

JACKSONVILLE STATE UNIVERSITY
Manual of Policies and Procedures

POLICY NO.: I:01:24

DATE: April 2019

REVIEW/REVISION DATES: 2/2019

SUBJECT: Grant Close-Out Policy

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PURPOSE

Agencies of the federal government, as well as non-federal organizations, demand strict adherence to the reporting requirements set forth in a grant instrument. Federal and non-federal sponsors often require periodic interim financial reports in addition to final financial statements. Failure to submit a financial report within the specified time frame may place Jacksonville State University (JSU) in jeopardy of having remedial actions imposed, which can include an awarding agency withholding an award(s) to a Principal investigator (PI)/Project Director (PD) or to JSU as a whole, or the withholding of payment on invoices. To preclude this possibility, this policy provides guidance and information to facilitate the reporting process. The grant financial reporting and account close-out process is intended to be completed within 90 days of the termination date of the award.

POLICY

Financial Report Requirement

Most grants and contracts require a final accounting of project costs; however, there is often a need to submit interim reports, as well. For federally funded grants, JSU is required to submit quarterly financial reports within 15 calendar days of the close of the reporting period and within 90 calendar days for annual reports or finals.

Financial Report Responsibility

The responsibility for preparing and submitting all interim and final financial reports rests with the PI/PD, with assistance of the Sponsored Program Accountant (SPA). Notably, ultimate responsibility for the management of grant funds rests with the PI/PD, who must ensure that all expenses charged are accurate and allowable under the terms of the grant.

Reporting

The reporting process is initiated and concluded based on the premise that all expenses posted to the general ledger fund are accurate and allowable under the terms of the grant.

Furthermore, this assumption is made with the understanding that grant funds are actively managed on an ongoing basis from the date of activation to the date of final termination. A periodic review of the costs incurred during the budget period must be routinely undertaken and adjustment of entries must be processed as needed and before the end of the budget period. Direct cost expenditures that are considered erroneous or unallowable amounts must be adjusted to the appropriate source of funding. A full review of the account must be completed prior to the completion date of the grant, to ensure that adjustments are processed during the reporting period and before issuance of the financial report to the funder.

Interim Financial Reports

Interim reports may be required annually or more frequently if required by the funder. A financial report will be issued regardless of the amount of expenditure activity during the reporting period. That is, if no expense has been posted during the reporting period, the SPA will report a total expense of \$0.00 for the period.

Final Financial Reports

In addition to invoices or other interim financial reports, federal and private sponsors will, in most instances, require an end of project financial accounting or Final Report of Expenditures; therefore, a final financial report will be required upon termination of all grants.

Responsibility

The PI/PD, with support from the SPA, is charged with the responsibility of providing the sponsor with a cumulative accounting of all project related costs posted to the ledger account(s) from the start date of the program through to the termination date.

Reporting

- SPA will issue all final financial reports within the period of time allowed by the sponsor.
- An adjustment period is available to process final adjusting entries.
- Adjustment periods will close 30 days prior to the date indicated as Due Date of the Next Financial Report.

Final financial reporting is somewhat more complex than interim reporting, in that unliquidated obligations that may remain beyond the adjustment period must be addressed. Unliquidated obligations are further discussed below.

Salary Distribution upon Termination

It is essential and critical to ensure accuracy of the reporting process, to ensure that the payroll system is updated, to change salary distribution to a new funding source, and to ensure that this update be undertaken prior to the termination date of the award.

Salary Reallocation/Prior Period Adjustment

An adjustment to salary in a prior budget period or previous semester will change the percentage of effort previously certified to and reported. Revision of previously certified effort is generally unacceptable. However, should the revision be necessary, a letter signed by the PI/PD explaining the reason for a change in the originally certified percent of effort must be provided to the SPA. A newly revised effort report must be certified by the PI/PD. The Salary Reallocation, revised effort report and letter should be forwarded to the SPA. See [I:01:21](#) policy for more information regarding effort reporting.

