

# Grant Closeout Frequently Asked Questions

## General Questions

### 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 by the non-federal entity and takes actions as described in Title 2 Code of Federal Regulations (C.F.R.) § 200.344.

Closeout effects compliance and remains an essential function of the award life cycle. It ensures that all required reports and certifications are received and evaluated, any equipment (defined at 2 C.F.R. § 200.1) is accounted for, allowable costs are determined, and amounts due to either the federal entity (oftentimes referred to as “*grantor*”) or to the recipient are determined and payment arrangements made. 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.

### What is the Grant Closeout Period?

If your grant was awarded **on** or **after** November 12, 2020, you are required to satisfy closeout requirements no later than one hundred twenty (120) calendar days after the end of the period of performance (PoP). These requirements are established in the federal closeout rules found at 2 C.F.R. § 200.344.

If your grant was awarded **prior** to November 12, 2020, you are required to satisfy closeout requirements no later than ninety (90) calendar days after the end of the PoP. These requirements are established in the federal closeout rules found at 2 C.F.R. § 200.343.

### How do I determine if my award is about to end and will require closeout?

Recipients should refer to the Notice of Award of the grant agreement to determine the award’s PoP. In addition, recipients will receive electronic notification via GrantSolutions at least 15 days prior to the award expiration date. The notification serves as a reminder of award expiration and provides closeout instructions.

### What if I need more time to complete grant activities? Can the grant award be extended?

Generally, Veterans’ Employment and Training Service (VETS) grants may not be extended. VETS has not exercised the waiver option to allow automatic one-time extensions for non-research grants under 2 C.F.R. § 200.308(e)(2). Therefore, for a PoP extension to be considered, the recipient must initiate a no-cost PoP extension amendment in GrantSolutions and provide all required supporting documentation at least 30 calendar days prior to the end of the PoP. The supporting documentation must include a signed letter from the Authorized Representative on organizational letterhead that includes the grant number, reasonable justification for the PoP extension, amount of additional time being requested, amount of unobligated balance (defined at

2 C.F.R. § 200.1), revised timeline and milestones, and activities to be accomplished during the extension period.

A Notice of Award, authorizing the no-cost extension, will be issued by the VETS Grant Officer via GrantSolutions if the extension request is approved.

**Note:** A no-cost extension does not include adding additional funds to the award but provides additional time for the grant recipient to carry out the approved grant activities. An extension may not be granted merely for the purpose of expending unobligated balances, and all no-cost extensions are at the discretion of the federal entity.

### **How do I determine which regulations apply to my award?**

The regulations that apply to your award are incorporated by reference in the terms and conditions of your award.

As a general matter, please be aware that on December 26, 2014, the Office of Management and Budget issued the Uniform Guidance, 2 C.F.R. Part 200. Any new funding through an amendment (supplemental or incremental) on or after December 26, 2014, and any unobligated balance remaining on the award at the time of the amendment, will be subject to the requirements of the Uniform Guidance. This means that awards expiring before or after that date that have not had a monetary amendment are still required to adhere to the previous regulations listed on the award document (29 C.F.R. § 95 or 2 C.F.R. § 200).

## **Preparing and Submitting Closeout Documentation**

### **What documentation is required of recipients at closeout?**

The required documents may vary depending on the type of grant and the information you have already provided. Listed below are the documents that most grant recipients must provide:

1. **[Final Federal Financial Report \(FFR\) \(SF-425\)](#)**

Through the life of the grant, you will submit an FFR within 30 days after the end of each quarter. You must submit your final FFR within 90 or 120 calendar days after the PoP end date, depending on when your grant was awarded. The final FFR may not include any unliquidated financial obligations (defined at 2 C.F.R. § 200.1).

2. **Negotiated Indirect Cost Rate Agreement (NICRA), Cost Allocation Plan (CAP), or Statewide Cost Allocation Plan (SWCAP)**

If indirect costs have been charged to the grant, you must submit a copy of the approved NICRA, CAP, or SWCAP covering the entire time indirect costs were charged, unless either:

- You have already submitted the documents with your original application and/or a subsequent grant amendment, or

- Your organization has been approved to use a 10 percent de minimus rate of modified total direct costs.

If your organization used a provisional rate during the PoP, any necessary adjustments should be made using the final rate. A final rate must be used during grant closeout.

**Note:** Unless supported otherwise in federal regulations, it is your responsibility to maintain an approved agreement during the life of the award for eligible indirect costs reimbursement. If indirect charges are not calculated correctly, or if agreements are not provided to cover the period(s) in which indirect charges were made, your organization may be required to return funds and submit a revised final FFR or may be subject to one or more remedies for noncompliance (found at 2 C.F.R. § 200.339).

### **3. Closeout Documentation Provided by Grantor**

Required documents for grant recipient completion will be sent to the Authorized Representative and Point of Contact for the award via GrantSolutions electronic notification at least 15 days prior to the end of the PoP. The due date for the closeout documentation will be included in the notification. Currently, the required closeout forms include the Grantee's Detailed Statement of Costs and the Government Property Closeout Inventory.

