

Financial Closeout Process

OFFICE OF SPONSORED PROJECTS

Overview



- Financial Closeout Process
- Roles and Responsibilities
- Key Terms and Considerations
- Example of Financial Report

Financial Closeout Overview

- Most agreements request a financial deliverable that accounts for all spending on the sponsored project.
- May result in a final invoice or returning of funds to the sponsor.
- Brown's financial system (Workday) is the basis of the final financial report.
- The final financial report involves the most participation of the department and OSP out of any other deliverable.

Financial Closeout Objective

- Verify that the final amount of expenditures reported to the sponsor includes all appropriate charges and that all expenses that are reflected are allowable per Brown University and Sponsor guidelines.
- Can occur at the end of an agreement or at scheduled intervals during an award life.
- Accomplished by:
 - Using financial info through the end date of the award from one Workday report:
 - Sponsored Award Budget to Actuals
 - OSP initiated Post Audit Review
 - Department review of pending transactions

Financial Closeout Roles and Responsibilities

OSP

Department Administration

PI

<ul style="list-style-type: none">• Provide Department Administrator and PI with a rough draft financial report of expenditures as of project end date.• Review and approve final report for University/sponsor expenditure compliance. Report submitted to agency by OSP.	<ul style="list-style-type: none">• Review project expenses for accuracy and appropriateness as of end date.• Ensure all expenditures are in compliance with University/Sponsor guidelines.• Prepare final adjustments to rough draft.• Review financial report with PI and obtain PI approval.• Submit PI and department approved rough draft, as well as supporting documentation to OSP by requested due date.	<ul style="list-style-type: none">• Review and approve project expenditures for accuracy and appropriateness.• Ensure all expenditures are in compliance with University/Sponsor guidelines.
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Final Financial Report Template



see handout

Key Terms and Considerations

- Adjustments
 - ▣ Obligation incurred but not paid for, i.e. goods or services ordered or received for which the grant has not yet paid.
 - ▣ Removal of unallowable/inappropriate charges and/or account over expenditures.

- Unobligated Balance
 - ▣ Balance that remains after all expenses incurred during a given period have been considered.

Post Audit Review

- Review of allowability, allocability, reasonableness and consistency:
 - ▣ Not all transactions receive prior review by OSP
 - ▣ Comparison of expenses to scope of work
 - ▣ Timing of expenditures
 - ▣ Meant to augment, not replace, departments' own internal review of expenditures
- OSP will select expenditures found within the financial system for post audit review. If the transactions do not include supporting documentation, OSP will request backup from the department.
- Departments must make sure that the link between the scope of work and purchase is well documented – a copy of an invoice alone is insufficient.

Other Post Audit Review Considerations

- Review of F&A/Indirect Cost Calculation
 - ▣ Ensure appropriate rate was applied
- Key Personnel Effort Commitment Review
 - ▣ Have key personnel met their commitment to the sponsor?
- Status of Open Commitments
 - ▣ Have all subawards and purchase orders been completed and closed?
- Patent and Invention Considerations
 - ▣ Does the Technology Ventures Office need to be notified of possibly patentable intellectual property?

Financial Closeout Best Practices

- Review rough draft
 - Verify expenses
 - Calculate F&A Costs
 - Review OSP notes
 - Request/review detail testing items

Adjustments

- Enter adjustment total per category
 - ▣ Prepare supporting documentation
- Insert comment with adjustment details
 - ▣ Month per Sponsored Award Budget to Actuals
 - ▣ Transaction Number
 - ▣ Amount

Report Completed By Department



see handout

Detail Testing

Please provide supporting documentation for the items listed below.

Document the relationship of the expense to the scope of work for the project

Sub/Control Code	Line Description	Transaction Description	Transaction Amount	Fiscal Year	Proc Month	Txn Batch Date	Transaction Date	
3010	SUPPLIES-GENERAL	Sony *Parts Ctr Kc	27.35	2009	2	9/5/08	8/8/08	#1
3010	SUPPLIES-GENERAL	19289783	96.60	2010	10	5/5/10	4/22/10	#2
3010	SUPPLIES-GENERAL	Tgt*Target.Com	39.30	2010	2	9/3/09	8/6/09	#3
3011	LABORATORY SUPPLIES	The Webstaurant Store	29.17	2012	8	3/6/12	2/13/12	#4
3011	LABORATORY SUPPLIES	Kagi 1-510-420-5858	195.00	2013	2	9/6/12	8/3/12	#5
3011	LABORATORY SUPPLIES	The Silkworm Shop	88.45	2013	8	3/7/13	2/4/13	#6
3071	COMPUTER HARDWARE<3K	Www.Newegg.Com	99.99	2011	12	6/30/11	6/22/11	#7

Variances to Final Financial Report

- Review of account after submission of final financial report to OSP must be timely.
- Variances to the account creates manual work-arounds for many centralized administrative offices.
- If accounts are not reconciled to be in balance with the final financial report, OSP will submit a journal entry to move expenses to the cost center.

Key Points to Remember

- Sponsored project reporting is a collaboration between the PI, Department Administrator/BMRA, and OSP.
- Failure to submit final reports in a timely manner may jeopardize subsequent funding for both the individual PI and/or University.
- Departments are responsible for any over expenditures on a sponsored project at award close-out.
- Evidence of submission of technical/programmatic reports must be provided to OSP.
- Signatures provide certifications that all information is accurate and supports the sponsored project.

