

**Arkansas State University  
Sponsored Programs Accounting  
Fund Closeout Procedure**

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**General Statement**

Arkansas State University should submit financial reports to the sponsors of research and other activities that accurately reflect the actual use of sponsored funds as recorded in the financial records of the University and are in compliance with the sponsor's terms and conditions.

Achieving this is a responsibility shared by the Principal Investigator or Project Director (hereafter referred to as PI) and Sponsored Programs Accounting (SPA).

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**Procedures**

SPA will send an email notification to the PI approximately 180 days and 90 days prior to the project end date that includes the current end date and the remaining available balance. Approximately 30 days prior to the end date, the PI will receive an additional reminder notification to review the project and begin finalizing all activities. In the event that activities are not expected to be complete, or if an extension has been requested, the PI should notify his or her assigned accountant within 30 days after the project end date. A copy of the final project report should be submitted to SPA for inclusion in the project file.

Although some expenditures must be incurred through the end of a project, it should be noted that equipment purchases should be completed no less than 90 days prior to the end of the funding period. For grants that are awarded for a period shorter than one year, or in extenuating circumstances, the time frame for equipment purchases will be considered on an individual basis.

The PI or departmental designee should eliminate all encumbrances incurred under the project within 30 days after the funding period ends. Any charges posted in error should also be corrected within 30 days.

Deficit balances occur when cumulative expenses exceed the amount awarded by the sponsor. Deficit balances are the responsibility of the PI and his/her department. All deficits should be charged to an unrestricted fund source within 30 days of the end date of the project. If the deficit is not corrected by the department in a timely manner, SPA will automatically charge the deficit to the related departmental fund. In addition, any costs that are deemed to be uncollectible will be charged to the PI's department.

For cost reimbursable agreements, SPA will refund any unobligated cash balances that the agency or sponsor has advanced or paid that are not authorized to be retained. SPA will also return any funds that are the result of subsequent refunds, corrections, or other transactions.

For fixed fee agreements which do not require the return of unspent cash balances, any remaining funds will be retained by the University. At the end of the fiscal year, the project fund will be closed by charging the remaining facilities and administrative costs; any further surplus will be transferred to the college Dean's carry-forward fund or an appropriate income account. The Director of Sponsored Programs Accounting can choose to transfer the remaining balance to the department before the end of

the year if the grant is complete and the early transfer is acceptable to the PI and the Dean of the PI's College.

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