

CASE WESTERN RESERVE UNIVERSITY
FINANCIAL STATUS REPORT (FSR) AND FINANCIAL CLOSEOUT
POLICY AND PROCEDURES

POLICY

Case Western Reserve University will submit financial reports to sponsors of research and other scholarly activity 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 compliance with this policy is a responsibility shared by the Principal Investigator/Project Director, department administrators, and the Office of Sponsored Projects Administration (OSPA).

- The principal investigator/project director and/or designee must ensure that, prior to financial reporting, all expenses are allowable and allocable to the project, and that any required adjustments to expenses are posted in compliance with accounting, reporting and close-out policies and procedures.
- OSPA has the authority to request and, in the absence of timely resolution, to post journal entries and salary adjustments to indicate cost sharing, unallowable costs, or other disallowances
- OSPA will issue financial reports based upon the general ledger activity at the close of an interim and/or final budget period, consistent with established financial reporting and account closeout procedures.

In general, sponsors require a financial accounting of the funds expended in support of a project and in accordance with a sponsor-approved budget. The timing and detail for such reports is specified in the award document. Interim and final financial reports and invoices provide the sponsor with evidence of good stewardship of the funding. Failure to report in the manner and according to the timeline prescribed by the sponsor may call into question the ability of the principal investigator/project director to manage the project and/or the financial controls of the University.

Definitions

Financial Report

A financial report [i.e., Financial Status Report (FSR), invoice, etc.] is an accounting of expenditures and obligations incurred during the period of performance and/or at the conclusion of the sponsored project. The financial report reflects the University's official accounting records.

Financial Closeout

The process at the end of a sponsored award by which the University completes any required accounting to the sponsor and prevents any further expenses from being incurred on the award.

Roles and Responsibilities

OSPA

It is the responsibility of OSPA to prepare interim and final financial reports and invoices based on institutional financial records and in accordance with the terms and conditions of the sponsored award. Additionally, it is the responsibility of OSPA to submit all financial reports, including invoices, to the sponsor. On rare occasions and with the approval and collaboration of OSPA, financial reports may be submitted by the department.

At time of closeout, OSPA is responsible for changing the award status in the University financial system to "Archived" to prevent further charging to the account. Departments are notified of the submission date of the financial report for appropriate record retention purposes.

Specific OSPA responsibilities include:

- Prepare draft financial reports from the University's financial system
- Notify Principal Investigator/Project Director and Department Administrator 60 days prior to the award end date.
- Review awards for unallowable costs, overdrafts, and remaining balances
- Review facilities and administrative charges

- Prepare and approve the interim and final financial report or invoice and submit to sponsor
- Notify departments of the date on which the final financial report or invoice was submitted to the sponsor to facilitate and comply with the University's record retention policy.
- Archive the PeopleSoft speedtype and project once all financial obligations have been satisfied
- Track outstanding receivables, send out past-due notices, and communicate progress with the academic unit
- Adjust the budget in the University's financial systems to match final reported costs
- Coordinate financial audits of sponsored projects by federal or external auditors.
- Facilitate the settlement of uncollectible issues.
- Maintain financial records according to records retention policy.

Principal Investigator/Project Director and Department Administrators

The Principal Investigator/Project Director and Department Administrator must review draft interim and/or final financial reports, communicate changes and additional information to OSPA, and return the draft FSR, signed by the department administrator and/or the Principal Investigator, generally, no less than 14 days prior to sponsor's reporting deadline or other deadline assigned by OSPA. Draft interim and/or final financial reports that are not returned within the specified period will be submitted to the sponsor based on University financial records without departmental approval. Except in unusual circumstances approved by OSPA, the University will not file final financial reports that show unliquidated obligations or commitments. For example, as stated in the NIH Grants Policy Statement, "Final FSRs must have no unliquidated obligations (except for training grants) and must indicate the exact balance of unobligated funds." Departments are responsible for clearing any and all cost overruns.

Specific Principal Investigator/Project Director and Department Administrator responsibilities include:

- Review financial reports to determine that financial records accurately reflect the use of sponsor funds
- Ensure expenditures are in compliance with the terms and conditions of the sponsored award and University policy
- Review draft report award accounts for potential unallowable costs, overdrafts, and transfers to a non-sponsored award
- Provide documentation to support the mapping of University General Ledger expenditure types to sponsor-requested budget categories
- Provide information to support timely interim and final financial reporting
- Finalize charges with internal service providers and provide new charging instructions for ongoing expenses.
- Prepare request for no-cost-extension or carry forward request to sponsor and submit them thru OSPA or, for School of Medicine (SOM) awards, through the SOM Office of Grants and Contracts not less than 15 days prior to the budget end date
- Assist in resolving collection issues
- Review all outstanding procurement commitments generally no less than 30 days prior to the filing of the final financial report to determine whether they should be cancelled, transferred, and/or paid
- Retain financial records according to the Records Retention policy

PROCEDURES

FSR Process Overview

For projects requiring financial reports, as indicated on the Notice of Award, the Sponsored Projects Accounting unit of OSPA will submit a draft report of expenditures to the department administrator for review and approval of the Principal Investigator. This report will include the sponsor's report form, the recap sheet (**in Excel format**), adjustment/comment sheet and any other supporting documentation needed for departmental review, such as salary analysis.