The information needed to complete these documents includes the final grant expenditures by cost category, your indirect cost agreement and calculation (if applicable), and your disclosure of any equipment (defined at 2 C.F.R. § 200.1) you have purchased using grant funds (if applicable).

## **Final Federal Financial Report (FFR, SF-425)**

### **When is the final FFR due?**

If your grant was awarded on or after November 12, 2020, the final FFR and closeout documents must be submitted within 120 calendar days after the PoP end date. If your grant was awarded prior to November 12, 2020, the final FFR and closeout documents are due within 90 calendar days after the PoP end date.

### **How do I submit the final FFR to VETS?**

All FFRs must be submitted electronically through the Payment Management System (PMS). You cannot submit these in hard copy or via email.

### **What should be considered when submitting the final FFR?**

Your organization must maintain sound financial records and transaction documentation in accordance with the Uniform Guidance at 2 C.F.R. § 200. This is key to ensuring the correct information is reported back to VETS during the life of the grant, especially at closeout. This

includes adjusting/reconciling indirect costs to ensure all costs incurred and reimbursed during the PoP are reasonable, necessary, allowable, and allocable.

**What are some potential reporting problems my organization should check before submitting the final FFR?**

Final FFRs must indicate the exact balance of expenditures. That means all expenditures need to be recorded in your financial system. Unliquidated financial obligations are bills that have not been paid. As a reminder, the final FFR must not include any unliquidated financial obligations.

Another common reporting problem for recipients during closeout is adjusting/reconciling indirect costs charged to the grant with the approved final indirect cost rate. A few causes for this include:

- Using a provisional rate during the grant that is different from the final rate.
- Failing to maintain an approved indirect cost rate with your cognizant agency.
- Failing to record all final rates approved during the grant award lifecycle, as applicable to the timeframe of the rate approval.
- Misunderstanding the direct cost base for your indirect cost rate.
- Needing to repay overcharged indirect costs.

**Do I need to report the Program Income generated by the project?**

Yes, all program income should be accounted for on the FFR (section 10.1-o) and used in accordance with the terms and conditions of the award. In accordance with 2 C.F.R. § 200.307(e)(2), program income is to be added to funds committed to the grant award and used to further eligible program objectives. However, please check with your Grant Officer's Technical Representative (GOTR) for further guidance.

**What will happen if there is a discrepancy between total expenditures and the amount reported on the final FFR?**

It is your responsibility to reconcile expenditure reports submitted to VETS. If any discrepancies are identified during VETS' review of the final FFR, you will be notified and instructed to submit a revised final FFR.

**What should I do if I think it's necessary to revise the final FFR I submitted based on audit findings or discovery of a reporting error?**

Contact your GOTR to explain the situation and receive further instructions, since this will impact closing the award.

**Note:** Regardless of whether VETS has already closed the award, the recipient remains obligated to return funds due as a result of later refunds, corrections, or other transactions; the Federal Government may recover amounts based on the results of an audit covering any part of the project period (see 2 C.F.R. § 200.345).

## **Where can I find instructions on what to include in each report?**

Reference the terms and conditions of your award and consult with your GOTR regarding any questions or concerns. You may also refer to the U.S. Department of Health and Human Services (HHS) [FFR Information page](#) for guidance.

## **Compliance-Related Questions**

### **What will happen if I do not submit a final FFR on time?**

If the final FFR cannot be submitted within 90 or 120 calendar days after the PoP ends, immediately contact your GOTR to let them know the issue. The GOTR does not have the authority to grant extensions, but they may be able to help resolve the problem(s).

VETS will make several attempts to contact you and instruct you to submit the FFR. On the 91<sup>st</sup> or 121<sup>st</sup> day after PoP end date, your grant funds will be suspended in PMS. You will then need to work with your GOTR and submit a final FFR before VETS will approve any funds to be released.

### **What will happen if I do not submit other closeout documentation on time?**

VETS will make several attempts to contact you for the completed closeout documentation. If you do not submit all required closeout documentation in a timely manner, VETS must proceed to closeout with the information available within one year of the PoP end date. In this case, VETS must report your organization's material failure to comply with the terms and conditions of the award in the Federal Awardee Performance and Integrity Information System (FAPIIS). This can affect your ability to receive federal awards in the future.

Additionally, VETS may, in accordance with applicable regulations, take or recommend enforcement action, including potential recovery of funds reimbursed to your organization.

### **How long am I required to retain my files after the award is closed?**

Generally, the requirement is to retain the file for a period of three years after the submission of the final expenditure report. However, please reference the regulation applicable to your grant award to ensure no exceptions apply.

## **Additional guidance**

- [2 C.F.R. § 200](#)
- [29 C.F.R. § 95](#)
- Terms and Conditions of the award
- ETA's [Grant Closeout](#) webpage for further information on the closeout process