Carnegie Mellon University
Sponsored Projects Accounting
(PA08) Closing of Fixed-Price Awards – Procedures
Updated: March 27, 2006

Frequency: Varies
Responsible Staff: SPA Accountants
Approval Required: Manager / Assistant Manager, Post Award Accounting

Summary:
Whenever a fixed price award ends, the award must be reconciled and closed in Oracle. The award expenses must reconcile to the amount invoiced and to the cumulative revenue. The award status should be changed to On Hold until the cash management accountant approves the final invoice.

Procedure:
1. Verify the award to be closed is a fixed price award. This can be done by reading through the terms and conditions within the award document.

2. Verify that all cash has been received by running the Applied Receipts by Award query in the Data Warehouse. If any cash has not been received or is not applied to the award, work with the appropriate Cash Management Accountant to research the reason.

3. Refer to procedure PA06 for closeout of awards.

4. Recognize indirect costs on the residual balance at the sponsor’s rate (i.e. 25%, $100k remaining, $20k F&A to University & $80k to department).

5. Once the reconciliation has been approved by the department and SPA, refer to the Residual Transfers instructions (Attachment PA-N) to complete the final adjusting pre-approved batch and journal entry. Note: This entry cannot be processed until all the cash has been received.

6. Navigate to the submit requests screen within Oracle and run the Oracle process GMS: Cost and Funds Check on Usages and Miscellaneous Costs.

7. Repeat Step #6, but run the Oracle process GMS: Generate Draft Revenue for a Single Award in this step.

8. Go to the Navigator screen within Oracle and click on the Help drop-down box and choose the View My Requests tab. Click the Refresh Data button to determine when the processes have been completed. (NOTE: This will not cause the processes to run faster, it just informs you when the processes have completed).

9. Navigate to the Expenditure Inquiry and Revenue Review screens within Oracle to verify total expenses and total revenue match the reconciled expenses.

10. Update Oracle to reflect the award and installment close dates and change the award status to CLOSED

If Expenses are significantly less than the amount awarded, obtain a justification from the department for file documentation.
Residual Transfers

If there is residual funding to be transferred to a discretionary of GL funding string:

Separate funding into Direct and Indirect portions:
(indirect portion will be the TOTAL/(1+F&A rate)

When Transferring to a 5xxxxxx Discretionary award :

*We are no longer transferring residual balances directly to a 5xxxxxx award.*

When Transferring to a GL Funding String:

*in GM enter a pre-approved batch:*

<table>
<thead>
<tr>
<th>Project</th>
<th>Task</th>
<th>Award</th>
<th>Debit/Credit</th>
<th>Expenditure Type</th>
<th>Non-Labor Resource</th>
<th>Non-Labor Org</th>
<th>$ amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project</td>
<td>Task</td>
<td>1xxxxx</td>
<td>D</td>
<td>Transfer to Close - Transfer to Close</td>
<td>Balance Sheet</td>
<td>Direct</td>
<td>1. Transfer to Close</td>
</tr>
<tr>
<td>Project</td>
<td>Task</td>
<td>1xxxxx</td>
<td>D</td>
<td>Transfer to Close - Transfer to F&amp;A Close</td>
<td>2. GSIA (232100)</td>
<td>F&amp;A</td>
<td>3. Heinz (252501)</td>
</tr>
</tbody>
</table>

**Enter a GL Journal:**

<table>
<thead>
<tr>
<th>Object Code</th>
<th>Funding Source</th>
<th>Function</th>
<th>Activity</th>
<th>Organization</th>
<th>Entity</th>
<th>Debit/Credit</th>
<th>$ amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>43196</td>
<td>00000</td>
<td>000</td>
<td>000</td>
<td>00001</td>
<td>01</td>
<td>D</td>
<td>Direct</td>
</tr>
</tbody>
</table>

1. 00001
2. 61000
3. 00005

**Make sure to use a description (i.e. "Award # - Residual Transfer of PTA to PTA (or GL)")**

**Special NOTES:**
1. Heinz / GSIA - will receive both the Direct and the indirect components as they are "tubs".
   The entire amount of residual funds will be moved via the "Transfer to Close-Direct" expenditure type.
2. The F&A portion will automatically map to object code 89302, org 01, so no journal entry is needed for this amount.
3. The default funding source for moving the direct portion of residual funds = 00001.

**Questions:**
1. Tubs - would these depts want to see the residual funds broken out into direct and indirect?

Rev 10/29/03