

The Closeout Process Frequently Asked Questions

(FAQs)

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**For more information regarding DOL/ETA grants and Closeout
Please visit <http://www.doleta.gov/grants/>.**

■ What is Grant Closeout?

Closeout means the process by which the Federal awarding agency or pass-through entity determines that all applicable administrative actions and all required work of the Federal award have been completed and takes actions as described in §200.343 Closeout.

In short, it is the completion of the grant life cycle and the official end of the government's relationship with the non-Federal entity.

■ When is the Grant Closeout Period?

Grant closeout refers to the period 90 Calendar days following the expiration of the grant period of performance.

■ When Will ETA Begin the Grant Closeout Process with the Non-Federal Entity?

A grant closeout specialist from the Department's will be assigned to each grant. This closeout specialist will send an initial closeout notification letter to the non-Federal entity not less than 7 days prior to period of performance end date.

■ Who Will Receive the Final Grant Closeout Notification?

The closeout package will be sent via email to your grant's signatory official. The signatory official is the authorized representative identified on item 21 of the SF-424 Application for Federal Assistance. If you have not received a package by the time the grant has expired, please contact your Federal Project Officer (FPO) to ensure that the authorized representative's email address is correct. This name and email may be different than names and/or email addresses provided for quarterly reporting purposes. If the signatory authorized representative has changed since the inception of the grant to the closeout, please reach out to your FPO prior to closeout to initiate a modification.

■ Where can I find DOL/ETA's closeout regulations?

There are a number of regulations governing the closeout process found under the Uniform Guidance:

- **2 CFR 200.343:** Closeout - describes the actions that the non-Federal entity and the Federal awarding agency or pass-through entity must take in order to complete the closeout process at the end of the period of performance (codified 29 CFR Part 95.71 and 97).
- **2 CFR 200.344:** Post Closeout Adjustments and Continuing Responsibilities – details of what may be necessary as a result of an audit or a monitoring review (codified 29 CFR 95 and 97)

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- **2 CFR 200.345:** Collection of Amount Dues - defines monies due to the Federal awarding agency, and the steps that may be taken to assure any amounts due are repaid to the Federal government.
- **2 CFR 2900** - Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards

Can Non-Federal entities receive an Extension to the Grant Closeout Period?

An extension to the closeout period will be considered and approved on a case-by-case basis. A request can be made through the grants closeout system during the 90-day closeout period. Please see page 31 of the Grant Closeout System End User Manual: (<http://www.doleta.gov/grants/docs/GCS.pdf>) for additional information.

What Are the Financial Concerns?

Within 45 calendar days after the period of performance end date, the non-Federal entities must submit:

FINAL ETA 9130 – submitted via the Grantee Reporting System
https://www.etareports.doleta.gov/CFDOCS/grantee_prod/reporting/index.cfm

Note: Be sure to mark Box 6 as “Final”

Within 90 calendar days after the period of performance end date, the non-Federal entities must submit all closeout documentation (see below) as described through the Grant Closeout System:

- ✓ 9130 Final Quarter and Closeout 9130
- ✓ Grantee’s Release
- ✓ Government Property Inventory Certification
- ✓ Inventory List
- ✓ Grantee’s Detail Statement of Costs
- ✓ NICRA & breakdown
- ✓ Grantee’s Assignment of Refunds, Rebates and Credits
- ✓ Grantee’s Close-out Tax Certification

Note: For more information on this, please visit http://www.doleta.gov/grants/grant_closeout.cfm.

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Will We Be Required To Provide A Report of Ending Financial Information That Describes the SF-424A Categories?

Yes. The Non-Federal entities will be required to provide a detailed Statement of Costs that will be consistent with the cost categories contained in the SF-424A budget.

Will We Be Required To Submit Details on Administrative Cost Calculations or Leveraged Resource Calculations or Anything Else in Addition to the ETA-9130?

Administrative costs are to be reported on the ETA-9130 as well as the final and closeout ETA-9130 reports. Leveraged resources will be reported in the recipient's share section of the final and closeout ETA-9130.

Note: Any leverage resources that are provided under the award should be tracked and recorded quarterly on the ETA-9130 financial reports that are submitted.

What Activities (Programmatic & Fiscal) Must Cease By the End of the Grant Period?

