

Post-Award: Grant Close Out

Module 8

Instructor notes:

Welcome to Module #8 which is the last of the FMCSA Grants Management Lifecycle Process modules and covers Close-out. This module pertains specifically to the close-out activities that pertain to submission of the final reports and voucher, equipment disposition and close-out amendments. It correlates to Chapter 7 of the grantee manual. In the right corner of the slides you will find the more specific section references for the grantee manual.

Slide 2 Objectives

By the end of this module, you should be able to successfully:

- Identify proper award close-out procedures, to include:
 - Final Report/Invoice Submission, Review and Reconciliation Process
 - Requirements for Equipment and Real Property Disposition
 - Close-out Amendment Process
 - Post Close-Out Audit Report Actions

Instructor notes:

- During this module we will explain the grantee's responsibilities during close-out and the activities that FMCSA undertakes during this process as well.
- During this module you will have some exposure to the equipment disposition requirements for various grantees and learn some of the post-close-out responsibilities for the grantee and FMCSA.
- This module will focus on Grant Close-out
- Following this section of this module you should understand:
 - How to prepare for final report and invoice submission and make sure you have submitted everything for close-out
 - What are the administrative elements of Close-out
 - How to do reconciliation between the quarterly reports and voucher
 - Some of the high level elements of property disposition;
 - The policy regarding close-out amendments and deobligation; and,
 - The responsibilities around post-close-out audits
- During this model, you will also have an opportunity to get some hands-on experience with reconciliation.

Slide 3 Grant Close-out Overview

Instructor notes:
(Transition Slide)

Slide 4 Grant Close-Out Overview

- Award close-out is required for all FMCSA financial assistance awards – Prompt close-out is important
 - When does a grant officially close?
 - When FMCSA releases the grantee from any further responsibility under the grant
- Key Federal Grant Close-out Policies
 - 49 CFR Part 18 /19
 - OMB Circular A-110 – 2 CFR 215.71 and OMB Circular A-102

Instructor notes:

- Please take a moment to turn to Chapter 7, page 67 of the grantee manual
- Immediately following the expiration of an award, steps must be taken to ensure that all grant-related activity is completed/ceases and no additional costs are incurred beyond the end of the grant. This is the responsibility of both you and FMCSA.
- All awards expire at midnight EST on the date which is listed on the award document as the End/Project Period Date. However, the grant doesn't officially close until FMCSA issues the final notification that "no further claims" may occur and the close-out amendment is issued releasing the grantee and FMCSA from any further responsibility for the grant.
- Any FY11 and beyond grants that are closing, there should be a "close-out amendment" in GrantSolutions.
- For older grants that were issued prior to FY11, FMCSA may issue a "no further claims letter" or an amendment, but it is dependent on the age of the grant, the circumstances of close-out (whether or not there was a deobligation) and the timing of the close-out.
- If you have not received formal notification of close-out of a pre-FY11 grant, but you have submitted a final voucher, you can confirm close-out with your FMCSA Grant Manager or consider the grant closed-out.
- The grant is only officially considered closed if you have received a formal notification of some kind, be it in the form of a letter, email or the amendment from FMCSA.
- For those of you who have had grants already close-out in the past without this, this applies to any close-outs occurring presently. However, if you have had a grant within the past year it should have included some formal notification of close-out.
- Prompt close-out of awards is important so that accurate Agency financial reports can be prepared and unused award funds may be made available for other awards for the same fiscal year or returned to the Treasury, as appropriate.

- Here are the key federal requirements surrounding close-outs. It is important to take a look and become familiar with these citations.

Slide 5 Grantee Steps for Final Close-out

- Submit all required quarterly performance/progress and financial reports
- Submit final voucher and verify that financials reconcile
- Account for all required cost sharing, if applicable
- Dispose of equipment/property properly
- Correct all non-compliant areas
- Certify that all sub-grant awards have been properly closed-out

Note: FMCSA will verify all above items during final close-out

Instructor notes:

