

LSU Health Sciences Center at New Orleans Sponsored Agreement Closeout Policy

Purpose

To establish requirements to close out Sponsored Projects and for the treatment of residual balances that exist after the completion of the Sponsored Agreement.

Scope

This policy applies to all Sponsored Agreements (i.e. fixed price, service based, clinical trials, federal), excluding cost reimbursement agreements.

Effective Date: October 16, 2017

Policy

Residual balances resulting from completed Sponsored Agreements may be transferred to department and school level projects, specifically set up to receive residual balances. These balances may be spent as discretionary funds in accordance with state law, university policy, school policy and department policy.

In order for residual balances to be transferred, the certification criteria contained in this policy must be met and the procedures contained in this policy must be followed. Any refund requests or additional expenses arising subsequent to Sponsored Agreement closeout and residual balance transfer will be the financial responsibility of the applicable school or administrative division.

Indirect costs will be applied, when applicable, to residual balances using the rates in effect for each individual Sponsored Agreement.

Completed (as defined in this policy) Sponsored Agreements with surplus and/or deficit residual balances shall be certified and transferred to Accounting Services within 90 days. Accounting Services shall review and approve completed requests for posting within 90 days.

Deans and Vice Chancellors are responsible for ensuring that Completed Sponsored Agreements with surplus and deficit residual balances are certified and transferred on a timely basis.

Exceptions:

1. Residual balances shall be returned to the sponsor for those Sponsored Agreements where the sponsorship agreement specifies that the University is required to return any residual balances to sponsor.
2. Should a Sponsored Agreement Liaison's (SAL) employment end with LSUHSC-NO, all residual funds assigned to the SAL shall be dispensed in accordance with PM-27 Placement of Sponsored Agreements.

Certification Criteria

In order for a residual balance to be transferred, the following criteria must be met and certified in writing on the Sponsored Agreement Closeout Certification form:

1. The Sponsored Agreement is complete.
2. The sponsor does not have any restrictions on the use of residual balances. These restrictions could be contained in the Sponsored Agreement or it may be contained in other policy statements issued by the sponsor.
3. All services and deliverables contained in the Sponsored Agreement have been completed. If a Sponsored Agreement is terminated or transferred prior to completion, documentation must be attached to the certification statement that indicates that all requirements of the sponsor have been met.
4. All financial and performance obligations of the Sponsored Agreement have been met.

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5. All revenue earned under the terms and conditions of this Sponsored Agreement have been billed, collected and recorded in the University's official books and records.
6. All expenses incurred to perform the services related to this Sponsored Agreement have been recorded in accordance with all applicable laws and policies including but not limited to: LSU Administration and LSUHSC-NO policies, the Federal Uniform Guidance, if applicable, the University's Time and Effort Certification Policy, if applicable, and the University's Cost Transfer Policy, if applicable. Additionally, all costs charged to the Sponsored Agreement are allowable costs under the terms and conditions of the Sponsored Agreement.
7. All subcontracts have been paid and closed (if applicable).
8. State appropriated funds were not used to subsidize the direct costs of the Sponsored Agreement.
9. Documentation that demonstrates that the Sponsored Agreement is closed must be attached to the Certification Statement for clinical trials.

Procedures

1. Business Manager/Project Custodian will ensure that accurate billing information is collected. In cases where Accounting Services (Billing and AR or Sponsored Projects) is responsible for invoicing, the billing information will be submitted to Accounting Services in a timely manner.
2. Where applicable, Accounting Services will ensure that the terms and conditions of the Sponsored Agreement are accurately applied and a true and correct invoice submitted to the sponsor in a timely manner. In cases where the billing is done at the department level, the Business Manager/Project Custodian will ensure that the terms and conditions of the Sponsored Agreement are accurately applied and a true and correct invoice is submitted to the sponsor in a timely manner.
3. Business Managers/Project Custodian will ensure that all direct expenses incurred to complete the Sponsored Agreement are charged to the project in accordance with the LSU Administration and LSUHSC-NO policies, Federal Uniform Guidance, if applicable, the University's Time and Effort Certification Policy, if applicable, and the University's Cost Transfer Policy, if applicable.
4. Business Manager/Project Custodian will close out all associated requisitions, purchase orders, pre-encumbrances and encumbrances.
5. Business Manager/Project Custodian will complete the Sponsored Agreement Closeout Request Form. This form will be signed by the Business Manager/Project Custodian, the Department Head (if applicable), Associate/Assistant Dean for Fiscal Affairs, Accounting Services, Director of Accounting Services (if revenue => 25% for Clinical Trials), and the Director of Office of Research Services (if research related),
6. Business Manager/Project Custodian will complete the Sponsored Agreement Closeout Certification form. This form will be signed by the SAL, the Business Manager/Project Custodian and the Department Head.
7. Business Manager/Project Custodian will prepare and include a journal entry with the certification form for transfer of residual balances for multidisciplinary sponsored agreements. An electronic copy of the journal will be sent to Accounting Services. With the exception of multidisciplinary sponsored agreements, Accounting Services will prepare the journal entry for the transfer of residual balances as specified on the Sponsored Agreement Closeout Request Form.
8. The Sponsored Agreement Closeout Request Form, the Sponsored Agreement Closeout Certification form, the journal entry (if applicable) and any supporting documentation will be forwarded to the applicable Associate/Assistant Dean for Fiscal Affairs.
9. The Associate/Assistant Dean for Fiscal Affairs for the applicable school will review and approve the Sponsored Agreement Closeout Request Form. If the form or supporting documentation is found to be inadequate, it will be returned to the Business Manager/Project Custodian. Once complete, the form, certification statement, journal entry (if applicable) and any supporting documentation will be forwarded to Accounting Services.