When a funding period for incurring expenditures is specified the grantee may charge the grant allowable expenditures incurred during the funding period. No additional costs may be incurred after the expiration of the grant. The Non-Federal entity must liquidate expenditures (pay bills) properly incurred during the award and have 90 calendar days to do so. The Closeout Grant Officer may consider and extend the 90-day liquidation timeframe at the request of the Non-Federal entity. Any costs incurred after the expiration of the grant are unallowable as direct costs.

An example of allowable liquidation of expenditures is the payment of staff salaries accrued during the period of performance, but for which pay day falls after the end date of the grant. Please remember that a Non-Federal entity cannot deviate from their established personnel and payroll policies to accrue more salary expenses during closeout.

REMINDER: ETA requires Non-Federal entities to report all financial transactions on a full accrual basis. An accrued expenditure is defined in the ETA-9130 form instructions and in TEGL 28-10: Federal Financial Management and Reporting Definitions as "costs for goods or services received regardless of whether payment has been made". See 20 CFR 667.107(2)(e) for additional information on period of availability.

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What are ETA Expectations for Liquidating Obligations?

If services or goods have not been rendered or received prior to the expiration of the grant, then any liquidation of existing obligations can NOT occur. As previously stated, the only liquidation that occurs during closeout is the liquidation of accrued expenditures – goods or services rendered or received during the period of performance.

Can We Charge Staff Time for Closeout Activities to the Grant?

If grant funds cannot be used following the end of the period of performance, how does the Non-Federal entity reimburse for staff salaries for closeout activities such as performance reporting?

Under your grant, there are direct and indirect costs. Under the OMB cost principles (2 CFR 220, 225, 230), direct costs are those that can be identified specifically with a particular final cost objective, i.e., a particular award, project, service, or other direct activity of an organization. Indirect costs are those that have been incurred for common or joint objectives and cannot be readily identified with a particular final cost objective. After direct costs have been determined and assigned directly to awards or other work as appropriate, indirect costs are those remaining to be allocated to benefiting cost objectives. A cost may not be allocated to an award as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been assigned to an award as a direct cost.

Examples of indirect costs may include depreciation or use allowances on buildings and equipment, the costs of operating and maintaining facilities (overhead), top management personnel, fiscal operations, HR, payroll, and general administration and general expenses. Ordinarily, allowance for these types of costs will have been included in the organization's indirect cost pool and funded through the application of the approved indirect cost rate across all federal grants. Further explanation of this process is described below:

If your organization has more than one federal award, you likely have an indirect cost rate that was negotiated with your federal cognizant agency. Closeout activities may be performed by individuals included in your indirect cost pool and their costs are thus recouped through the indirect charges under your rate made across all your federal grants. Therefore, if the closeout activities under your grant are part of your indirect cost pool, those costs are not direct chargeable to the grant and would be part of the indirect costs recovered for your grants. However, after the end date of your grant, you would NOT be able to charge indirect costs, as there are no direct costs to apply your rate to.

If your organization does not have an indirect cost rate, but rather an approved cost allocation plan, or closeout activities have been assigned to an individual that has direct charged the grant, then they may not be reimbursed by ETA or any other grant award as they are directly associated with your ETA grant award.

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■ Where Do We Report the Indirect Cost?

All direct grant recipients charging indirect costs to an ETA grant or program through a negotiated indirect cost rate (NICRA) or the de minimus rate are required to complete Section 13 on the Final ETA 9130 Financial Report.

■ What If we don't have a NICRA but rather a Cost Allocation Plan (CAP) or Statewide Cost Allocation Plan (SWCAP), are we required to complete Section 13 on the Final ETA-9130 Report?

For states with an approved Statewide Cost Allocation Plan (SWCAP) or Cost Allocation Plan (CAP), indirect expenditures do not have to be reported on Section 13. **However, you are required to submit the SWCAP or CAP calculation during closeout.**

■ What Should We Do if We Used a Provisional Indirect Cost Rate During the Grant Period but Receive a Final Rate During Closeout?

Since the final rate would be applicable to a period of performance that occurred prior the closeout, the Non-Federal entity should make the necessary adjustments to expenses and submit an amended closeout package.

■ What Happens If Our Project Did Not Spend the Entire Amount of the Grant Funds Awarded?

Any unexpended funds will be de-obligated and returned to the Department during the closeout process.

■ What is ETA's Expectations for the Management and Disposition of Property?

The Non-Federal entity must account for all equipment and supplies by completing a Property Certification Form for all equipment with a current fair market value of \$5,000 or more per unit and any remaining supplies with an aggregate value of \$5,000 at closeout. Equipment is defined as tangible nonexpendable personal property including exempt property charged directly to the award having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit.