- The grantee must submit a final close-out package to FMCSA that consists of:
 - Final quarterly financial status report – SF-425
 - Final quarterly performance/progress report – SF-PPR, this can be the final quarterly report as long as it includes both the final quarter and cumulative results.
 - Final voucher/request for payment – SF-270
 - Federally owned property report in accordance with 49 CFR 18.32(f), if applicable.
- You are responsible for completing a Close-Out certification process for their Sub-Grantees. Please note that the process for Sub-Grantees should mirror the same due diligence and reconciliation that FMCSA conducts in Close-Out for their Grantees.
- Page 67 in the grantee manual, shows a narrative check list and Appendix J, page 129 is an actual Close-out Checklist to help facilitate these requirements.
- You need to verify that your organization has disposed of property according to the appropriate laws and regulations or have made plans to continue to use it according to laws and regulations. You don't necessarily have to provide anything in the way of a final submission, but FMCSA will verify through monitoring and a review of your records or request of documentation etc.,
- Also, be sure to account for all of your required match and show that you have met these requirements. If you have not met all of your match, then you will be required to pay back the equivalent portion of the federal monies received.
- If you have any outstanding CAPs, or special conditions of grant, these need to be addressed fully in the PPR and if they are outstanding FMCSA may hold up final payment and/or continue to monitor you following the end of the grant. It may also impact your ability to acquire new funds from FMCSA, as past performance is taken into consideration when FMCSA

evaluates its discretionary grant applicants.

- We will cover property disposition more fully later on in this module. I will just note at this point that equipment disposal, only applies if the grantee is not retaining the equipment for same purpose.

Slide 6 FMCSA Final Close-out Responsibilities

- Send 90 day notice of close-out to grantee
- Ensure all necessary documentation is received
- Reconcile and approve SF-270, SF-425 and SF-PPRs
- Verify proper property disposition or plans for further property use
- Issue "No Further Claims Letter"
- Issue Close-out amendment

Instructor Notes:

- FMCSA is responsible for sending a 90 day closeout notice to the grantee to remind them of the upcoming end of the grant period of performance. However, you are also responsible for keeping track of your grants' period of performance and knowing when your grant is coming up and what you must do to close-out.
- Close-out is ultimately a grantee responsibility and so if you reach the end of your period of performance and you really meant to request a "no cost extension", you are not likely to receive one, given that it is your responsibility to monitor and manage your grant. We are here to work with you, but it is ultimately your responsibility.
- Final reports and vouchers are due no later than 90 days after the end of the period of performance. However, we recommend that you submit them as soon after the end of the period of performance as possible so that there is time to resolve any issues that may arise.
- Extensions for these **reporting deadlines (not performance period)** are allowed, but must have written approval from the Grant Manager before the reporting deadline expires
- FMCSA will reconcile all of the reports, invoice and the final financial records to verify that there is no overpayment or need for deobligation
- At the same time, the grantee needs to verify that he/she has disposed of property according to the appropriate laws and regulations or has made plans to continue to use it according to laws and regulations. We will cover this later in this module.
- Upon final approval of the final reports and reconciliation, you will receive a "no further claims letter" from FMCSA(*) for pre-FY11 grants and a close-out amendment for all post-FY11 awards. Some pre-FY11 awards may have amendments as well, but not in Grant Solutions and some post-FY11 awards may receive both a "no further claims letter" as well as an amendment depending upon the program and the award.

Slide 7 Final Invoice/Report Preparation

Instructor notes:

(Transition Slide)

Slide 8 Final Invoice Preparation

- Prepare a final invoice to include all remaining costs chargeable to the grant
 - Expenses must be within the project period
 - All expenses must be allowable, reasonable and allocable
 - Reconcile with the SF-425
- If total payment amount is less than grant total obligated, FMCSA will de-obligate remaining funds

All financials must reconcile prior to grant close- out

Instructor notes:

- FMCSA will closely review your final invoice in the same manner that it reviews any other invoice, however it will also reconcile all of the financials (against their financial management system and with the SF-425) so that they all match in the end.
 - If there are differences in the SF-270 and SF-425 you may need to submit revised reports to make corrections.
 - From a budget perspective the grant should either be "0" or there is money left to deobligate.
- All financial reporting must match before close-out. If the total payment amount is more than the grant total obligated, the grantee must pay FMCSA. However, this should never happen, if it does, this is a big problem, as it is an Anti-Deficiency Act (ADA) violation, and is highly problematic for FMCSA and not ideal for you either.
- If the total payment amount is less than the grant total obligated, both FMCSA and you should verify that you are aware of that, agree on that amount and are prepared to issue a deobligation amendment.
- If the total payment amount equals the grant total obligated, then close-out will be simple and an amendment should be easily forthcoming (based that all the other elements are in place and accurate).
- Note that Section 7.2, page 68 of the grantee manual is on final invoice and report preparation.

Slide 9 Final Invoice Preparation/Reconciliation

Compare the final SF-270 and the final SF-425

Final SF-270	Final SF-425
Name – Line #	Name – Line #
Federal Payment Previously Received – 11h	Cash Receipts – 10a
Non Federal Share – 11f	Recipients Share – 10j
Federal Share – 11g	Federal share of Expenditures – 10e

Note: FMCSA staff may NOT review and/or provide substantive input to an application or to an applicant for discretionary funding prior to official submission.

