School of Medicine Evaluation of Fixed Price Closeout Requests

Fixed Price agreement closeouts with cash balances greater than $5,000 or greater than 10% of the budget (based on total cash received) require approval of the Dean in order to transfer those balances to a department or investigator pool account. Dean’s office review and approval applies to all Fixed Price agreements, regardless of sponsor type.

Effective July 1, 2011, The School of Medicine Dean’s Office (SOM) began tracking fixed priced closeout requests to monitor trends in order to improve financial management and accountability at the department level.

For a list of standard documentation required when submitting fixed price close-outs for Dean’s office review see page: Department Guidance for Submitting Fixed Price Closeouts

PROJECTS WITH BALANCES OF 10% OR LESS

Generally, all projects with 10% or lower cash balances will be approved to be pooled at the department/investigator level as long as the department has provided sufficient documentation that appropriate PI and other personnel salaries were charged, all costs associated with the project were charged to the project, and all charges to the project were allocable to that project. Departments should indicate to which pool account(s) balances should be transferred.

PROJECTS WITH BALANCES GREATER THAN 10%

Projects with cash balances greater than 10% for which departments can demonstrate to SOM that salary and all other expenses have been charged appropriately will be authorized to pool the dollar amount equivalent to the 10% cash balance. All funds above 10% will be pooled at the School level unless an exception is requested and approved.

REQUIRED DOCUMENTATION AND EXCEPTION REQUEST PROCESS FOR BALANCES GREATER THAN 10%

In addition to the standard documentation required when submitting fixed price closeouts for Dean’s office review, the department will be required to issue a memo describing why a large cash balance remains on a project and, if management error is cited, the corrective actions the department and the investigator will take to avoid this in the future. In instances where SOM determines that a department did not effectively manage funds or repeated high balances occur, SOM can determine a department pool allocation reduction below 10% as deemed appropriate, including denying the department’s request(s) to pool the balance. Exceptions to allow a greater than 10% balance to be pooled at the department level will be evaluated on a case by case basis. The department must clearly request an exception in the required memo and indicate to which pool account(s) they are requesting balances to be transferred. A description of how pooled funds will be utilized should also be included.

DETERMINATION OF REASONABLE EXPENSES:

Expenses will be determined reasonable on a project if actual expenses incurred correlate with the final sponsor and internal study budgets or sufficient justification is provided to support a significant deviation from budget. Departments should plan to provide additional support for review if circumstances changed on a project which caused expenses incurred to be significantly different from budget. In cases where SOM evaluation determines expenses on projects are not reasonable, for reasons such as: insufficient salary charged, legitimate project non-personnel costs not charged to the project, or inappropriate expenses charged to the project, the following will occur:

- a. When possible, Department will work under direction of SOM and approval of G&C to correct expense misallocations. Revised closeout paperwork will be submitted after corrections.
- b. When not possible (largely due to time elapsed before closeout) SOM will determine the appropriate reduction to the amount of cash balance the department has eligible to pool. The reduction amount determined will be pooled at the School level.
- c. Departments will be required to issue a memo to detail corrective actions taken to minimize chance of re-occurrence in the future.

FUNDS POOLED AT THE DEPARTMENT/PI LEVEL

Department chairs have discretion for establishing department practices for pool accounts. Pool accounts can be established at the department level, PI level, or a department can elect to have both. Departments should clearly indicate the pool account distributions desired when making requests. SOM will evaluate pool account financial statuses at closeout to determine if a department has pool accounts in a deficit status, which may impact pool account distribution decisions. Pool account funds are always to be used to support the research mission, which includes: funding pilot research, bridge funding for research personnel, and research administration and infrastructure costs.

FUNDS POOLED AT THE SCHOOL LEVEL

 Funds that are pooled at the School-level will be used to support research administration infrastructure at the School and Department levels in efforts to improve department administrative and financial management of sponsored projects and promote growth of the School of Medicine’s research program. As warranted, funds may also be used for research related debts and deficits.