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Supplies are defined as tangible personal property other than those described under Equipment with a total aggregate value of \$5,000, regardless of the length of its useful life. The disposition of equipment must follow the guidelines specified in **2 CFR 200.313** or **2 CFR 200.439**.

Acquisition of Real Property is prohibited under these grants; therefore, the items in question would fall under equipment or supplies.

Disposition: The Uniform Guidance at **2 CFR 200.311(c)** requires that a grant recipient obtain disposition instructions from the Federal agency. A reminder – equipment is considered on a unit basis – meaning all the components required to make it functional – so while individual pieces may be less than \$5,000, if the functional unit total cost is greater than \$5,000, those combined pieces are considered equipment and must be inventoried and obtain disposition instructions if sold.

Can a Non-Federal entity retain equipment for use on the same project or program for which it was acquired under the grant?

Your organization may retain the equipment to be used for the purpose under which it was acquired under the grant as described in **2 CFR 200.313**, whether or not the project or program continues to be supported by federal funds. If you elect this option, please indicate your intent on your submission.

Non-Federal entities may retain equipment for use on other federally sponsored activities:

Your organization may use the equipment in connection with its other federally sponsored activities as described in **2 CFR 200.313**. If you elect this option, please indicate your intent on your submission.

Non-Federal entities may dispose of the equipment by sale(s) or other means:

If the organization determines that there is no further use for equipment purchased with ETA grant funds, the Non-Federal entity is responsible for disposition of said equipment in accordance with **2 CFR 200.313(e)** utilizing several methods (transfer, sale, scrap or other means). Items sold should be reported to DOL as recipients are required to reimburse the DOL agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program minus \$500 or ten percent of the proceeds, whichever is less, for the recipients selling and handling expenses. Please remit payment, along with a brief statement explaining the nature of the return to Pay.gov at <https://www.pay.gov/public/form/start/17233981> or Payment Management System (PMS) <https://pms.psc.gov/grant-recipients/returning-funds-interest.html>

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What is a Grant Lifecycle?

Each demonstration, discretionary, or competitive grant follows a four-stage lifecycle:

- ✓ *Pre-award phase* - the purpose, amount and conditions of the grant are established by the Federal government.
- ✓ *Award phase* - applicants are solicited and evaluated. A selection is made of one or more recipients. A grant agreement is executed between the Federal government and the recipient.
- ✓ *Period of Performance phase* - the period of time during which the recipient expends Federal funds to carry out the purposes and activities specified in the grant agreement. The Federal government exercises oversight and grants management activities.
- ✓ *Closeout phase* - The Federal government reconciles amounts paid with expenditures. It evaluates the sufficiency of activities under the grant and identifies unobligated balances, disallowed costs and amounts potentially subject to collection.

How does a grantee return funds (including but not limited to refunds, disallowed costs, etc.)?

Effective June 1st, 2018, the U.S. Department of Labor, Employment & Training Administration will no longer be accepting paper checks for any type of fund returns. All fund returns are to be submitted electronically through the Payment Management System (PMS) operated by the U.S. Department of Health and Human Resources via the same method as a drawdown, <https://pms.psc.gov/grantrecipients/returning-funds-interest.html> or Pay.gov (<https://www.pay.gov/public/form/start/177233981>)

If the PMS document you are trying to apply the refund to is closed or expired, please do the following:

- Send an email to ETA-ARteam@dol.gov by copying the following statement,

Hello,

Please re-open the following grant, [INSERT PMS GRANT NUMBER WITH SUB-ACCOUNT] for a refund/return of funds that we need to process.

Be sure to insert the full PMS grant number that includes the sub-account, such as AB12345-XYo Once your grant is re-opened you will be sent a confirmation email after which you may submit your refund against the PMS grant. If there are questions regarding the return of funds or your organization no longer has access to PMS, contact the U.S. Department of Labor/ETA Office of Financial Administration at www.etaARteam@dol.gov for further assistance.

