



2022 Workshop Series

- Welcome! Thank you for joining us. The workshop will begin shortly.
- Please check that you are on mute and your video is off.
- This workshop will be recorded.
- Workshop resources (slides, recording, etc.) will be distributed after the workshop.

Workshop #2

Closing Research Funds: Guidance from a Financial Perspective

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- **Donna Walker**, Director, Research Financial Reporting & Audit (RFRA), Division of the Vice-President Research & Innovation (VPRI)
 - **Olga Ledeneva**, Manager, RFRA, VPRI
 - **Glaucia Lima**, Business Development & Partnerships Officer, Faculty of Arts & Science

Wednesday, March 23, 1:30-2:30pm

Land Acknowledgement

"I (we) wish to acknowledge this land on which the University of Toronto operates. For thousands of years it has been the traditional land of the Huron-Wendat, the Seneca, and the Mississaugas of the Credit. Today, this meeting place is still the home to many Indigenous people from across Turtle Island and we are grateful to have the opportunity to work on this land."

Access Check

- Access is a shared responsibility between everyone in this workshop.
- If there is anything (presenter screen, sound, general tech issues) that may affect your participation in this session, please use the Zoom chat to send a private chat message to **Abigail Warnock**

AGENDA

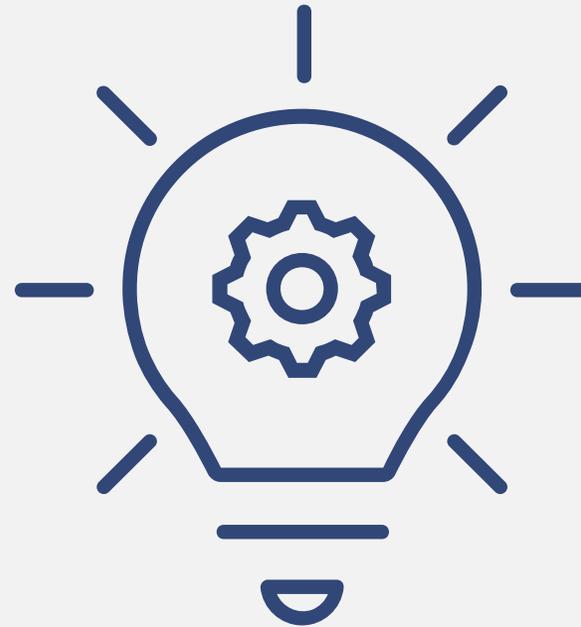
1. Closing a Restricted Research Fund: Typical Actions
2. Tips for Success from VPRI Staff
3. Tips for Success from Academic Unit Representative
4. Question & Answer
5. Wrap-Up

Closing a Restricted Research Fund

What does it mean?

- Typically, closing a fund is initiated after the following has taken place:
 - Project has been completed – no extensions/amendments/renewals are in process
 - Grant end date has passed
 - Principal Investigator (PI) has ensured that all deliverables have been provided to the Sponsor

Poll Question



Closing a Restricted Research Fund Steps

- Typically, the following steps are completed when Closing a Restricted Research Fund:
 - Final Financial Report is prepared by the Research Oversight & Compliance Office (ROCO)
 - If funding is received based on a Cost Recovery arrangement – Final Cost Recovery Invoice is prepared by ROCO
 - If required by the Sponsor, an External Audit will be arranged by ROCO

Closing a Restricted Research Fund

Final Financial Reports

- Elements considered when preparing the final financial report:
 - All expenses have been posted to the grant fund
 - All commitments charged to the grant fund have been cleared
 - Any matching required for the specific grant has been identified and supporting documentation (transactional listing/payroll distribution reports) are prepared and submitted to ROCO for inclusion in the report
 - Any Subgrant financial reports or cost recovery invoices have been received and processed, if necessary

