

**PROCEDURE NUMBER:** FINA 3.15 Procedure  
**SECTION:** Administration and Finance  
**SUBJECT:** Grants and Funds Management – Sponsored Award Close Out  
**DATE:** July 1, 2022  
**Procedure for:** All Campuses  
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**Issued by:** Administration and Finance – Controller’s Office

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## **Procedure**

The purpose of this procedure is to ensure sponsored awards are closed properly, consistently, and in a timely manner and provide details on the administration and management of the Sponsored Award Close Out process for the University. Refer to **FINA 3.15** – Sponsored Award Close Out to determine if you are subject to this procedure.

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 must be closed within ninety (90) days of the accepted final financial report and receipt of final payment.
- B. The procedures outlined apply to all grants, cost reimbursable and fixed-price alike.
- C. Invoicing and financial reporting will be based on expenses posted in the general ledger, the University’s book of record.
- D. Cost Transfers are subject to the University’s Cost Transfer Policy, FINA 3.35 and must be identified and completed within ninety (90) days of the original transaction date.

### **I. General Time Frame & Procedure**

These procedures are based on a ninety (90) day timeframe, 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. Grants and Funds Management (GFM) requires all expenses and any adjustments to be posted in the general ledger a minimum of thirty (30) days prior to the due date of any required report.

1. The Department Grant Administrator, Principal Investigator (PI), and Project Team Members will receive a notice from PeopleSoft notifying them the award is ninety (90) days from the end or termination date and again at thirty (30) days prior. Any need to extend the budget period should be brought to the attention of the Office of Sponsored Awards Management (SAM). At ninety (90) and (30) days preceding the award end date, a full reconciliation of all expenses of the grant is required to ensure completeness, accuracy, and validity of charges. At a minimum, the PI and department administrator should:
  - a. Review and balance expenses to budget, including any cost share (as applicable). Ensure all expenses are allowable and allocated to the award appropriately.
  - b. Ensure that any spending over budget has been appropriately addressed and any overages or out-of-period costs are moved as necessary.
  - c. Prepare and submit any needed payroll documents required. Documents must be submitted well in advance of the award end date as it may take several weeks for payroll adjustments and cost transfers to process through the system.
  - d. Closeout any outstanding commitments and/or encumbrances. Reach out to vendors for final invoices to ensure they post to the award prior to or within 30 days of the end date.
  - e. Ensure Purchase Card expenses reports are reconciled, submitted, and approved.
  - f. Remind sub-recipients that final invoices are due (as applicable).
  - g. Notify Service Areas (Intra Institutional Services such as motor pool, post office, central supply) of account expiration to ensure only the charges associated with the grant time period post to the award. If charges are currently defaulting to an award, ensure service areas are notified of the account expiration.
  - h. If a no-cost extension is needed, PIs should coordinate with their SAM administrator and copy their Post Award Accountant (PAA) in GFM.
  - i. The Ninety (90) Days Prior Checklist should be reviewed and followed as applicable.
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). The department should review steps 1.a. – 1.h. above and ensure they have been completed. The Thirty (30) Days Prior Checklist

should be reviewed and followed as applicable.

3. During the first thirty (30) days AFTER the end date, the principal investigator and department representative must finalize all expenses. GFM requires a minimum of thirty (30) days to prepare the final invoice and complete any required reporting. The general ledger is the book of record for all expenses. As a result, all adjustments must be posted prior to submission of invoices and financial reports. Failure to complete procedures timely (within 30 days) will result in GFM initiating corrections. Corrections will be charged or directed to a departmental account.
  - a. Department administrator and/or PI should at a minimum:
    - (1) Cancel any outstanding commitments and encumbrances, cash advances, and participant card settlements. The award cannot be deactivated or closed until the commitment is paid or cleared.
    - (2) Review charges related to any service area to ensure only allowable charges post to the award (motor pool, computer center, post office, telephone, library, printing, central supply) and no future (out-of-period) charges post.
    - (3) Review Cost Share and ensure required commitments have been met for the award and have been properly recorded. If cost share is provided by a third party (external entities from the University), documentation must be given validating the cost share was provided as outlined in the agreement. For example, if a third party has agreed to provide a monetary stipend to participants in a research study, documentation from the third party confirming this was completed is required for it to be counted as cost share on the award.
    - (4) Request any necessary corrections or removal of expenses to your Post Award Accountant (PAA) in GFM. If department fails to request needed entries, GFM will initiate corrections in accordance with University Policy FINA 3.19 Contracts and Grants – Elimination of Account Overdrafts.
    - (5) Complete final reconciliation of expenses and confirm final numbers with Post Award Accountant (PAA) in GFM.
    - (6) The Fifteen (15) Days After Checklist should be reviewed and followed as applicable.
4. After expenses are finalized and confirmed, GFM will prepare and submit final invoices and required financial reporting. Once final payment is received, the grant will be closed out and the account deactivated.

