

## Sponsored Project Termination, Expiration and Closeout Procedure

### Background

The expiration of an award on its expected expiration date constitutes an implicit assumption that the University of South Alabama (University) has fulfilled its project performance obligations under the award. The sponsor or the University may also terminate an award before its expiration date for various reasons including the transfer of the Principal Investigator/Project Director (PI/PD) to another institution.

A closeout or termination may require the submission of a final invoice and a Contractor's Release. Other aspects of the award that may need to be cleared are:

- title to property;
- satisfactory performance of contractual obligations by the PI/PD;
- submission of all required reports including final technical and financial reports, patent and invention reports, inventory report, small business and small disadvantaged business subcontracting plan reports, and cost-sharing report.

### Final Financial Report, Contractor's Release, Refunds, and Claims

The Office of Grant and Contract Accounting (OGCA) is responsible for submitting any required financial reports (including invoices) at close out of the award. The expiration or termination of an agreement usually requires a final invoice or final financial report from the University. In the final invoice or report the University would request any residual funds due to the University under the award or refund to the sponsor any excess funds not expended. Awards terminated prior to their natural expiration date can also incur additional costs. The University should make every effort to collect any expenses associated with termination from the sponsor.

When it is determined by OGCA that no funds are owed to the University, a signed Contractor's Release may be sent to the sponsor. This release is an acknowledgment by the University that it has no further claims against the sponsor. A contractor's release is not usually required for a grant award.

### Final Technical Report and Other Deliverables

The PI/PD is responsible for submission of any final technical report required under the terms of an award as well as other agreed upon deliverables such as data, graphs or software. Failure on the part of the PI/PD to deliver any required technical reports to the sponsor in a timely matter may affect future funding from that sponsor to the University. In addition, the terms of many contracts provide that final payments will not be made until the required final reports have been submitted. Thus, late or incomplete reports also affect the receipt of the final payment to the University. The PI/PD should therefore establish some method of assuring timely submission of reports and deliverables for which they are responsible.

### Final Inventory Report and Title to Property

The sponsor's policies on title to property must be followed when closing out an award. Many sponsors request a property inventory report whether or not the University retains title to such property. When such title is not retained at the time of acquisition, it is incumbent upon the University to request title at project termination.

## Patent and Invention Report

If required by the sponsor, the University must submit a final Report of Patents or Inventions. If a patentable idea, invention or discovery is made during the course of the sponsored project, the disclosure of such must be made through the Office of Commercialization and Industry Collaboration.

The University's office of Sponsored Projects Administration (SPA) submits final, non-financial, non-technical closeout reports, i.e. invention and/or property reports.

## Cost-Sharing Report

If the sponsor requires cost sharing and requests a report of this cost sharing as part of the close-out of the award, such a report is generated by the department/unit which administered the award and is completed in conjunction with OGCA.

## Transfer of the Principal Investigator/Project Director (PI/PD)

In the case of a termination of an award because the PI/PD is leaving the University and wants to continue the project at a new institution, written approvals from the sponsor, the University, and the recipient institution are required. OGCA must determine the balance of funds in the project to be transferred. If these funds are in a University account, the University must refund the surplus in accordance with the sponsor's guidance. If the University has not received the balance of funds available to the project, the sponsor de-obligates that balance to the University and re-obligates it to the other institution. If the PI/PD wants to transfer equipment associated with the project, the University in accordance with established policies and procedures for equipment, is responsible for review of the title and consideration of whether approval of the transfer will be given.

## Termination of Sub-Awards

Before termination of any sub-award issued from the University to another institution, all financial, technical, property, patent, and other reports required should be received from the sub-awardee along with a statement that it releases the University from all further claims under the sub-award. The University PI/PD should indicate that the sub-award was carried out in accordance with the work statement.

## Removing Expenditures from a Sponsored Fund at Closeout

Effective for projects with an end date of June 1, 2016 or after, all expenditures being removed from a sponsored fund during closeout will require a cost transfer request. This includes:

1. Costs that are unallowable in nature,
2. Costs in excess of the award amount,
3. Costs that are incurred outside of the period of performance.

During the closeout process specific expenditures, or a portion of a single expenditure, must be removed via a cost transfer by the responsible department or college. The responsible unit must prepare the cost transfer form, along with the PA or Expense Transfer, to obtain appropriate signatures and submit to OGCA for review and processing. Note in the cost transfer justification whether the cost being removed from the sponsored fund is unallowable, in

excess of the award amount (cost overrun), or if the cost was incurred outside the period of performance.

