



## Administration and Finance

Policy No: 3702

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Approved by:  
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Director  
Financial Services

Approval Date:  
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Refer Questions to:  
Manager  
Restricted Funds  
410-706-0487

USM Board of Regent's  
Policy Reference:  
N/A

**Policy Name:**

Contract and Grant Financial Reporting and Closeout

**Policy:**

The University of Maryland, Baltimore (UMB) will submit financial reports to external contracting and granting agencies in a timely and accurate fashion using the UMB financial system.

UMB will close all project IDs related to contracts and grants within the UMB financial system.

**Definitions and Terms:**

Financial Reports

- 1.) Most federal agencies require a sponsor specific form which reports the status of funds by total direct and indirect costs only.
- 2.) Non-federal agencies and some federal agencies may require a sponsor specific form or request a generic form which reports the status of funds by object category of expenditure (e.g., personnel, travel, or equipment).
- 3.) For the purpose of this policy the financial reporting form (federal and non-federal) will be referred to as an FSR.

**Purpose:**

To identify the procedures to ensure the timely and accurate financial reporting on contracts and grants and to clearly define the responsibilities of Restricted Funds and the departments within this process.

To identify the procedures to ensure the timely closing of contracts and grants.

**Scope:**

Contracts and grants received from external agencies where financial reports are required as stipulated in the award documents.

**Restrictions and Exclusions:**

- 1.) Federal and State Student Financial Aid are excluded from this policy.
- 2.) Individual fellowships do not require a financial report.



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**Related / Impacted Policies:**

Administration and Finance Policy #3311 – Cost Transfers  
Administration and Finance Policy #2111 – Effort Reporting  
Administration and Finance Policy #3701 – Contract and Grant Billing and Collections

**Procedures:**

I.) Contract and Grant Financial Reporting

A.) In order to ensure the accuracy of any financial reporting departments are expected to:

- 1.) Perform monthly reviews of all project IDs to ensure the accuracy and validity of the balances in the UMB financial system.
- 2.) Assign a Senior Administrator and/or designee to perform a sample quality review to ensure that the monthly reviews are being performed.
- 3.) Submit all correcting journal entries in a timely fashion according to the Administration and Finance Cost Transfer policy #3311.
- 4.) Revise effort report(s), if necessary in accordance with Administration and Finance policy #2111 – Effort Reporting.

B.) Restricted Funds will send to the Department Administrator or other designated individual (to be referred to as “department” from this point forward) a monthly report indicating the UMB financial system balances of projects due to end in 30, 60, and 90 calendar days.

C.) The department will:

- 1.) Validate all encumbrance balances.
- 2.) Attempt to resolve over-expenditures.
- 3.) Clear all outstanding issues including those related to Employee Funding Profiles (EFPs) and effort reporting in order to finalize the report.

D.) Within forty-five (45) calendar days after the end of the reporting period, Restricted Funds will prepare and email a preliminary FSR and spreadsheet to the department for review.



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- E.) The department will:
- 1.) Review the FSR for completeness and accuracy.
  - 2.) Process any necessary adjustments.
  - 3.) Update the spreadsheet to include the processed adjustments.
  - 4.) Have the Principal Investigator (PI) sign the corrected FSR.
  - 5.) Return the updated report along with any documentation/adjustments to restricted Funds within fourteen (14) calendar days.
- F.) If a response is not received within that time, Restricted Funds will send a second email allowing the department an additional fourteen (14) calendar days to update the report and return it with the PI's signature.
- G.) If the department does not respond, a third request will be sent to the department, PI, Restricted Funds Manager and Dean's Office. The dean's office is included in anticipation of its assistance in getting a response within seven (7) calendar days.
- H.) If the FSR is still outstanding, the department will be sent a final request allowing an additional seven (7) calendar days to finalize the report and provide Restricted Funds with the signed report along with any adjustments.
- I.) If the FSR still remains outstanding, it will be completed based on the current balances in the UMB financial system (not to exceed the budget), without the approval of the department. In addition:
- 1.) If an unobligated balance on a grant or contract can be carried forward into the next granting period without sponsor approval, the report will be submitted requesting to carry forward the unobligated balance.
  - 2.) If an unobligated balance on a grant or contract requires sponsor approval, the report will be submitted stating that the PI will submit a letter requesting to carry forward the unobligated balance.
  - 3.) If the preliminary report is currently overspent in total, the report will be sent to the sponsoring agency as completely spent.
- J.) Once the FSR has been completed and signed by the Restricted Funds Manager, Restricted Funds will forward the original to the granting agency with a copy to the Office of Research and Development (ORD).



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- K.) The project status will be changed to “frozen” in the UMB financial system. Any transactions submitted after that time will error out and require approval from Restricted Funds.
  - L.) The above schedule will be condensed when the FSR is due in less than ninety (90) calendar days after the reporting period.
- II.) Contract and Grant Closeout (within the UMB financial system) – All procedures are performed by Restricted Funds except in certain instances where noted.
- A.) After the month is officially closed, a report detailing the project IDs which expired six (6) months earlier is created. The six month period is allowed to ensure that all subcontractor invoices and other outstanding expenditures have been processed.
  - B.) The grant file and UMB financial system are reviewed to verify that the required FSR has been submitted and that all invoices have been paid. If an invoice is outstanding, the project will remain frozen until collections have been completed.
  - C.) Purchase orders and/or requisitions still open in the UMB financial system must be verified and closed out if there are no outstanding invoices. An email is sent to the department requesting the open item to be resolved either with the submission of the final invoice to Accounts Payable or an email to Procurement requesting the open item to be closed.
  - D.) The UMB financial system direct and indirect costs are compared to the FSR, the detailed final invoice, or the total funds received (to be referred to as “reports” from this point forward).
  - E.) If there is a variance between the UMB financial system and the reports, an email will be sent to the department.
    - 1.) If surplus funds may be retained by the University, the department will be notified and asked for a revolving fund project ID for Restricted Funds to move the direct cost portion of the surplus. The indirect cost portion will be transferred to the indirect cost pool.
    - 2.) If funds are to be carried over into the next grant period, Restricted Funds will process the transfer to the next budget period project ID (direct and indirect).
    - 3.) If the funds must be returned to the sponsor, a refund request for the total surplus (direct and indirect) will be initiated by Restricted Funds and sent to Accounts Payable for further processing.
    - 4.) If there is a negative variance, Restricted Funds will work with the department to resolve the deficit.



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F.) The budget will be adjusted to reflect the total from the reports.

G.) One month later the project status will be changed to "Closed".

**Responsibilities:**

Restricted Funds:

A.) Submits FSRs to external agencies timely and accurately.

B.) Sends preliminary FSRs to the department for review.

C.) Works with departments to ensure that FSRs match the balances appearing on the UMB financial system.

Departments:

A.) Perform monthly reviews of all project IDs to ensure the accuracy and validity of the balances in the UMB financial system.

B.) Assign a Senior Administrator and/or designee to perform a sample quality review to ensure that the monthly reviews are being performed.

C.) Submit all correcting journal entries in a timely fashion according to the Administration and Finance Cost Transfer policy #3311.

D.) Revise Effort Report(s), if necessary in accordance with Administration and Finance policy #2111 – Effort Reporting.

E.) Respond to Restricted Funds in a timely fashion as stipulated in the above procedures.

**Sample Forms:**

N/A

**Instructions for Completing Forms:**

N/A