Include terms and conditions with sub-grantee awards

Instructor notes:

- It is very important to recognize that FMCSA funds may not be expended after the expiration date of the grant except to liquidate valid commitments that were made on or before the expiration date.
- What that means is that a commitment of project funds is valid when specialized (research) equipment is ordered well in advance of the expiration date but where, due to unusual or unforeseen circumstances, delivery of such equipment is delayed beyond the expiration date. The costs of equipment ordered after the expiration date, may not be charged to the project.
- It is advisable for you to submit your final invoice, no later than 30 days following the project period end date (thereby accounting for outstanding invoices or contractor invoices), then payment can be complete prior to submission of the final financial and project performance reports so that reconciliation can occur more easily because the systems will reconcile. This may avoid a situation where the grantee doesn't mark the invoice as final and then the final reports and invoice don't reconcile.
- This is not a requirement, just some sound advice.
- Acceptance of the final financial report and completion of the Close-out Amendment will not occur until all finances and financial records reconcile.
- The final financial report should be submitted after all lingering costs have been captured, but prior to the end of the 90 day period, so that there isn't confusion as to what voucher is the absolute final voucher and so that the SF-425 and SF-270 map better. It may be better, particularly with monthly invoicing grantees, to not submit a "final voucher" until sufficiently after the end of the period in order to guarantee that all costs are captured, it is at the discretion of the grantee and may be most reflective of the organizations financial system and processes.
- For the final invoice and final SF-425, the additional lines that should

reconcile are SF-425 lines 10b (cash disbursements), g(total federal share) and e (federal share of expenditures) with SF-270 line 11g (Federal Share of Total Outlays – if these lines don't reconcile, then don't submit the reports yet and go back and figure out where the discrepancy lies.

- Other tie back points for reconciliation include: 10f (Federal Share of unliquidated obligations) on the SF-425 should be zero; 10k (remaining grantee share to be provided) should be zero; and, 10j (grantee share of amendments) should match what is on the grant agreement and subsequent amendments

Slide 10 Final Report Preparation

Prepare the final quarterly reports (SF-425 and PPR)

- Provide status information for the final quarter of the grant performance period
- Provide a cumulative account of all grant activity throughout the entire period of performance
- Reconcile with the SF-425
- Are complete, accurate and represent all work conducted and paid for through the grant and matching funds.

Instructor notes:

- As noted in the prior slides, the SF-425 and Final Invoice need to reconcile and need to account correctly for the match. As long as these two check points are aligned then your federal financial report should easily pass FMCSA review.
- The PPR should also align to the SF-425. You should have met or exceeded your performance measures and if you were unable to meet any of your measures you should either have funds remaining or have an explanation for why your activities cost more than anticipated and/or why you were unable to meet your grant objectives.

Slide 11 Final Report Review

FMCSA will consider the following things when reviewing the final reports:

- Have all of the Quarterly Progress Reports been submitted? Were they complete? Do they represent all of the activity?
- Have all of the Quarterly Financial Reports (FFRs) been submitted? Does the final SF-425 reconcile with the final SF-PPR?
- Is all Cost Share/State match and/or MOE covered?
 - The match requirement should be complete, as well as MOE.

Instructor notes:

- As noted previously, the report reviews follow the same protocol for reviewing any report. If you have not completed all of your quarterly reports, this is the time to catch up
- Your final quarterly report can also be your "final report" as long as it contains a cumulative section (should also have the final quarter information as well).
- This is the time FMCSA will make sure you have met your cost share/match/MOE requirement. Grantees are required to submit match evenly with each invoice, so there should only be one last quarter to account for, but in case this has not been occurring.
 - If you are not meeting match, FMCSA can require you to return any unmatched portion of your Federal funding.
 - If you are not meeting the MOE, FMCSA can request the entire amount of federal funds be returned
- The questions listed on the slide are a good guide determining if your reports will move through FMCSA review quickly and easily or meet with some delays and challenges.

Slide 12 Final Report Review, Continued

- Did they meet all their milestones?
- Make all their purchases?
- Fulfill the goals of the grant?
 - The grantee should have met or exceeded all of their original objectives and fulfilled the goals of the grant and if not explained why.
 - If they didn't expend all funds or expected purchases, they should explain why, to inform subsequent applications.