Closing a Restricted Research Fund

Final Financial Reports

- All expenses have been posted to the grant fund
 - Important so that determination can be made if a "Surplus" or "Deficit" exists in the fund at the grant end date
 - If all expenses have not been posted to the Fund, this causes delays in preparation of the final financial report – due to having to extend the fund to post further expenses after coordination with the PI and Business Officer – which may prevent submission of the report by the Sponsor's due date

Closing a Restricted Research Fund

Final Financial Reports

- All commitments have been cleared from the grant fund
 - Important so that the expenses reported are true and there are no expenses "still to be processed"
 - If all commitments have not been cleared from the Fund, this causes delays in preparation of the Final Financial Report – due to having to clear the commitment with Procurement.
 - If commitments are not cleared on a timely basis, they may not be actual commitments which may result in unspent funds not originally anticipated.

Closing a Restricted Research Fund

Final Financial Reports

- All Matching expenditures have been identified and supporting documentation provided to ROCO
 - Documentation regarding matching expenditures (for those grants that have a matching component) is essential so that we have support for all financial statements prepared in case of audit

Closing a Restricted Research Fund

Final Financial Reports

- All Subgrant financial reports and final cost recovery invoices need to be received and processed (charged to Grant)
 - This is essential so that we can consolidate expenses incurred at University of Toronto and those incurred at Subgrantee
 - Sponsors require a report on total expenditures for the project and these reports/invoices are essential so that we have all information readily available
 - If Subgrantee cost recovery invoices are received after the grant end date, permission from IPO/RSO to extend the fund end date will be required in order to process invoice in FIS

Closing a Restricted Research Fund

Final Financial Reports

- Process for preparing the financial report:
 1. Research Accountant will prepare the Final Financial Report from information accumulated – FIS/Subgrantee/Payroll Distribution Reports
 2. Assistance may be required from Business Officer/PI if report must be prepared to budget categories that do not align to commitment items set up on the FReD
 3. Once report is prepared, it is submitted to PI/BO for review and approval (through signature)

Closing a Restricted Research Fund

Final Financial Reports

Process for Preparing the Financial Report (...continued)

- 4) Once signed copy is returned by Business Officer/PI, Research Accountant submits it to Mgr/Director of ROCO for final review
- 5) Once Mgr/Director of ROCO reviews and approves, the Final Financial Report is submitted to the Sponsor

Closing a Restricted Research Fund **Funds in Surplus**

- Financial report is submitted to the Sponsor, and it indicates a surplus exists – what happens now?
 1. Research Accountant will check the grant agreement to determine if the Sponsor has stated what needs to be done if a surplus exists
 2. If Agreement indicates funds must be returned – Research Accountant will prepare cheque requisition to return funds to Sponsor

Closing a Restricted Research Fund **Funds in Surplus**

Surplus exists (...continued)

- 3) If Sponsor is silent on treatment of residual, the Research Accountant obtains an acknowledgement in writing from Sponsor:
 - receipt of the final financial report
 - all deliverables have been met (including those provided by PI)
 - according to their records, the project is closed

Closing a Restricted Research Fund Funds in Surplus

- Surplus exists (...continued)

If Sponsor is silent on treatment of residual and **acknowledgement from Sponsor has been received:**

- If residual is greater than \$5K, process to open a new fund under PI, with same terms and conditions as original fund will be commenced

Closing a Restricted Research Fund **Funds in Surplus**

- Surplus exists (...continued)

If Sponsor is silent on treatment of residual and **no acknowledgement from Sponsor has been received:**

- If residual is greater than \$5K, we must wait for a period of at least 7 years to transfer residual to a new Fund to minimize risk to University

Closing a Restricted Research Fund **Funds in Surplus**

- Surplus exists (...continued)

If Sponsor is silent on treatment of residual and **acknowledgement from Sponsor has been received:**

- If residual is less than \$5K, we are currently in development of a process which would reduce administrative burden in the administration of these small amounts – more information will be forthcoming once the treatment is confirmed.

