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# Soft Closeouts

— Closed but Still Open —

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# What does “Soft Closeout” mean?

The act of completing all internal procedures and sponsor requirements for completing a budget period of a research project. Typically required for awards that do not have automatic carry-forward approval

“Soft Closeout” can also refer to:

- An interim report that requires financial reporting
- An interim report that requires financial reporting that is not captured by the budget period end ledger month
- A budget period close that will require deobligating funds or requesting carryforward
- A closeout that keeps changing!



This presentation will focus on soft closeouts for awards that do not have automatic carry-forward.

# Soft Closeouts Today...

- Have been inconsistently managed by both BRS and CGA
  - Chartfield 1 (CF1) vs Activity Code
  - Deobligation happens, but not always
  - Risk of not *re*-obligating authorized carryforward
- Reduces visibility into pending carryforward
  - The General Ledger may reflect an obligated budget that is not accurate
- RAs and PIs may be unsure of the correct amount available to spend
- RAs and CGA can be surprised by carry-forward restrictions after an award is set up

# Soft Closeouts (Going Forward)

- CGA updating the “Milestone Code Description” from “Annual” to “Soft Close” for those awards that require a CCF and approval of carry-forward is needed.
  - This new milestone will occur on new awards as they are set up.
  - As CGA completes annual reports on current awards, the milestone will be updated.
- RA submits the Soft Closeout to CGA, using the standard Closeout Concurrence Form (CCF) in BFS and closing to the appropriate General Ledger month.
- After CGA approves the Soft Closeout, RA shall reallocate the amount being requested as carry-forward to the CF1: **PNDCFD** with account code 58000-Unallocated. (Mapping will be needed)
- Carry-forward requests are made by the PI to the agency/lead institute, via SPO when required.
- The RA routes the carry-forward request to SPO using the “Request an Award Action” function in Phoebe Search. SPO will then upload the carry-forward request as an official Institutional Document in Phoebe Search and submit to the sponsor as needed.

# Carry-Forward Decisions

- If carry-forward is **approved**:
  - SPO will issue an award modification after receiving notice from the Sponsor
  - After modification is released, RA will reallocate the carry-forward amount from PNDCFD back to the open budget year.
- If carryforward funds are **rejected and deobligated via offset** to a future year:
  - SPO will issue an award modification after receiving notice from Sponsor. This notification will account for the new budget year less the offset.
  - After modification is released, RA will reallocate the carry-forward amount from PNDCFD back to the open budget year.

# Carry-forward Decisions (cont'd)

## **Carry-forward rejected and the funds will not be deobligated via offset**

- RA can notify SPO and upload the sponsor notice/email as a Departmental Document in Phoebe Search.
- **If sponsor information indicating reduction is adequate, SPO will issue a modification reducing the budget** and CGA will process the modification, de-obligating the budget using the default chartstring; RA can adjust budget as needed between CF1s.
- **If sponsor information indicating reduction is not adequate, SPO will not issue a modification.** The rejected carry-forward balance will sit in PNDCFD.

## **Carry-forward request not submitted**

- RA can notify SPO and upload the sponsor notice/email as a Departmental Document in Phoebe Search.
- **If sponsor information indicating reduction is adequate, SPO will issue a modification reducing the budget** and CGA will process the modification, de-obligating the budget using the default chartstring; RA can adjust budget as needed between CF1s.
- **If sponsor information indicating reduction is not adequate, SPO will not issue a modification.** The unrequested balance will sit in the yearly CF1, until the award ends.

# Soft Closeouts: Impact on Award Set-up & Management

Step 1. RA will need to review Award Documents for guidance on carryforward. If guidance is unclear, check with SPO and CGA analysts.

Step 2. A **chartfield 1 (CF1) indicating each budget year** and attributed as “fund year” is recommended for tracking purposes. Use a start date 3 month prior to the award start date. Yearly CF1 will assist the RA in communicating to the PI the available amount for the current budget year.

Step 3. When mapping the new CF1, a comment should be included to CGA to use a new “**Activity Code**” to correspond with the current budget year:

- Activity Code: 01 (Year 1)
- Activity Code: 02 (Year 2)
- Activity Code: 03 (Year 3)



If the award already requires CF1s for a different purpose (e.g. tasks), it's recommended to create another yearly CF1 to track budget year expenses, and work with CGA to ensure the yearly Activity Codes are in place. Establishing multiple activity codes is important for billing purposes.

Step 4. **RA should map the CF1 PNDCFD.** This is a campus wide CF1 to temporarily house carry-forward requests that are awaiting sponsor decision.

For financial reporting, RAs should not include the amount in PNDCFD as part of the available balance the PI can spend. The RA should only be providing the amount available to spend for the current budget period.

# Thank you!

Thank you to everyone who participated in the working group on Soft Closeouts!!

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Questions?