5. Retention will begin once the final financial report is accepted, final payment is received, and the grant account is deactivated. Retention will follow guidelines outlined in RSCH 1.05.

## **II. Award Closeout and Deactivation**

The specific closeout procedures are determined by the type of award and the specific accounting and reporting requirements of the awarding agency. Below is the generic overview for the two types of grants: Fixed-Price and Cost Reimbursable and the closeout procedures associated with each.

### **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. If the scope of work is completed, any remaining funds are not required to be returned to the sponsor or grantor. Likewise, if costs exceed the original amount they must be covered by departmental accounts.

- a. The proposed cost is determined prior to accepting the award by estimating what is perceived to be the actual costs required to perform the service.
- b. All expenditures applicable to the project should be incurred prior to the end date and must be recorded against the award. All expenses should be posted and finalized within 30 days of the award end date. Fixed-Price contracts or grants with zero expenses recorded on the project may be refunded to the sponsor in full.
- c. The scope of work outlined in the agreement must be completed in order to retain funds granted. If deliverable(s) or scope of work is not completed, all funds must be refunded to the grantor. Allocation of residual funds on accounts with less than a seventy-five percent (75%) expenditure rate will require detailed explanation and approval of work performed.
- d. Once the award ends and completion of deliverables/work is confirmed, the University has established the following procedure for distribution of residual funds:
  - (1) For purposes of this procedure, “residual funds” are defined as “the cash or unobligated balance remaining sixty (60) days after the project termination date and after all appropriate expenditures have been charged against the award or contract.”
  - (2) On fixed-price grants or contracts all (100%) of the residual funds will be transferred to the departmental account provided by the grant manger.

- (3) 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 a departmental account.
- e. After all financial obligations of a fixed-price award have been satisfied and the residual funds have been transferred, the corresponding account will be closed and deactivated.

## 2. Cost Reimbursement Contract and Grants

A cost reimbursable award is one in which the grantor agrees to reimburse the grantee for allowable expenses incurred on behalf of the grantor to deliver an agreed upon specified good or service. Reimbursement terms vary by award, however, any unused funds are required to be returned to the grantor. "Spending out" awards is specifically unallowable. As a result, timely and proper closeout of cost reimbursable grants is imperative so unused funding can be returned to the grantor without incurring interest or other penalties.

### 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. All adjustments must be made and posted in the general ledger no more than 30 days after the termination or end date of the award.
  - (a) The procedures outlined in Section I must be followed in order to ensure final invoicing and reporting requirements meet submission deadlines. Failure to complete procedures outlined in Section I will result in GFM initiating corrections. Corrections will be directed to a departmental account.
  - (b) Once the final invoice is prepared and submitted based on expenses confirmed by the department, no additional costs may be charged to the award. Any expenses that surface after the final invoice has been submitted will have to be covered by the department using a departmental account (such as an E or A Fund) and may not be charged to another grant.
  - (c) Once reporting is completed and final payment received, the account will be closed and deactivated.

### 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. Generally, a separate account or project number is established for each budget period.

- (1) The procedures outlined in Section I must be followed in order to ensure final invoicing and reporting requirements meet submission deadlines. Failure to complete procedures outlined in Section I will result in GFM initiating corrections. Corrections will be directed to a departmental account.
- (2) Personnel forms must be submitted to transfer salary charges to the continuation account at the expiration of the award end date. Failure to submit needed forms timely will result in GFM initiating corrections. Corrections will be directed to departmental account.
- (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.

**Resources:**

University Policy FINA 3.15 - Sponsored Award Close Out Policy

University Policy FINA 3.19 - Elimination of Accounts Overdrafts

University Policy FINA 3.35 - Cost Transfer Policy

University Policy RSCH 1.05 - Office of Research – Data Access, Retention, and Ownership

[Sponsored Programs Close Out Matrix](#)

[Ninety \(90\) Days Prior Checklist](#)

[Thirty \(30\) Days Prior Checklist](#)

[Fifteen \(15\) Days After Checklist](#)