Unallowable costs must always be removed. This includes costs that are unallowable per relevant regulations and/or terms of the award. Refer to 2 CFR 200 Subpart E for guidance on Cost Principles.

**Costs exceeding** the award amount must be removed from the overspent fund and tracked for F&A proposal purposes per 2 CFR §200.451 (All losses are not allowable indirect (F&A) costs and are required to be included in the appropriate indirect cost rate base for allocation of indirect costs.) OGCA will capture these costs using the activity code: CLSOUT on college/departmental fund and the grant fund listed on the entry. Our F&A proposals will be adjusted accordingly.

Costs incurred outside the period of performance must be evaluated for proper treatment. There are circumstances when the program is continuing to a newly established sponsored fund and transfer of expenditures from the old fund to the new is appropriate. But, generally costs incurred outside the period of performance are not allowed to be transferred to an unrelated program.

If personnel costs are the only available expenditures on a fund with costs in excess of the award amount and a PA cannot reasonably be done to remove these expenditures, a cost share fund will be set up. Grants and Contracts will move the excess salary and benefits to the cost share fund with a journal voucher using the over expenditure account code. The responsible unit must prepare the cost transfer form.

When selecting expenditures to remove from a sponsored fund in an overspent status please take care to evaluate the allowability, reasonableness and allocability of the expenditure to the sponsored fund. If during your review you determine unallowable costs exist take care to remove those costs in total. Also remember to allow for the F&A expenditures that will automatically adjust based on direct cost expenditures removed.

Regularly reviewing expenditures will diminish the need for cost transfers at a project's end. Begin planning for closeout of a sponsored fund approximately 90 days before the end of the period of performance. Review the sponsored fund both for unallowable expenditures and for completeness of expenditures. Remember that you can allocate expenditures, i.e. direct pays based on availability of funding. Removing excess costs over authorized funding levels to another sponsored fund is not allowable per 2 CFR §200.451.

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                              December 3, 2014  
                              April 15, 2002  
Issued:              December 26, 2001



**University of South Alabama**  
**Journal Voucher University**  
**FGAJVCQ**

Transaction Date: \_\_\_\_\_

Document Number: \_\_\_\_\_

**J**

Budget Period: 04

Document Total: \_\_\_\_\_

\$0.00

Rule Code (Journal Type): JVU

Encumbrance: \_\_\_\_\_

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Second Reference: \_\_\_\_\_

Seq	Fund (6)	Orgn (6)	Acct (6)	Prog (4)	Activity	Location	Amount	D/C	Description: (35 Maximum)
1					CLSOUT				
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
13									
14									

Explanation: \_\_\_\_\_

Prepared by: \_\_\_\_\_

DATE: \_\_\_\_\_

Approved by: \_\_\_\_\_

Date: \_\_\_\_\_

Bank: 01

Entered by: \_\_\_\_\_

# EXPENSE TRANSFER REQUEST

[ This form is to be used to transfer expenditures from one FOAPAL account ( fund, organization, account ) to another FOAPAL account ]

DATE: \_\_\_\_\_

DOC#: \_\_\_\_\_

TO: BUSINESS OFFICE

( For Business Office Use )

FROM: \_\_\_\_\_  
(ORGANIZATION NAME)

PREPARED BY: \_\_\_\_\_

TRANSFER EXPENDITURE(S) FROM ACCOUNT : (CR)							(F O A P required)		
SEQ	FUND	ORGN	ACCT	PROG	ACTV	LOCN	DESCRIPTION ( MAX 35 CHARACTERS )	AMOUNT	
1					CLSOUT				
2									
3									
4									
5									
6									
7									
<b>TOTAL TRANSFER FROM:</b>								<b>\$0.00</b>	

TRANSFER EXPENDITURE(S) TO ACCOUNT : (DR)							(F O A P required)		
SEQ	FUND	ORGN	ACCT	PROG	ACTV	LOCN	DESCRIPTION ( MAX 35 CHARACTERS )	AMOUNT	
1					CLSOUT				
2									
3									
4									
5									
6									
7									
<b>TOTAL TRANSFER TO:</b>								<b>\$0.00</b>	

PURPOSE: \_\_\_\_\_

_____ SIGNED	_____ DATE	_____ DEAN	_____ DATE
_____ DEPARTMENT HEAD, DIRECTOR, OTHER	_____ DATE	_____ CONTROLLER	_____ DATE

<b>BUSINESS OFFICE USE ONLY:</b>	CODED BY: _____	REVIEWED BY: _____	RULE CODE: _____
	APPROVED BY: _____	ENTERED BY: _____	DOCUMENT #: _____
<b>DOCUMENT TOTAL:</b>			<b>\$0.00</b>