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Closeout Definitions

- **Administrative cost** – costs associated with performing overall general administrative functions, i.e., accounting, financial and cash management, property management, payroll, records management etc.
- **Audit** – the examination of records, documents and other evidence for the purpose of determining the propriety of transactions and assessing the compliance with relevant cost and accounting requirements.
- **Budget Realignment** – a bi-lateral modification action, which is agreed upon and signed by both the Grant Officer and the grant recipient, and adjusts amounts among the line items of the SF-424a budget document in accordance with actual expenditures. The total amount of the grant budget remains the same.
- **Closeout Financial Report** – an ETA-9130 financial report, executed by the recipient after the grant expiration date, to reflect actual and final payments and costs.
- **Closeout phase/Closeout period** – the period of time after the grant end date that ETA determines that all applicable administrative actions and required work of the grant have been completed by the recipient and ETA. This period is used by the recipient to liquidate remaining obligations under the grant and to prepare and transmit final fiscal and program documents. It marks the end of the grant agreement between ETA and the recipient.
- **Closeout Resolution Specialist (CRS)** – ETA staff assigned to receive and review grant closeout documents, perform a financial reconciliation and assist the recipient in fulfilling its closeout obligations.
- **Cognizant Agency** – the Federal agency that is responsible for approving indirect cost rate agreements/cost allocation plans for a recipient organization.

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- **Cost Allocation Plan (CAP)** – a method of attributing costs arising from the same activity proportionally to different revenue streams based on benefit received. The written document (cost allocation plan) is prepared by the Non-Federal entity and the cognizant agency to support the costs that have been incurred.
- **End User Manual** – *an electronically transmitted package that is made available to the recipient to initiate the closeout process. It contains instructions and required documents for closeout.*
- **Equipment** – tangible, nonexpendable personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. Acquisition of equipment requires prior approval from an ETA Grant Officer as a condition of the grant agreement. Equipment is also known as property.
- **Federal Project Officer (FPO)** – ETA staff assigned to carry out oversight and grants management activities to assist the recipient during the grant period of performance and closeout.
- **Grant Closeout System (GCS)** – ETA’s electronic closeout system used for the submission of the Non-Federal entity’s closeout package.
- **Grant Officer for Closeout** – The Grant Officer specifically charged with timely execution of all activities during the closeout phase.
- **Indirect Cost Rate Agreement** – an agreement between a recipient and its Federal cognizant agency which establishes the proportion of operating costs, such as electricity, insurance or compensation for an Executive Director, which cannot be directly and uniquely attributed to a single funding source. The indirect cost rate agreement establishes provisional and final rates at which the recipient can be reimbursed by the grant for such activities.
- **Intellectual Property** – an intangible product which has value as a commodity, including but not limited to trademarks, copyrights, patents and patent applications.
- **Liquidate** – to satisfy financial obligations by paying owed amounts.

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- **Match** – additional non-Federal resources expended to further the grant objectives, if required either by statute or within the grant agreement as a condition of funding. Failure to provide the match amount by the grant expiration date results in a potential disallowance and debt established by the government.
- **Non-Federal entity** – Non-Federal entity means a state, local government, Indian tribe, institution of higher education (IHE), or nonprofit organization that carries out a Federal award as a recipient or subrecipient.
- **Obligation** – creation of a legally-binding agreement, for example payment by a recipient to a third party for goods or services.
- **Payment Management System (PMS)** – an electronic fund transfer system operated by the U.S. Department of Health and Human Services. ETA is a customer. Recipients use PMS to drawdown grant finds.
- **Performance Certification** – a document executed by the Federal Project Officer which evaluates the sufficiency of the recipient activities under the grant.
- **Program income** – gross income earned by the recipient that is directly generated by a grant supported activity or earned as a result of the award. Program income includes but is not limited to income from fees for services performed, the use or rental of real or personal property acquired under Federally-funded projects, the sale of commodities or items fabricated under an award, license fees and royalties on patents and copyrights and interest on loans made with award funds. However, interest earned on advances of Federal funds and tuition costs are not considered program income. Such income is added to the award and expended for the same purposes. Unspent program income is subject to a request for refund during the closeout phase.
- **Property** – equipment acquired under the grant to support grant activities. Title vests with the recipient; however, the Federal government retains an equity interest in all such property and issues disposition instructions during the closeout period.

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- **Recipient** – an organization receiving financial assistance directly from ETA to carry out a project or program, also known as the grantee.
- **Refund** – the Grant Officer for Closeout may determine that certain uses of grant funds are not allowable, or are in excess of established limits. Other revenue streams which support the grant may not reach agreed upon thresholds. These amounts are recovered from the recipient through a refund.
- **Sub-recipient** – means a non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program; but does not include an individual that is a beneficiary of such program. A sub-recipient, may also be a recipient of other Federal awards directly from a Federal awarding agency.

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