Unliquidated Obligations: Commitments/Encumbrances

Items ordered prior to the termination of the budget period, but not actually paid until after the termination date, must be classified as unliquidated obligations and will be reported as such, unless specifically disallowed by the terms of a grant. Furthermore, the purchase order must be

executed prior to the close of business on the final day of the award's performance period. Unliquidated Obligations must be liquidated within 90 days of the close of the reporting period.

All outstanding obligations related to a project must be reviewed and action taken to expedite the payment of invoices 30 days prior to the financial report due date. Unliquidated obligations as of the actual Contract End Date will be reported as such.

Unliquidated Obligations in the Final Budget Period of Federal Awards

At the conclusion of a final budget period of a grant and without future funding available, it is not possible to report unliquidated obligations. Therefore, every effort must be made to ensure that all items are liquidated before the end of the reporting period and within the 90 days allowed. Items unliquidated after that time may be subject to disallowance.

In the final budget period of the project period unliquidated obligations remaining as of 30 days prior to the report due date will be reported as part of the total outlays for the period. Should the actual liquidation differ from the amount of the encumbrance, the financial report will be revised, accordingly.

Subcontracts

A subcontract may be active concurrent with the performance period of the prime award. Therefore, a final invoicing from the subcontractor may not be received immediately following the actual termination date of the prime award. For final reporting purposes, it is incumbent upon the PI/PD to ensure that the final invoice is received by the date specified in the subcontract agreement. Subcontractors should be advised that their final invoicing must be received, approved, and payment made before the end of the period specified; otherwise, the balance remaining will be subject to de-obligation.

Reporting of Subcontracts

The PI/PD must obtain from the subcontractor a certified estimate of costs to completion prior to the close of the budget period. The estimated amount information must be made available to the SPA at least 30 days prior to the financial report due date. This amount will be reported as an unliquidated obligation, but must be liquidated within 90 days of the termination of the period. As with other unliquidated obligations, a reserve will be established to fund the expense when actually paid. If the current budget period is an interim period within a continuing funding

segment, the balance of the subcontract will be reported as an unliquidated obligation, where allowable. See policy [I:01:20](#) for more information relating to subrecipients.

Cost Sharing

See policy [I:01:22](#) – Cost Sharing for guidance.

Accounting for In-Kind Contribution

It is the responsibility of the PI/PD to maintain a record of all project in-kind contributions, to retain such records for the period prescribed under the record retention requirements, and to notify the Office of the Vice President of University Advancement of the contribution. Upon conclusion of the program or at the end of an interim reporting period, the PI/PD will provide the SPA with a Statement of In-Kind Contributions. A properly completed Statement of In-kind Contribution will contain an identification of the in-kind contribution with a value of the amount contributed. Examples of in-kind contribution and related valuation methodology include, but are not limited to:

IN-KIND CONTRIBUTION	VALUATION METHODOLOGY
Manpower Costs (professionals; experts; etc.)	Use rates at the relevant level of input, calculated per day or month. (e.g. Number of days X value per day.)
Use of Office Equipment	Calculate straight-line depreciation of full cost of equipment over 5 years
Use of Software	Use either: cost of software license for period of use or cost depreciated over 3 years.
Use or provision of materials or components where cost is nonrecoverable	Use market price of materials/ components as supplied.
Use or provision of data/license/patent	Use one of the following: <ul style="list-style-type: none">• Time/person power costs required to produce the data.• Equivalent commercial cost of purchasing data.