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10. Accounting Services will review and approve the Request for Transfer of Residual Balance form. If the form or supporting documentation is found to be inadequate, it will be returned to the applicable Associate/Assistant Deans' Office.
11. Accounting Services will match the Sponsored Agreement Closeout Request Form, the certification form, journal entry (if applicable) and supporting documents with the electronic copy of the journal entry if necessary.
12. Accounting Services will compute the indirect costs on the residual balance and will include the indirect costs on the journal entry if applicable.
13. All requests to transfer residual balances for grants and clinical trials will be reviewed and approved by the Director of the Office of Research Services, when applicable. If the form or supporting documentation is found to inadequate, it will be returned to Accounting Services.
14. If revenue exceeds total expense by 25% on a clinical trial, The Director of Accounting Services will review and may require additional documentation from department.

Definitions

Accounting Activity – Any transaction undertaken by LSUHSC-NO to further the fulfillment of deliverables of Sponsored Agreement. These may include but are not limited to executing or terminating a Sponsored Agreement, allocating revenues and/or expenses, making encumbrances, correcting errors, transferring funds, etc.

Complete – A Sponsored Agreement is considered complete when:

- All deliverables specified in the Sponsored Agreement have been met for the term or a single year of the term as applicable, or the contract has been terminated in writing, and
- All time and effort associated with activities specified in the contract have ceased for the term or a single year of the term as applicable,, and
- No additional costs are being incurred by LSUHSC-NO that can be allocated to the Sponsored Agreement's Project for the term or a single year of the term as applicable,
- All reporting requirements are final and submitted for the term or a single year of the term as applicable.

Sponsored Agreement Liaison - A principal investigator, administrative contact, contract monitor, or other faculty or staff member designated by their department head with approval authority over the Sponsored Agreement.

Project Custodian – Person responsible for all financial and administrative functions related to a Sponsored Agreement.

Indirect Cost - Costs that are incurred for common or joint objectives and, therefore, cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity.

Project – A grouping of revenues and expenses related to a Sponsored Agreement in LSUHSCNOs accounting system.

Residual Balance – any amount, whether surplus or deficit, that remains in the Project after: ☐ The Sponsored agreement is complete ☐ All revenues have been collected and allocated to the project ☐ All expenses have been incurred and allocated to the project ☐ Any and all conditions on residual amounts specified in the Sponsored Agreement have been satisfied and ☐ Any situations requiring a hold on the funds in the project have been resolved (e.g. litigation).

Sponsored Agreement - Any agreement and supporting documentation (award notice, budget, etc.) between LSUHSC-NO and an external entity for the delivery of services and/or goods for which LSUHSC-NO receives remuneration from that entity or another external entity.

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Roles and Responsibilities

Business Managers/Project Custodian	<ul style="list-style-type: none"> • Review department accounts on a quarterly basis to ensure timely and accurate revenue recognition and expense classifications • Reconcile Sponsored Agreement revenue and expenses prior to closeout • Close out Sponsored Agreement requisitions, purchase orders, pre-encumbrances and encumbrances. • Prepare Sponsored Agreement Closeout Request Form • Prepare Sponsored Agreement Closeout Certification form • Prepare Journal Entry to transfer residual balance • Following up with sponsors on requests to retain residual balances and notifying Sponsored Projects of the resolution.
Sponsored Agreement Liaison (SAL)	<ul style="list-style-type: none"> • Certify that closeout criteria have been met
Department Head	<ul style="list-style-type: none"> • Certify that closeout criteria have been met • Approve Sponsored Agreement Closeout Request Form
Associate/Assistant Dean for Fiscal Affairs	<ul style="list-style-type: none"> • Review school account balances on a quarterly basis to ensure that, in all material respects, revenues are accurately recognized and expenses are appropriately charged • Review and approve the Sponsored Agreement Closeout Request Form
Deans and Vice Chancellors	<ul style="list-style-type: none"> • Ensure that completed Sponsored Agreements with surplus and deficit residual balances are certified and transferred in a timely fashion
Accounting Services and Sponsored Projects	<ul style="list-style-type: none"> • Review Sponsored Agreement Closeout Request Form for compliance with this policy • Review outstanding AR balances and deficits on clinical trials prior to processing the residual balance transfer • Review the residual balance transfer journal entry • Post the residual balance journal entry
Office of Research Services	<ul style="list-style-type: none"> • Review and approve Sponsored Agreement Closeout Request Forms for grants and clinical trials.
Director of Accounting Services	<ul style="list-style-type: none"> • Review Sponsored Agreement Closeout Request Forms • Prepare periodic aging reports on residual balances for monitoring to identify outliers