GRANT FINANCIAL CLOSEOUT POLICY
Category: Sponsored Programs / Research Administration
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PURPOSE
This policy outlines responsibilities, timelines, and procedures for the closeout of externally funded sponsored projects at Virginia State University (VSU). It ensures the timely and compliant submission of all final financial, technical, and administrative reports while preventing inappropriate last-minute expenditures. It also establishes expectations for requesting no-cost extensions (NCEs) and managing residual balances on fixed-price agreements.

TARGET AUDIENCE
This policy applies to faculty, principal investigators (PIs), project directors (PDs), departmental administrators, and staff within the Office of Sponsored Research and Programs (OSRP) responsible for managing and closing out externally funded grants and contracts.

AUTHORITY
2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

DEFINITIONS

- **Closeout:** The administrative process that occurs after a sponsored project ends, during which all financial, technical, and compliance obligations are fulfilled and reports are submitted.
- **Fixed-Price Agreement:** A type of sponsored award in which the sponsor agrees to pay a predetermined amount for specific deliverables or milestones, regardless of actual costs incurred. Unused funds at the end of a fixed-price project may be retained by the institution if permitted by sponsor policy.
- **No-Cost Extension (NCE):** An extension of a project's period of performance beyond its original end date, granted without additional funding, to allow completion of approved project activities.
- **Residual Balance:** Unspent funds remaining on a fixed-price award after all allowable expenses have been paid and financial obligations settled.

POLICY STATEMENT
Virginia State University is responsible for closing all sponsored projects in accordance with federal and sponsor-specific requirements. Closeout is a shared responsibility between the PI/PD, academic departments, and OSRP. All expenditures must be properly documented, allocable, and incurred within the award's approved period of performance. For federal awards, final reports are typically due within 120 calendar days of the project end date, as stipulated by 2 CFR 200.344.
To ensure timely closeout, all final expenditures must be recorded in the appropriate project account within 45 days of the end date. Delays in processing charges beyond this period may jeopardize the submission of accurate financial reports and timely final invoicing.

FINAL REPORTING REQUIREMENTS

All sponsored projects must be finalized through submission of several required reports. The **final technical or programmatic report** is the responsibility of the Principal Investigator or Project Director and typically must be submitted to the sponsor within 90 calendar days of the end date, although some sponsors may require earlier submission. This report should detail the outcomes of the project, how deliverables were met, and any notable findings or impacts.

The Office of Grants and Contracts, in coordination with Office of Sponsored Research and Programs, is responsible for preparing and submitting the **final financial report**. Usually, this report must be submitted within 120 calendar days of the project end date (sponsor guidelines may vary) and must reflect all allowable project costs, adjustments, and reconciliations.

If applicable, the PI must also work with OSRP to complete a **final invention or patent disclosure**, which summarizes any intellectual property developed during the project. This report must typically be submitted within 90 calendar days and may be required even if no inventions occurred.

If sponsor-funded equipment was purchased during the project, **a final property or equipment report** may be required. This report, submitted jointly by the PI and OSRP, documents the disposition, continued use, or transfer of ownership of such property in accordance with sponsor guidelines.

NO-COST EXTENSIONS (NCEs)

When a project cannot be completed within its original period of performance, a no-cost extension may be requested. A no-cost extension allows additional time to complete the original scope of work without additional funding from the sponsor. To be eligible for an NCE, the extension must be necessary due to unforeseen delays, and the remaining work must be integral to the original approved aims. The extension must not be requested solely to use unspent funds. The PI/PD must initiate the request 30 to 60 days before the project's end date, depending on the sponsor's policy. The request should include a written justification, a description of the work remaining, a revised timeline for completion, and an estimate of remaining funds.

Some federal sponsors allow the institution to internally approve a one-time extension under expanded authorities. For such awards, OSRP may approve and process the extension request without sponsor approval. For all other cases, OSRP will submit the formal request to the sponsor. Expenditures incurred after the end date are only allowable if the sponsor has provided written approval of the NCE.

RESTRICTIONS ON PROCUREMENTS

To ensure compliance with federal allocability standards, all purchases made within the final 90 calendar days of a project will be closely reviewed by OSRP. In order to be allowable, such purchases must be allocable to the project, necessary for completion of the approved activities, reasonable in nature and cost, and intended for use within the period of performance. Items such as equipment, capital assets, or bulk supplies will not be approved unless they were explicitly included in the sponsor-approved budget and accompanied by a written justification that demonstrates how the item will be fully used within the project period. OSRP must approve such purchases in advance. These purchases will not be approved in the final 30 days of a project.

RESIDUAL BALANCES

Residual balances on fixed-price awards may be retained by the University if permitted by the sponsor. Before any residual transfer can occur, all financial obligations must be met, final reports submitted, and indirect costs applied according to the University's federally negotiated rate. OSRP, in collaboration with the Office of Grants and Contracts, will calculate any remaining balance and initiate transfer of funds as described in the Policy on Surplus Revenue/Residual Funds Resulting from Fixed Price Agreements.

SANCTIONS
Failure to comply with closeout policies and procedures may result in consequences such as audit findings, disallowance of costs, delayed or lost final payments, and limitations on future grant submissions. OSRP may impose internal restrictions, including suspension of proposal review or denial of payroll or procurement actions, in response to serious or repeated noncompliance.

RELATED PROCEDURES

RELATED MATERIALS/REFERENCES

- 2 CFR 200.344 – Closeout
- 2 CFR 200.403–405 – Cost Principles
- VSU Policy on Surplus Revenue/Residual Funds Resulting from Fixed Price Agreements