and reporting are similar to federal awarding agency deadlines, 60 days is more typical, and some allow only 30 days. Active portfolio management becomes even more critical due to these shorter time frames. The closeout of non-federal awards should follow the same process; however, the award reconciliation and closeout timeline may be accelerated due to the reporting demands of the non-federal sponsor.

For federal awards, final expenses will be expected to be confirmed by departments/local units 15 days (or sooner) before a sponsor deadline. Federal deadlines currently include a 90 day or 120 day period following the end date. OSP will endeavor to submit federal final financial reports 10 days before the

federal deadline and will be unable to guarantee complete collection (letter of credit draw requests) that are not confirmed in the general ledger 15 days before the deadline.

OSP must adhere to these deadlines for internal final expense confirmation (“final figure confirmation”) and to sponsor submission deadlines for a few reasons:

1. Federal agencies are enforcing the 90 and 120 day deadlines and swiftly reallocating obligations. Two studies by the federal government revealed that significant undisbursed funds have lingered in agency accounts for years. Agencies have been notified to reallocate these undisbursed funds (“obligations”) to other recipients so that a higher utilization of these funds is achieved.
2. Historical data at Harvard shows that transactions are recorded to sponsored funds right up to the deadline or even after. This poses financial risk and jeopardizes future funding from sponsors.

The Guidelines that follow provide a timeline and suggested steps that PIs, staff supporting PIs and OSP will take to prepare for closeout of an award and to ensure on-time submission of deliverables, including final invoices, final letter of credit requests, and final financial reports, to sponsors.

I. Ongoing Award Management

Ongoing management and preparing for Closeout

Department/Local Unit/School Responsibility

- Local Unit Manager (LUM) reviews the report “Awards Ending Next 3 Months” and prioritizes closeout preparation based on timing, complexity, etc.
- Principal Investigator (“PI”) confirms with the LUM that the award’s technical requirements, including subcontractors, will be completed as scheduled (if not, no-cost extension or new increment is requested via GMAS and coordinated with pre-award partner).
- Responsibilities of LUM includes the following:
 - Reviews award expenditures with the PI to ensure all expenditures are captured (complete), allowable, allocable, and reasonable, including sub-awardee expenditures

and part-of accounts at other Harvard Units/Schools. LUM continues to communicate with PI through the closeout period.

- For non-federal awards, reviews deliverables/reporting schedule, based on terms and conditions, and drafts an “after end date timeline” plan to meet the requirements of reporting terms. LUM contacts sub-awardees and request final invoices by an appropriate deadline based on requirement for Harvard to submit final reports.
- Reviews budget, revised budgets as appropriate and other line-item restrictions as noted in the award notice.
- Contacts sub-awardees/part-of accounts about variances from budget, requests sub-awardee outstanding invoices (if in arrears). and requests that final invoices are received in time for inclusion in final expenses being reported to sponsor.
- Reviews the Committed Funds report to identify Accounts Payable in process and confirm posting to fund in general ledger.
- Reviews cost share expenses and verify cost share related information is fully documented if applicable.
- Processes journals to ensure final adjustments are completed in the general ledger by end date.
- Plans for and sets up payroll costing and other recurring costs that must be absorbed by other funding when the award ends.
- Notifies all internal and external service centers of change to 33-digit coding for project termination.
- Checks with PI on status of programmatic deliverables (progress report, patent report, technical reports, etc.).
- Reassesses award balances and consider requesting a no-cost extension (NCE) or a carry-forward request if applicable (consult sponsor policy/pre-award partner for requesting a NCE or carry-forward).
- Identifies a funding source for anticipated over-expenditures.

OSP Responsibility

- Provides the report “Awards Ending Next 3 Months” to School research administration/post award office and department/local unit.
- Assigned OSP-Research Finance staff engages with department/local unit staff around prioritization, federal and non-federal sponsor deadlines, required reporting, final invoicing and letter of credit draws as appropriate.
- Reviews “after end date timeline” with department/local unit for non-federal awards closing out.
- Reviews terms of awards that are ending to confirm other financial characteristics including: interest terms, cost share requirement, budget and whether reporting actual expenses against budgeted expenses is required, etc.
- Updates reporting due dates for awards with no-cost extension or pending increment confirmed by department/local unit.
- Assists departments/local units with any compliance questions and reconciliation requests.
- Confirms other reports due to sponsor including patent, equipment, and other financial.
- OSP-Research Finance staff reviews fund financial position with department/local unit staff: underspent or overspent status, status of sub-awardee expenses if applicable.

