

## SWEEP PROCESS FOR CLOSEOUT OF FIXED PRICE AGREEMENTS

### BACKGROUND:

To fully adhere with Cost Accounting Standards in our treatment of fixed-price agreements and to ensure consistent costing between sponsored agreements, the Vice President for Research and Information Technology announced the “sweep” process to the Deans of each College on December 3, 2001. “Sweep” meant that a defined group of individual 5-3 accounts would be closed and the remaining direct-cost balance in each account would be transferred to a college-level 5-3 account created for that purpose. The process was also discussed with the Research Associate Deans and at Council of Deans meetings. The December announcement defined the first write off of uncollectible receivables (which occurred in January 2002) and also the “sweep” of fixed price direct- cost balances for projects that were more than 6 months beyond their end date as of February 2002 when the sweep occurred.

### SWEEP PROCESS

Based upon comments from external auditors, the sweep process had to be changed to 1) properly recognize revenue at the point where it is earned (all required deliverables to the sponsor have been met); and 2) to ensure that the remaining funds are reclassified as ‘unrestricted’ as any residual funds become institutional funds once the project is completed.

In order to accomplish these objectives, the following process has been implemented:

Each month, a query will be generated to list all fixed price projects with end dates 90 days prior. For example, for a report generated in April for March month end, the list would contain accounts with end dates of December 31 (or earlier).

Accounts for which work has not been completed should have a no cost extension request sent to the Sponsoring Agency and will be excluded from the process at this time. Accounts for which not all payments have been received but that have ended and all work is completed, will be also be excluded until such time as the final payment is received.

The remaining accounts will have a revenue recognition entry posted at or around month end that will result in revenue being recognized for the remaining amount of the award. The over-expenditure code will be changed to 0 to indicate sweep status. The expiration date will be changed to 6/30/xx. The account will continue to remain open and the PI will have access to spend the funds through calendar day, June 30 of that fiscal year.

This query, analysis and revenue recognition process will take place monthly until fiscal year end. At June 30, the expiration date will suspend further activity. Shortly after the start of the new fiscal year, all cash remaining in the identified ended accounts will be transferred as follows:

- Indirect Cost share to the VPR
- Direct Cost share to the College 16 account