IN-KIND CONTRIBUTION	VALUATION METHODOLOGY
Use of land	<ul style="list-style-type: none"> • If land is given or donated for project activities for the period that is enough to fully reach planned results and impact, and remain as a property of JSU, the full price of the land plot may be shown, supported by official document or data proving the price. • If land is given or lent for the project activities only for project duration, use the official rent price per month multiplied by number of months. Price calculation should be supported by official documents and/or rent agreement.
Use of Construction/buildings	<ul style="list-style-type: none"> • If construction/buildings are given/donated to the project activities for the period that is enough to fully reach planned results and impact, and will remain as property of JSU, the full price of the building/s may be shown, supported by official document or data proving the price. • If contribution/buildings are given or lent for the project activities only for time of project duration, use the official rent price per month multiplied by number of months. Price calculation should be supported by official document and/or rent agreement.
Use of vehicles	An average cost per month or day of the official rental price specific for that locality, multiplied by days/months used is appropriate.

Further, in-kind contributions must be properly supported. Examples of supporting documentation include, but are not limited to:

- Letter stating value and how it was determined signed by grantee
- Land evaluation documents
- Market research data
- Man-power cost estimates
- Contract
- In-Kind confirmation sheet signed by grantee

All supporting documentation for contributions and the related valuation must be returned to SPA at least 30 days prior the report due date, along with a certifying signature. This statement will be made part of the official accounting records file and will be subject to audit review and verification.

Program Income

See policy [I:01:23](#) for guidance.

Unobligated Balance or Over-Expenditures

Should there exist a balance of funds, it will be reported as an unobligated balance and will not be available for additional charges.

Distribution of Final Reports of Expenditures

The original, and as many copies as necessary, will be forwarded or electronically transmitted to the sponsor or in accordance with the terms of the award. Once issued, financial reports will be revised only for a decrease in the amount of expense that was reported.

Fund Close-Out

Immediately following submission of the Final Report of Expenditures, the fund will be closed as expeditiously as possible, not to exceed 90 days following the termination date.

Write-Off Procedure

Project-related expense in excess of the awarded amount may be funded from another source of revenues other than another grant/sponsored program fund utilizing the journal entry format.

Expense not related to the project must be posted item by item with the appropriate transaction identification, date and explanation. The transfer of an overdraft from one sponsored project to another is *not* allowable.

In the absence of a timely resolution of an overdraft, the unresolved overdraft will be written off to the appropriate overdraft account. The overdraft will be considered involuntary cost sharing.

Accounts with Residual Cash Balance

When a program is fully funded by advance payments and the available funds are not fully expended, a cash balance will exist at the end of the program. If this occurs, the SPA and PI/PD will determine from the terms of the award the proper disposition of the remaining cash. If the award notice does not provide adequate instruction, a cover letter will be sent to the sponsor along with the final report requesting information regarding the disposition of the unexpended cash balance. If, after a reasonable period, the sponsor does not reply, JSU will assume that the funds may be retained by JSU. The SPA will process a journal entry to dispose of the balance

by transferring the amount to a designated unrestricted ledger account. If the sponsor subsequently requests repayment, JSU is obligated to provide funding for the refunded amount.

Should the sponsor authorize JSU to retain the residual of cash, a journal entry will be processed by the SPA transferring the funds to a designated ledger account.

Should the unexpended cash balance revert to the sponsor, the PI/PD is responsible for initiating the repayment of the balance.

If the sponsor authorizes a carryover of the cash balance to the continuation of the program or other funded programs, the department will be notified of the carryover amount. The SPA will process the appropriate carryover journal entry, decreasing the expired fund and increasing the new fund.

Overdrafts and Disallowances

Direct cost overdrafts and disallowances, as a result of an audit, must be resolved by the PI/PD as quickly as possible.

Upon receipt of an audit report, cost disallowances which cannot be refuted must be expeditiously transferred to another fund other than a sponsored program. The direct cost portion of the total overdraft and/or disallowance will be funded by a charge to the applicable departmental fund with a corresponding credit to the applicable object code of the grant or contract fund.

RESPONSIBILITY

The Sponsored Programs Accountant is responsible for this policy.

EVALUATION

This policy will be reviewed every five (5) years.