II. Closeout

Immediately Following an Award Date

Department/Local Unit/School Responsibility

- Ensures all outstanding expenses have posted in GL (e.g. vendor invoices, service center billings, subcontract invoices, part of accounts, cost transfer journals, etc.).
- Works with equipment managers to place WIP/fabricated equipment in service. Ensures adjustments are complete in Oracle assets.
- Journals off any over- expenditures from award.
- Corrects any invalid code combinations.

- If applicable, confirms actual cost share expended amount matches the cost share committed amount and submit a GL detail listing report to OSP to validate cost share expenditures (cost shared expenses must be verifiable in GL for reporting and/or closeout).
- For training grants, preparing a final financial report involves reconciling stipend and tuition payments for each trainee. OSP may need assistance from Departments to obtain form 2271 for trainees' appointment.
- Checks on status of programmatic deliverables with PI (final technical reports, etc.).
- Notifies OSP of any extenuating circumstances that may prohibit the final financial report from being submitted to sponsors (federal or non-federal) on time or prohibit cash being drawn by letter of credit before the sponsor deadline.

Note: A written request to extend federal filing will be considered when accompanied by a written request from the department/local unit and approved by the designated School Official. OSP cannot guarantee extension will be granted by federal sponsors, and thus the financial risk resides with the School. Similarly for non-federal sponsors, OSP may need to request an extension of reporting deadlines, which cannot be guaranteed.

OSP Responsibility

- Engages with departments/local units to prioritize awards with final financial reporting and invoicing deliverables in the coming 30/60 days.
- Reviews award notice, terms and conditions and GL expenditures in preparation for financial reporting.
- Based on review of PER, detail listing and other award documentation, identifies potential compliance items and questions for follow up with department/local unit based on review of award notice.
- Verifies overhead postings and prepares/processes overhead journal adjustments if necessary.
- Submits an initial draft final financial report provided to department/local unit 45 days after end date of award to begin the process of confirming final expenditures.
- For non-federal awards, requests extension of deadline from Sponsor if department/local unit/School deems necessary

- Submits requests to extend reports due to the sponsor.

45 Days After End Date (When Harvard is the recipient of a federal sub-award and for non-federal awards)

Department/Local Unit/School Responsibility

- Final expenditures and allowability of expenditures to be confirmed to OSP 45 days after end date to ensure the final invoicing deadline is met to prime recipient (generally Harvard has 60 days to submit final invoices to prime federal recipients).

OSP Responsibility

- Submits “draft” final invoice and compliance checklist to department/local unit for review and sign-off (confirm by day 55 or before in order to submit by 60-day deadline).

15 Days Before Sponsor Deadline

Department/Local Unit/School Responsibility

- Authorized LUM confirms final award expenditures recorded in GL.
- Verifies that PI has submitted programmatic/technical reports to sponsor.
- If valid award expenses are not yet recorded to GL but in process, the department/local unit will provide a reconciliation between the GL balance and final award expenditures (by object code) as they will be reflected in the GL. Supporting documentation for expenses in process must be provided to OSP as backup documentation.

OSP Responsibility

- Submits compliance checklist for clearance/confirmation by department/local unit and final draft financial report for review and approval by department/local unit.

10 Days Before Sponsor Deadline (or Sooner)

OSP Responsibility

- Submits final financial report to sponsor, requests final draw, submits final invoice (according to Agency procedures).

- Draws funds weekly from federal sponsors based on thresholds. Constantly monitors of federal award expenditures against funds previously drawn against sponsor authorized amounts and confirmed final expenditures to ensure that 100% of award expenditures are recovered.
- In the absence of a department/local unit confirmation of final award expenditures, OSP submits final financial reports and request final letter of credit draws based on general ledger expenditures.
- School and department/local unit leadership will be updated on awards that are at risk of meeting this timeline and sponsor deadlines. (Federal agencies de-obligate funds in the letter of credit system after their deadline.)

Note: OSP Staff will be prepared to submit final reports and close out awards prior to Sponsor deadlines when awards have completed earlier than anticipated. These requests will be balanced against the ongoing workload of OSP.

III. Reconciling After Final Report Submission

All sponsored accounts will be reconciled and closed in the general ledger (“GL”) no later than six months after the award end date.