The recap sheet will summarize expense activity for the current reporting period. The adjustment/comment sheet will indicate any adjustments needed, such as the removal of after end date charges, unallowable expenses, over expenditures, etc. Comments on the adjustment sheet will mention items that need to be addressed and other items, such as unexpended balances, commitments, and/or unobligated balances.

The draft report is sent **electronically** by Sponsored Project Accounting to the Principal Investigator/Project Director and the Department Administrator **no later than 30 days** prior to the sponsor's deadline. The Principal Investigator/Project Director and Department Administrator **will have 14 days** to review the draft report and return it

electronically to Sponsored Projects Accounting. During this time, the Department Administrator should review the draft report and identify any adjusting entries and/or supportive documentation necessary to complete the report. If additional adjustments are anticipated, the department administrator should indicate on the appropriate section of the recap sheet and attach documentation. The recap sheet should be signed by both the Administrator **and** the Principal Investigator or his/her designee, such as the chairman or department head in the PI's absence, or when the PI is no longer with the University, and returned electronically to Sponsored Projects Accounting before the due date.

Upon receipt of the approved draft report, Sponsored Projects Accounting will then prepare the final report to be submitted to the sponsor by the required deadline. A copy of the final report will be sent electronically to the Principal Investigator/Project Director. If unexpended funds are to be returned, Sponsored Projects Accounting will request a check from Accounts Payable, provided all agency funds have been received, and forward it along with the report to the agency. If unexpended funds can be carried over to the continuation account, Sponsored Projects Accounting will prepare an "Unobligated Balance Sheet" to be completed and forwarded to the pre-award unit of OSPA or the SOM Office of Grants and Contracts (as applicable) so that a revised Notice of Award can be issued for the continuation account.

Points to Remember

- Case Western Reserve University is required by federal sponsors to submit FSRs on all federal awards no later than 90 days after the close of the budget and/or award period. Failure to comply with these requirements may lead to delays or withholding of awards, loss of automatic carryover authority, loss of advanced payments, loss of expanded authorities, removal from participation in NIH funded awards under the Federal Demonstration Project (FDP), and designation as a high risk grantee.
- Financial reports on non-federal sponsored projects vary in format and due dates. Annual or interim reports are most often required within 30 to 90 days after the reporting period end date. The investigator's progress and/or narrative reports may need to be submitted in conjunction with the financial report.
- Sponsored Projects Accounting will prepare the draft financial report indicating which month's expense statement is being used and include only those adjustments applicable to the current reporting period.
- For Final reports, the expense statement for the month following the project's end date should be used, thus allowing 30 days for any additional committed expenditures to be paid (unless the speedtype is in deficit, in which case the final month's statement can be used).
- If **FUNDS REMAIN** (after adjustments) at the end of the reporting period, a note will appear on the adjustment/comment sheet indicating what will/should be done with this balance. The note can be one of the following: 1) funds will be carried over to the continuation project; 2) the balance must be requested and approved by the sponsor in order to be carried over; 3) the balance will be returned to the sponsor. (The note should also be shown on the financial report.)
- When the **BALANCE EXCEEDS 25% of the award**, a note will appear on the adjustment/comment sheet with guidelines.
- If **COMMITMENTS** appear on the final month's statement, the department should review the status and determine if the commitment(s) should be paid on this project speedtype, transferred, and/or cancelled.
- If a **DEFICIT EXISTS**, Sponsored Projects Accounting will develop a base for the amount of the direct cost to be removed and include this amount in the "overspent" category on the recap sheet. The department must complete the adjustment sheet indicating which amounts should be removed as a deficit **or, if applicable**, complete the preaward section identifying which costs are preaward spending for the next year.
- If a **deficit exists due to preaward spending**, the department must indicate the amount in the preaward section on the adjustment/comment sheet and attach a copy of expense statements with the preaward expenses highlighted. For those pre-award expenses that are more than 60 days before the start of the next period, the department must complete an IPAS form and obtain management center approval. The signed IPAS form must be returned to Sponsored Projects Accounting with the other FSR documents.

- Whenever the **PREAWARD** section is completed (whether or not a deficit exists), the department must identify what costs are preaward, attach a copy of the expense statements highlighting the preaward expenses, and complete an IPAS form to obtain management center approval for pre-award expenses more than 60 days before the start of the next period. **PARTIAL CHARGES can not be considered preaward.** It may be necessary to indicate an unobligated balance after preaward costs have been identified.
- Preaward costs cannot occur prior to 90 days without prior written approval from the agency.
- If expenses were incurred on the **COST SHARE** speedtype, Sponsored Projects Accounting will include a comment on the adjustment/comment sheet indicating that cost share expenses exist and should be reviewed to determine whether they should be transferred to the regular speedtype and included in the financial report. If those expenses are to be reported for the current reporting period, a journal entry must be submitted to transfer those costs to the regular speedtype. All cost share journals must adhere to the 90 day cost transfer policy.
- Revised reports will only be considered on a case by case basis.