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SECTION: Administration and Finance
SUBJECT: Contracts and Grants -- Closeouts
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Policy for: All Campuses
Procedure for: All Campuses
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I. Policy

The University of South Carolina will follow procedures consistent with the requirements of the State of South Carolina Code of Laws, State of SC Regulations, Federal Guidelines and University policy as applicable.

- A. The University financial records on contracts and grants normally must be closed within ninety (90) days of the stated termination date of the grant or contract.
- B. For fixed-price contracts and grants, the University has established the following policies for distribution of residual funds. For purposes of this policy, "residual funds" are defined as "the cash or unobligated balances remaining sixty (60) days after the project termination date and after all appropriate expenditures have been charged against the account."
 1. The University will identify and collect indirect costs (overhead) on all grants and contracts if not prohibited by the grantor.
 2. On fixed-price grants or contracts for which indirect costs have been identified and collected, all (100%) of the residual funds will be transferred to the general E Fund of the college in which the principal investigator resides.
 3. On fixed-price grants or contracts for which no indirect costs have been identified and collected, half (50%) of the residual funds will be transferred to the general E Fund of the University and the remaining half (50%) of the residual funds will be transferred to the general E Fund of the college in which the principal investigator resides.

4. If closeout procedures do not discover all obligations before the account is closed and residual funds transferred, any unfulfilled financial obligations to the project must be satisfied from the college E Fund account.
5. Allocation of residual funds on accounts with less than a seventy-five (75%) percent expenditure rate will require detailed explanation and approval of work performed.

II. Procedure

A. General Time Frame

These procedures are based on a ninety (90) day time frame, the usual time allowed by Federal grants for filing the final fiscal report (FFR). The principal investigator and department must review the grant to determine when the FFR is due and adjust the time frame for grantors requiring submission in a shorter time span.

1. Contract and Grant Accounting (CGA) will notify the principal investigator and department ninety (90) days before the grant end date. This notice contains instructions and other information relevant to the closeout of the account. See <http://www.cga.sc.edu/closeout.php>. Any need to extend the budget period should be brought to the attention of the Office of Sponsored Programs and Research.
2. In the final thirty (30) days BEFORE the grant end date, the principal investigator and department should submit the personnel documents to remove all grant-funded and University-cost-share positions, effective the day after the grant end date (unless an extension has been granted).
3. During the first thirty (30) days AFTER the end date, the principal investigator or department representative reviews reports.
 - a. Review the Management Level I report on the grant.
 - (1) Send to CGA the necessary journal entry (JE) request to remove any over-expenditures, or
 - (2) Send to CGA the necessary JE request to charge any expenditure applicable to the grant which has not yet been charged.
 - (3) Check the outstanding commitments column - a good indication that some charges are not yet in. The account cannot be deactivated until the commitment is paid or until it is cleared. Note: Fringe benefits (54600) and indirect costs (59990) are exceptions.

- (4) Review for any charges relating to any service areas -- motor pool, computer center, post office, telephone, library, printing, central supply – that may not yet have been recorded.
 - b. Review the Share of Cost Statement I report to ensure that the University has met the cost share requirement.
 - (1) Send to CGA the necessary paperwork to charge any cost not yet recorded or remove any charges not applicable to the cost sharing.
 - (2) This should be submitted by the 24th of the month to ensure recording on that month's statement. Payroll requests will need to be submitted earlier.
4. The SECOND 30 days:
 - a. The grant accountant prepares and submits the fiscal report to the principal investigator for review and signature.
 - b. The principal investigator or department representative reviews statements to ensure that all charges are properly recorded, submits paperwork for any final adjustments as early as possible, and informs any service centers involved (e.g., UTS, library, Central Supply) that no further charges can be made to the grant account.
5. The FINAL 30 days:
 - a. The department ensures that all outstanding commitments except fringe benefits and indirect costs are cleared (contact Accounts Payable).
 - b. The department ensures that all positions are cleared from that account.
 - c. The final fiscal report is returned to CGA no later than fifteen (15) days prior to day 90 to allow for final processing.
 - d. CGA submits the final reports to the grantor.
 - e. Account is deactivated.

B. Closeout Procedures

The specific closeout procedures are determined by the type of award and the specific accounting and reporting requirements of the awarding agency. See <http://www.cga.sc.edu/closeout.php>

1. Fixed-Price Contracts and Grants

A fixed-price award is one in which there is an agreement to deliver a specified service or utilize funds for a specific purpose at a stated cost.