Every effort must be taken to fully reconcile the award expenditures prior to submitting final financial reports and final invoices to sponsors. After confirming final expenditures for financial reporting, the department/local unit will continue to review the expired account to ensure no further transactions post in the GL to the expired award. This will allow the account to disable in the GL.

Six months after an award’s end date, OSP will write off sponsored account balances (expenditures exceed amount reported to the Sponsor) to a School/Tub’s unrestricted account. [Two exceptions include DHHS Training Grants with a trainee’s stipends and tuition costs reported as unliquidated obligations, where the accounts for the budget year have 15 months after the account termination date to become fully reconciled and fixed price sponsored awards, which adhere to the Guidance on Fixed Price Sponsored Awards]

Once Harvard has reported an amount to a sponsor that subsequently is reduced in the general ledger due to a credit (e.g., a refund from a subcontractor), OSP will prepare a revised the financial report, resubmit, and issue a refund. As mentioned above, revisions to financial reports must be approved by School Senior Research Administrative Officials and Senior OSP Officials and may only occur in limited situations.

Guidelines for Reconciling Accounts for Closeout & Disabling (Following Submission of Report to Sponsor)

Unreconciled Balance Responsibility by GL Fund Status

If award expenditures are less than reported to Sponsor by \$25 or less or are more than reported to sponsor by less than \$250

- Department/Local Unit Responsibility
 - Informs OSP when removing expenditures after final reports have been submitted to sponsor.
 - Removes small balances due to recurring charges (internal billing etc.)
- OSP Responsibility
 - Processes small balance write-off on a monthly basis.
 - Writes off to bad debt expense account provided by tub (use object code 7765).

If award expenditures are less than reported to Sponsor by > \$25

- Department/Local Unit Responsibility
 - Informs OSP when removing expenditures **after** final reports have been submitted to sponsor.
 - Verifies cause(s) and make journal corrections if required.
 - Confirms revised final figure to OSP.
- OSP Responsibility
 - For federal awards, obtains approved final report revision form from department/local unit documenting justification for reissue of Final Report, updates GMAS with revised report/figures, processes refund (via HCOM).

- For non-federal awards, works with pre-award and department/local unit to determine appropriate disposition of unused fund balance as per sponsor's terms.

If award expenditures are more than reported to Sponsor by > \$250

- Department/Local Unit Responsibility
 - Reviews unreconciled accounts status monthly and removes over-expenditures.
 - Verifies journal adjustments are completed and accounts are ready to be closed.
- OSP Responsibility
 - Reviews unreconciled account status monthly and notify department/local unit to remove overspent deficit balance(s). If not resolved at department/local unit level, escalate to School finance officers for assistance.

If income > expenditures (cash surplus). Non-federal accounts sometimes have a cash surplus due to interest earned on payments received in advance of spending or actual expenditures coming in under budget.

- Department/Local Unit Responsibility
 - Reviews fund terms and determines if interest and/or surplus balances must be returned to sponsor.
 - If no restrictions, utilizes earned interest to offset the project expenses within project period.
 - For fixed price awards with an unexpended balance $\geq 25\%$ of the total sponsored award amount and/or $\geq \$100K$ submit an approved [Fixed Price Award Residual Balance Transfer Form](#) to OSP.
- OSP Responsibility
 - Processes refund if sponsor requires return of interest earned.
 - If no restrictions on interest and/or surplus (budget savings) balances, transfers surplus to a tub or org or a designated unrestricted account.
 - For fixed price awards with unspent fund balances, review the award document and the [Fixed Price Award Residual Balance Transfer Form](#) submitted by the department and

local units before processing transfer journals moving the fund balances to specific non-sponsored department accounts and/or school/local unit account.

3 Months After Award End Date

- Department/Local unit responsibility
 - Reviews unreconciled status and keep OSP informed of reasons for accounts remaining unreconciled.
 - Assists OSP with accounts receivable collection efforts responding to sponsor inquiries regarding the project deliverables, including project performance, progress reports etc.
- OSP Responsibility
 - Follows up on outstanding AR and communicate any uncollectable issues with the department/local unit and tub finance office.
 - Identifies overspent balances on expired awards and report out in conjunction with OSP/School quarterly meetings or sooner.