Instructor notes:

- You don't have to expend all of your funds needlessly and we discourage this approach, and will be keeping it in mind as we review your final progress reports and subsequent applications. If you have trouble expending funds, perhaps you shouldn't request additional funds going forward or perhaps you need to provide an explanation for this challenge in your final progress reports and/or future applications.
- This is your final report so FMCSA will take this opportunity to verify that you met your expectations/obligations including performance and if not, why.
- So use these slides as a guide as you prepare your final reports.

Slide 13 Close-out Amendment Process

Instructor notes:

- The close-out amendment process is primarily an internal FMCSA process, however it is advantageous for you to appreciate what happens during this process, since you can not technically consider the grant closed out until you receive this amendment or a "no further claims letter".

Slide 14 Close-out Amendment Process

- Any grant that expires on or after January 1, 2011 must have an amendment.
- Any grant, regardless of origination date, that has a balance remaining must have a deobligation amendment.
 - For both parties to acknowledge that no further financial claims can be made on the grant
 - Documents that final documents were received, reviewed and approved and reconciliation has occurred

Instructor notes:

- All FY11 awards and beyond require an amendment in GrantSolutions to close-out the grant.
- Pre-FY11 awards which require deobligation are likely to require an amendment, but it will be a manual amendment document.
- On a limited basis, exceptions, other pre-FY11 awards may require amendments due to specific circumstances and will be determined by FMCSA.
- Basically, FMCSA's rationale for requiring a "close-out amendment" is so that both parties in the bi-lateral grant agreement acknowledge the dissolution of their financial obligation. This is a best practice and is recommended for the grantees relationship with your sub-grantees.

Slide 15 Close-out Amendment Process

- Pre-FY11 award amendments are manual paper amendments – post-FY11 award amendments are in GrantSolutions
- Close-out amendments could have "0" funds or require the de-obligation of funds
- Grantees are responsible for sub-grantee close-out

Instructor notes:

- FMCSA will initiate a close-out amendment, to either show \$0 funds remaining and the end of the Project Period or a deobligation.
- The close-out amendments are just like other amendments and are essentially a new NGA in GrantSolutions. They are processed in the same manner as any other amendment, once it goes through the in-house FMCSA process
- If funds remain on the grant after all expenses have been submitted, we will issue a Deobligation Amendment following the same procedures as for "0" funds Close-Out Amendment.
- You will receive an NGA through GrantSolutions, in the same manner as the original NGA for your review and signature.
- You are responsible for conducting the same due diligence and reconciliation that FMCSA conducts in close-out for your sub-grantees

Slide 16 Property and Equipment Disposition

Instructor notes:

- In this next section we will give you a very brief overview of your obligations regarding equipment and property disposition, of items purchased with FMCSA grant funds

Slide 17 Equipment Use, Management & Disposition

- Title to equipment acquired with Federal funds becomes the grantee's property and responsibility upon purchase
- Grantee is responsible for how sub-grantees use property
- Use of equipment
 - States – for the stated purpose of the grant for at least the period of performance of the grant
 - Local, non-profit and educational grantees – for the stated purpose of the grant for "as long as needed"

Instructor notes:

- This information is referenced on page 71, Section 7.3 of the grantee manual.
- Generally, the title to equipment acquired under financial assistance awards will vest (become the grantee's property) upon acquisition by the grantee (See 49 CFR § 18.32 for more clarification). Equipment purchases that are made under FMCSA grant programs belong to you - FMCSA is not responsible for the equipment.
- However, grantees other than states have different requirements as noted on the table on the next slide.
- In most cases grantees will continue to use the property for other activities currently or previously supported by FMCSA and therefore there is no need for disposition records. But we will look briefly at your responsibilities if you need to dispose of the property.

Slide 18 Equipment Use, Management & Disposition, Continued

Review Disposition

- All grantees must submit an SF-428 Disposition Request/Report Form to the Grant Manager, **if disposed during the period of performance of the grant, and,**
 - If State law requires for State grantees; and
 - If the equipment is valued at \$5,000 or more for Non-State Grantees

Instructor notes:

- If you chose to dispose of the equipment, ie: no longer use it in accordance with the state, local or non-profit equipment requirements, then you should request specific disposition instructions from FMCSA, which may require the submission of an SF-428.
- The SF-428 Form is only required if equipment is disposed of **during the period of performance** and **if State law requires it for State grantees; and/or,**
- The SF-428 Form is only required if disposed of **during the period of performance** if the equipment is **valued at \$5,000 or more for Non-state grantees**
- Once disposition instructions have been issued by FMCSA and carried out by the grantee, there should be no further obligations by either party related to equipment.

