Section 9.2: Standard Closeout

PURPOSE AND POLICY

A standard closeout is initiated by the subrecipient via either communication to the grantor stating that intent or the grantor informing the subrecipient that it can start the process. Again, depending on the grantor's usage of an e-system such as the eCivis Subrecipient Manager (SRM) tool, this exchange would happen within the system and all parties would be aware of the appropriate timing of the standard closeout.

At a minimum, the standard closeout package includes all final documents from the subrecipient:

- a final progress/performance report;

- a final financial report;

- compliance confirmation, including any monitoring and/or site visit reports and communications along with any corrective action plan(s) approved and implemented; and

- financial reconciliation between what was obligated to the subrecipient and the amount of money the subrecipient was reimbursed (the grantor will need to also confirm that amount in the Arizona Financial Information System (AFIS) or the grantor's accounting system of record by working with the grant program manager's finance division counterpart).

If a final product or report is a requirement of the subaward, the grantor should require submission of the final product or report before a closeout is final, so that a review can occur. A grantor should review the entire closeout package for compliance with the grant program requirements established at the outset of the subaward. Once the grantor is satisfied with the subrecipient's completion and compliance, a closeout can be accepted, approved, and finalized.

PROCEDURE

Grant program managers must monitor the subaward end dates to ensure compliance with closing requirements. Typically, when a grant program has multiple subrecipients, it is very common for them to all have the same end dates. However, there may be exceptions in some cases. The grant program manager works with the subrecipients to initiate the closeouts according to the standard closeout process. The grant program manager may allow an extension if additional time is needed for the subrecipient to complete the scope of work and/or deliverables. This is, of course, allowable only under the guidelines and applicable pass-through requirement that govern the the grant program. . An extension request should be submitted to the grantor no later than 30 days prior to the end of the award. That extension will need to be approved by the grantor and any communications/documentation should be a part of the grantor file. See Section 7.2.7 for more details.

There are three common exceptions to the standard closeout process. These are:
- Early closeout (which excludes the need to conduct outreach to subrecipient, but otherwise follows the standard closeout process);
- Administrative closeout; and
- For-cause closeout.

Subrecipient Closeout Outreach

The grant program manager reviews the grant file and reminds the subrecipient of the grant end date, time limits on obligation and expenditures of the subaward, submission of required documentation (e.g. final reports), and records retention requirements. It is recommended the grant program manager conduct outreach to the subrecipient at the following intervals (if necessary):

- 60 days prior to the grant end date;

- On the date the grant period expires; and

- 30 days after the grant end date.

If the grant program manager is utilizing the eCivis' Subrecipient Manager (SRM) tool, it will notify both the grant program manager and subrecipient of the pending closeout as it nears and if it should pass without completion by turning the Due date red. SRM will periodically send out past due notifications until the closeout is completed. However, the grant program manager must reach out to the subrecipient to explain the closeout requirements.

Standard templates for communicating to the subrecipient are included in the Appendix. These templates are guidelines for grant program managers and may be sent via mail, email, and/or their content communicated by phone. The number of communications to the subrecipient is left to the discretion of the grant program manager.

All notifications should be sent to:
- Subrecipient contact;
- Subrecipient business contact; and
- Subrecipient authorized representative.

If the subrecipient does not respond to any communication after the grant end date (typically 120 calendar days), an administrative closeout is required as described in Section 9.3.

For early closeouts, outreach to the subrecipient generally occurs prior to the standard notification period. The closeout is dependent on when the grant program manager becomes aware that the conditions for an early closeout have been met.

Subrecipient Closeout Process

Typically, subrecipients are required to complete their closeout packages within 90 days after the end date of the subaward.

Within that closeout package, subrecipients normally are required to ensure the completion of and submit:

- Final financial report;
- Final progress/performance report;
- Any other final products as required by the grantor and/or the terms and conditions of the subaward;
- Financial reconciliation between what was obligated and the amount of funding that has been reimbursed. Financial reconciliation should include the reconciliation of any match or cost share requirements;

- Compliance related matters such as monitoring and/or site visit issues and associated corrective action plan(s);
- Any other necessary documentation required for closeout by either the grantor or subrecipient.

Once the subrecipient submits the closeout package, the remaining funds on the subaward are frozen.

Compile and update closeout package

The grant program manager receives the required information listed above in the **_Subrecipient Closeout Process_** from the subrecipient via the Task and Scheduled Reports functionality of the eCivis Subrecipient Manager (SRM) tool. If a state agency has not made the transition yet to the eCivis SRM tool, ths process could be utilizing another agency-specific system or a paper and email process. Either way, it should be completed within 90 calendar days after end date of grant (or earlier). If the grant program manager determines that further information is needed, then the grant program manager can email and/or assign further Tasks and Scheduled Reports within the eCivis SRM tool to the subrecipient to make any necessary updates to the package and/or fully complete it. Again, different documents are required depending on the nature of the award, originating funding source, and any other agency or program specific requirements, terms and conditions.

The following are examples of specific closeout documents that should be considered for a standard or an administrative closeout. Prior to compiling the final closeout package, the following information should be checked:

- Ensure the subgrant has no audit issues or open site visits (closeout should not proceed if there are any audit issues);
- Ensure all progress and financial reports are received and approved via eCivis SRM or agency specific e-system;
- Ensure any special conditions have been satisfied;
- Required cost share or match has been reported, properly documented, and met;
- Ensure all final products have been submitted. Some agencies may also require that additional products, such as videos, data, etc., be submitted prior to submission of the closeout package.

If a grantee is non-compliant and has not/will not complete closeout requirements within the stated time frame (again, typically 90 calendar days after the end of the grant), an administrative closeout is required (see Section 9.3). If an administrative closeout is not desired by a state agency, then (if appropriate and allowed) a no-cost extension should be granted to extend the project period. The state agency should work with the grantee to determine the appropriate amount of time needed to adequately and appropriately complete the closeout package.

Closeout package review and approval

Upon receipt of the closeout package, the grant program manager should follow any standard approval process with regards to the closeout package. The routing and approval process can be handled within the eCivis SRM tool. If needed, it can include multiple steps and levels of approval depending on the state agency's workflow.

The closeout package may initially fail the internal review by the grant program manager or other's review for various reasons. Typical reasons and corrective actions are as follows:

- The closeout package has errors
- There are financial questions such as a high-dollar deobligation of the grant. The grant program manager and the grantee review use of the available funds to maximize the benefits to be received from the grant funds.

Finalizing the closeout package

It should be the desire of the state agency and the grant program manager as quickly as possible to finalize the closeout package Therefore, a standard closeout package should be finalized within 120 days after the end date of the grant. Following the stated grant program's communication method(s), the grant program manager should provide a formal communication (such as a letter on state agency letterhead or email) to the grantee that it has satisfactorily met all of its obligations and responsibilities of the grant program. This letter or email should be uploaded to the eCivis SRM tool or state agency specific e-system.

Additional information

In addition to the information included in this chapter, grant program managers should review the State of Arizona Accounting Manual (SAAM) Topic 70, Section 35: Close-outs and Records Retention When the State is the Grant Recipient for information that may be relevant to their program/grant's close-out procedures.