

Standard Operating Procedure (SOP) Project Closeout

October 2023

This Standard Operating Procedure (SOP) outlines the steps to be taken when identifying and addressing outstanding project costs at the project closeout stage to ensure that financial records accurately reflect the project's financial status.

1. Identification of Outstanding Project Costs:

At the close of a project, the Accounting Manager responsible for closing the project will conduct a review of the owner and subcontractor commitments to ensure that all costs associated with the project have been billed in full and reconciled. If any costs remain outstanding, additional information will be required. This information should include:

- i. A description of the remaining work (scope and issue).
- ii. Identification of the source of the remaining costs (if known).
- iii. Phase code to which these costs would have been allocated if the project were to remain open.
- iv. The amount of the outstanding costs.

2. Project Director Approval:

Once the Accounting Manager has gathered the necessary information, they will seek approval from the Project Director before proceeding.

3. Accrual Processing:

Upon receiving approval from the Project Director, the Accounting Manager will forward the gathered information to the Senior Accounting Analyst. The Senior Accounting Analyst will then process an accrual entry to the appropriate Accrued Expenses General Ledger (G/L) account.

4. Post-Closeout Cost Coding:

Any costs that are incurred after the project has been officially closed will be coded by the Corporate Accounts Payable (A/P) Specialist to the appropriate Callback G/L account.

5. Monthly Reconciliation:

At the end of each month, the Senior Accounting Analyst will reconcile the Accrued Expenses account with the charges in the Callback account. This reconciliation will determine if any costs received post-closure should be used to offset the accrual.

6. Quarterly Review:

On a quarterly basis, the Senior Accounting Analyst will meet with the appropriate Vice President to assess the continued validity of keeping the accruals open for outstanding costs. A decision will be made whether to maintain or adjust these accruals based on the project's current status and outstanding commitments.