Slide 19 Equipment Disposition Summary

	States	Local Governments	Non-Profits, Educational
Use	In accordance with State Law, with use caveat.	Must be used for the purpose for which it was acquired “as long as needed,” regardless of whether project is still supported by federal funding. 49 C.F.R. § 18.32(c).	The project or program for which it was acquired as long as needed, whether or not the project or program continues to be federally funded
Management	In accordance with State Law, with use caveat.	Grantee must maintain records, inventory, etc. until disposition.	Grantee must maintain records, inventory, etc. until disposition.
Disposition	In accordance with State Law, with use caveat.	When no longer needed for the original project or purpose, equipment must be sold or retained and compensated	When no longer needed for the original project or purpose, equipment must be sold or retained and compensated

Instructor notes:

- This table highlights the basic obligations regarding equipment requirements by grantee. There are also equipment disposition FAQs on the FMCSA Grants Management website as well.
- Overall states must follow State law and it is FMCSA's obligation to make sure that they do. As well as to make sure that the equipment still follows the cost principles in the first place and is not misused.
- Most states have Useful Life tables associated with their equipment disposition regulations/procedures.
 - You should provide these tables at the time of purchase with appropriate the voucher submission.
 - FMCSA will then use that table for monitoring purposes, verify when the useful life expires and, therefore, when the state is no longer obligated to report on its use.
 - States are entrusted to use, manage, and dispose of the equipment in accordance with their own state laws and procedures for equipment disposition. A transfer of the equipment from the grantee to FMCSA is not necessary.

- The caveat here is if use changes to the point that the activity would no longer be considered "allowable" under the grant program, then FMCSA can call for reimbursement based on current market value.
- For local governments and non-profits, the equipment must be used for the purpose of the grant for as long as needed or useful life. You, the grantee, must keep inventory records and provide those to FMCSA and must dispose of the property if no longer in use for grant purposes
- "As long as needed" means as long as any federal program could use the equipment. It's a pretty high standard. Even then the actual remaining value of the property is just as important as the remaining useful life because for FMCSA to dictate disposition instructions, the property must have a useful life of one year and be valued at \$5,000 or more.
- For further help understanding your obligations regarding equipment use and disposition contact your local Grant Manager and work closely with them on this obligation.

Slide 20 Post Close-out Activities

Instructor notes:
(Transition Slide)

Slide 21 Post Close-Out Audit

FMCSA Grant Managers will:

- Review post close-out A-133 Single Audit reports
- Determine whether corrective actions are required
- Follow-up on corrective action plans until resolved.

Instructor notes:

- Even after the Close-out Amendment is signed and done, FMCSA and the grantee are still held to certain obligations – one of which is the annual A-133 Single Audit, as well as any corrective action plans that may come of such an audit.
- All grantees that are subject to the A-133 Single Audit Act (those who receive more than \$500,000 annually from the federal government) are required to be audited annually and FMCSA is required to review and monitor findings for all years for which a grant was in place (So even is a grant closes out on September 30, 2012, FMCSA is required to review the Single Audit for that year, which may not be received until June or July 2013)
- So the grantee is obligated to obtain the single audit and to correct any relevant findings contained within it.
- FMCSA is then required to monitor any corrective actions on a Single Audit until they are resolved.
- There are rarely direct FMCSA findings for resolution on Single Audits, but it is useful for you to be aware of this requirement.

Slide 22 Wrap-Up and Knowledge Check

Instructor notes:
(Transition Slide)

Slide 23 Summary

Now that you have completed this module, you should be able to:

- Identify proper award close-out procedures, to include:
 - Final Report/Invoice Submission, Review and Reconciliation Process
 - Requirements for Equipment and Real Property Disposition
 - Close-out Amendment Process
 - Post Close-Out Audit Report Actions

Instructor notes:

- Now that you have completed this section, you should understand:
- How to prepare for final report and invoice submission and make sure you have submitted everything for close-out
- What are the administrative elements of Close-out
- How to do reconciliation between the quarterly reports and the final voucher;
- Some of the high level elements of property disposition;
- The policy regarding close-out amendments and de-obligation; and,
- The responsibilities around post-close-out audits
- Attached at this link is a Knowledge Check, feel free to take this “quiz” and then check your answers to determine how well you understood and synthesized this information. The answers can then be found at the link listed at the bottom of the slide.

Slide 24 Check Your Knowledge

- Module 8 Knowledge Check
- Module 8 Knowledge Check Answers

Instructor notes:

(None)