Closing a Restricted Research Fund **Funds in Surplus**

- Surplus exists (...continued)

If Sponsor is silent on treatment of residual and **no acknowledgement from Sponsor has been received:**

- If residual is less than \$5K, we must wait for a period of at least 7 years to transfer residual to a new Fund to minimize risk to University
– more information will come when process is finalized

Closing a Restricted Research Fund Funds in Deficit

- Financial Reports include only reporting expenses up to Awarded Budgeted amount
- If there is a deficit in the Fund – it will need to be resolved prior to the final financial report being prepared
- Deficits can be identified through review of the Research Funds Summary Report (RFSR)

Poll Question



Closing a Restricted Research Fund

Funds in Deficit

- For those funds that do not have any financial reporting requirement – deficits still need to be addressed, but if not resolved 2 years after the fund end date, it will be transferred to PI's CFC as part of Autoclose process
- All deficits must be resolved before a restricted research fund can be closed.

Closing a Restricted Research Fund

Final Cost Recovery Invoice

- Elements considered when preparing the final cost recovery invoice:
 - All expenses have been posted to the Grant Fund
 - All commitments charged to the Grant Fund have been cleared
 - Any Subgrant cost recovery invoices have been received and processed, if necessary

Closing a Restricted Research Fund Audit

- If Sponsor requires an external audit to finalize project, ROCO will coordinate audit with external auditors, either:
 - Ernst & Young, LLP, or
 - Pennylegion Chung, LLP
- ROCO will engage the PI/Business Officer in providing necessary information and backup documentation to coordinate audit

Closing a Restricted Research Fund

- Once final financial report/cost recovery invoice is submitted:
 - Await acknowledgement from Sponsor re submission of reports
 - Await final payment – if holdback is based on submission of final financial Report ; payment re: final cost recovery invoice
 - Ensure any deficits/surpluses are dealt with
 - Budgets are adjusted to actual expenditures incurred
 - **Goal:** To have Revenue = Expenses = Budget before Fund can be closed

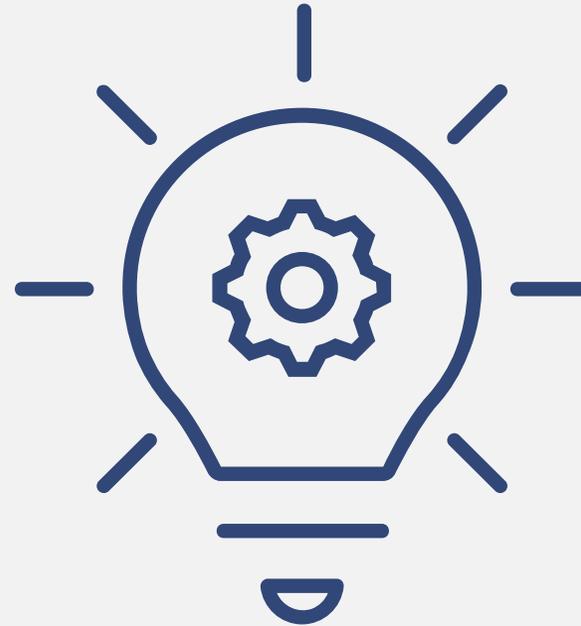
Closing a Restricted Research Fund

- Once all the above are achieved, the Research Accountant will put an "Inactive Status" on the Fund

Closing a Restricted Research Fund

- In MROL, fund will be removed from PI's view on the earlier of:
 - 1) The fund end date has passed; and
 - 2) Fund Inactive Status has been applied or 6 months have passed since the fund end date (whichever is first)

Poll Question



Tips for Successful Closing

These helpful tips can be done throughout the life of a project to support a successful closing:

1. Ensure all expenses are posted to funds on a timely basis
2. Commitments are cleared on a timely basis
3. Any Fund/CFC errors are corrected before end date of grant
4. Review of activity on funds & payroll distribution reports are done on a regular basis

Tips for Successful Closing (..continued)