6 Months After Award End Date

- Department/Local unit responsibility
 - Responds to OSP questions related to the un-reconciled accounts (overspent or underspent).
 - Requests an exception (signed by a department/local unit or School official) to the closeout operating procedure.
- OSP Responsibility
 - Keeps departments/local units and School officials informed of overspent accounts needing to be balanced for closeout process (exclude accounts that are pending extensions).
 - Processes journals of overspent balances to School unrestricted account that was provided by Schools.
 - For accounts where expenses have been removed after reporting to the sponsor, obtains department/local unit/School approval to revise the sponsor financial report and prepares refund check or prepare to return overdrawn amount through federal

letter of credit. (Note: refunds should be issued within 45 days of month end in which transaction was processed.)

IV. Disabling in General Ledger

The timely disabling of accounts helps ensure that the amount invoiced and/or reported to the sponsor is consistent with the general ledger and GMAS. Any deviations between the amount reported to the sponsor and the GL may be an indication of compromised internal controls and can result in unnecessary revisions to previously submitted invoices and reports. Departments/local units should monitor expired awards to ensure these award expenditures do not differ from amounts reported to sponsors. By reconciling and disabling accounts on a timely basis, GMAS will provide a more accurate picture of the active sponsored portfolio.

Account Disabling

Disabling of sponsored accounts (activity-subactivity combination) is an automated monthly process. During the first week of each month, any expired sponsored accounts in GMAS that meet the criteria below will be sent to the GL to be disabled.

- A final figure (reported expenditures to sponsor) is logged into GMAS by OSP-Research Finance Staff
- Expense = Income = Final Figure (the account has a zero balance)
- There are no open segment revisions in GMAS

Sometimes an account may appear reconciled with zero balances in GMAS but fails to disable in the GL because of transactions to a non-sponsored fund with the sponsored “activity-subactivity” combination (e. g., invalid code combinations, cost sharing expenses, unreconciled WIP balances, etc.). Additional adjustments are required to remove these unreconciled balances in the GL, which then allows the account to be disabled. OSP can provide assistance to departments/local units to address problems related to accounts failing GL validation for disabling.

Closing Project Segments in GMAS

On a quarterly basis, once all accounts within each segment are disabled in GMAS and in the GL, OSP and School sponsored offices will coordinate the process for manually closing the project segments in GMAS. Subsequently the sponsored fund values will be automatically disabled in the GL after all account groups are disabled in GMAS.

V. Additional Reporting & Invoicing Details

Interim Financial Reports and Invoices

Interim financial reports and invoices may be due on a monthly, quarterly, semi-annual, or annual basis for ongoing awards. Generally, OSP will submit interim reports and invoices based on GL expenditures (up to the sponsor authorized amount) for the reporting period without the department/local unit's review prior to the submission. Expenditures are generally not reviewed for allowability in conjunction with interim invoicing or financial reporting. However, at a minimum, annual reviews of awards are performed by OSP staff. Review procedures include a review of award expenditures against grant terms to highlight any potential issues. Department/local unit staff are an important resource in the annual review process.

In some cases, departments/local units will provide assistance to OSP with preparing invoices and reports when the sponsor requires special reporting (e.g., cost breakdown by specific tasks, individual salary costs, detailed budget comparison, unique financial reporting templates). Any interim invoices or financial reports that include preparation assistance by the departments/local units will be reviewed and approved by OSP before being submitted to the sponsor. Interim reported amounts have implications for final reported amounts, and OSP must always confirm agreement with general ledger and other sponsor requirements. Coordination between the department/local unit/School and OSP for documentation in support of these reports is critical to ensuring that sponsor deadlines and requirements are met.

Revised Final Financial Reports and Final Invoices

Frequent revisions to sponsor financial reports can be an indication of weakness in internal controls and can increase the University's risk of audit, and thus financial reports will be revised only under extenuating circumstances. Requests to revise previously submitted financial reports must be approved by the designated School Official (CFO, Controller or Head of Research Administration) and by the Director of Research Finance in OSP. Sometimes revisions are not within Harvard's control (for example, a subcontractor issues a refund to Harvard as the prime awardee). An internal award management process that includes timely transacting to awards and regular (at a minimum monthly) monitoring of award expenditures, including sub-recipient expenditures, should minimize revised financial reports.

Other Reports (Non-Financial)

Some sponsors also require non-financial reports, which can include the PI's technical or progress reports, invention or patent reports, and final property reports. The PI and departments/local units are responsible for tracking the scheduled non-financial reports and for the timely submission of these reports and any associated deliverables outlined in the sponsor agreement. PIs and departments/local units should work with their pre-award partner on non-financial report submission.