- a. The proposed cost is determined prior to accepting the award by estimating what is perceived to be the actual costs that will be required to perform the service.
- b. All expenditures applicable to the account should be incurred prior to the end date.
- c. At the expiration date if the costs are less than the total funds received, the principal investigator should request in writing a time extension on the account to use the unexpended funds or that the residual funds be transferred to other accounts.
- d. In addition to general time frame procedures, to ensure that all financial obligations of a grant or contract have been met prior to closing the corresponding account, the principal investigator should meet with the department chair or dean within thirty (30) days after the project completion date to ascertain that all commitments (such as personnel time, equipment and consumables) to the grant or contract have been appropriately satisfied and have been charged to the grant or contract.
- e. The transfer of residual funds in fixed price grants or contracts will occur automatically sixty (60) days after the project completion date. However, the Contract and Grant Accounting Office will notify principal investigators prior to transferring residual funds. Therefore, it is the responsibility of principal investigators, department chairs and deans to ensure that all financial obligations and commitments are satisfied prior to the transfer of residual funds.
- f. After all financial obligations of a fixed price project have been satisfied and after the transfer of the residual funds has been made, the corresponding account will be closed.
- g. Requests for extensions of the project period will not be honored unless the sponsoring agency requests such extension for the purpose of completing a project or unless the initial award period was for less than one year. In the latter case, a request for a one-time extension of up to one year may be honored. The University reserves the right to assess additional costs for extensions of project periods.

- h. Where support from appropriated funds for a bureau, institute or center constitutes less than 25% of total annual budget, one-year no-cost extensions may be granted regardless of the length of the initial award.

2. Cost Reimbursement Contract and Grants

a. Contracts and Grants with same Budget and Project Period

- (1) An award of this type normally spans a period of one year or less. All expenditures applicable to the account must be incurred no later than the termination date. Prior to the termination date, appropriate action must be taken to ensure that no charges will be incurred after the termination date.
 - (a) This will require that personnel documents be submitted transferring personnel costs to other accounts.
 - (b) Service departments of the University (telephone, postal, computer services, etc.) should be informed that charges to the account are not appropriate after the termination date.
 - (c) All outstanding commitments indicated on the general ledger at the termination date representing materials or services that have not been received prior to the termination date should be either cancelled or transferred to an appropriate account.
 - (d) If the materials or services shown as an outstanding commitment were received prior to the termination date, the principal investigator should supply the necessary documents to clear the commitment as soon as possible.
- (2) If expenditures are incurred after the termination date, or they exceed the amount of the award, it will be the responsibility of the principal investigator and the department chair to provide Contract and Grant Accounting with an account number against which those charges may be applied.

Note: Outstanding commitments for publications may be allowed, if specifically approved by the agency or the terms of the award.

b. Continuation of Contracts and Grants

A continuation award may be defined as part of a project which spans several years with separate budget periods (normally one year in duration)

for reporting and management purposes. Normally, a separate account number is established for each budget period.

- (1) Prior to closeout, the principal investigator should ensure that personnel forms are submitted that will transfer salary charges to the continuation account.
- (2) In addition, service departments of the University (telephone, postal, computer services) should be informed of the continuation of the account and the effective date of its usage.
- (3) Outstanding obligations existing at the termination date of the interim budget periods will be treated as follows.
 - (a) If materials or services for which the outstanding commitments exist have been received prior to the termination date, the incurred expense will be reported as an expense on the interim report to the grantor. The outstanding commitments will remain in the account until the expense has been recorded and the outstanding commitment cleared.
 - (b) If materials or services for which outstanding commitments exist have not been received prior to the termination date, these outstanding commitments will be transferred to the continuation account.

Note: The unobligated balances of contracts and grant funds may or may not be treated as a carry-over for use in a subsequent budget period. The disposition of the funds is generally at the option of the awarding agency. The principal investigators should contact SAM to ensure that these carry-over funds are properly requested or they may be dropped from the program or not made available for use in subsequent periods. Material and services to be purchased on grants or contracts should be requested well in advance of the termination date. They must be received in the grant or contract period to constitute a valid obligation or expense.

III. Reason for Revision

Policy revised due to division reorganization and name change.