5. Deficits identified on review are dealt with promptly
6. Notify VPRI staff if there is a need for a potential extension/amendment **prior** to the end date of the Grant
7. Any revisions to budget needed due to Sponsor requirements (re variances) are initiated with Sponsor **prior** to end date of Grant

Closing a Project – Tips for Financial Reports

Meet the VPRI team you will be working with:

- Get to know them – it is especially important to meet you accountant(s)!
- Meet them "in person"
- Be responsive to their requests – if you don't understand what they want, ask questions

Closing a Project – Tips for Financial Reports

Get what you need:

1. Got MROL or FIS access to track your project's budget and financial standing
2. Understand the project's [FReD](#)
3. Understand the project's budget and what expenses you may incur throughout the lifetime of the project
4. Create a master budget spreadsheet to track expenses as they incur monthly (or at least quarterly) – so you can compare actuals against the budget

Closing a Project – Tips for Financial Reports

Be prepared:

1. Is there a template or is it online? If online make sure you are granted access
2. Who is expected to submit all reports – ROCO Accountants
3. Are internal approvals required? At least one week to get all signatures

Closing a Project – Tips for Financial Reports

Be prepared (...continued)

4. Be diligent on those FMVs (Fair Market Value) and associated documentation – the longer you wait the most likely you will forget details – give Donna and team time to evaluate your FMV tables and provide feedback

5. Follow rules of U of T procurement – so when you get an invoice over \$10k you are not stuck trying to get two or three other quotes for a service/supply/equipment you already purchased

<https://www.procurement.utoronto.ca/programs-and-services/purchasing-goods-services>

Closing a Project – Tips for Financial Reports

Track actuals against the budget:

- Auditing, budget modifications and no-cost extension requests: Update the budget with actual expenses up to the point of audit or NCE requests and make projections for the project's future
- Monthly updates to the budget master file for tracking and planning – if you do not have access to FIS, ask your business officer to run a report of all expenses incurred to the project's funds. Excel format facilitates organization by date, G/L etc. - be mindful to not request this too often
- Be mindful of variances on the budget so you stay within what is allowed by the funding agency

Closing a Project – Tips for Financial Reports

Be diligent about expense reconciliation:

1. Make sure financial reports are not submitted with ineligible expenses
2. Reconcile monthly – especially for grants requiring quarterly reports as funds will be released depending on actual expenses posted against each fund
2. Avoid too many journal entries and do not leave them all of them to the end of the project – your business officer will appreciate it
3. Avoid requesting journal entries when your business officers are the most busy
4. Submit requests in advance to create good rapport, so when you do have a rushed request, they will be happy to help you

Closing a Project – Tips for Financial Reports

Make external connections:

1. Get acquainted with your external partner processes and get to know who to talk to when requesting for financial reports
2. Form 300s may not be enough – not a lot of detail on them
 - Your accountant will ask collaborating institutions for detailed financial reports – ORF, Genome Canada,
 - NSERC CREATE - requires granular information, i.e. stipends paid to students and PDFs, plus details on activities associated with the project objectives – the Project Manager will need to figure this out together with academic collaborators

Closing a Project – Tips & Tools

Near the end date of the funds:

1. Balance the budget – if you have a positive balance at the end of the project, scour the PI's accounts for any eligible expenses that can be reallocated
2. If fund already closed, ask RSO/IPO to re-open the fund when ready to run all final journal entries – here you will appreciate the rapport you built with your business office/ROCO team 😊

Closing a Project – Tips and Tools

Near the end date of the funds (continued):

3. Make sure documentation for audits are in order – during the whole duration of the project, make sure to capture all backup documentation for every item purchased
4. Make sure all ineligible expenses are removed from all accounts being audited and that documentation for this is on file – auditors will find these!

Question & Answer

(Please refer to the video for detailed questions and answers)

Upcoming Workshops

Advanced Research Procurement

Wednesday, April 6,
10:30am-12:00pm

STAR Networking Event

May TBD

Internal Audit

June TBD

Feedback, please!



Thank you for attending!