



Mississippi Valley Workforce Development Board

Subaward Closeout Policy

Approved Date: July 11, 2023

Effective Date: July 11, 2023

PURPOSE

To establish Mississippi Valley Workforce Development Boards (MVWDB) policy and guidelines for the closeout of Workforce Innovation and Opportunity Act (WIOA) program activities and transition of the applicable closeout process.

BACKGROUND

Recipients and sub-recipients of the Department of Labor (DOL) and the Employment and Training Administration (ETA) grant awards are responsible for developing closeout procedures that will be used to close out their sub-awards and contract agreements and adequately account for the financial and programmatic activities related to any Federal or State award. Closeout procedures must provide directions to effectively close out grants/contracts and ensure that financial accounting and reconciliation of Federal funds is accomplished. The objective of the financial reconciliation/closeout is to achieve the status where allowable reported costs and payments are equal.

POLICY

MVWDB will initiate closeout procedures with all sub-recipients. All sub-recipients must submit a sub-award/ contract closeout package no later than 45 calendar days following the expiration of a sub-award term or when funds have been fully expended prior to the sub-award expiration date. Each sub-recipient is responsible for developing and maintaining an internal system of controls to comply with the closeout requirements specified in this policy.

Closeout is the process by which MVWDB determines that all applicable administrative actions concerning a sub-award, grant, or agreement (with the possible exception of the audit, which may be performed after closeout) have been completed by the contractor or the grant or agreement recipient and by MVWDB after the expiration of the period of performance of the sub-award, grant or agreement.

Sub-recipients must furnish evidence of their ability to satisfy the Federal, State, and local recordkeeping requirements. Federal regulations require that recipients or sub-recipients keep financial records, supporting documents, statistical records, and all other records created under the grant for five (5) years after the final expenditure report has been accepted. If any litigation, claim, or audit is started before the expiration of the 5-year period, the records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action is taken. MVWDB shall comply with the terms and conditions concerning the closeout of the sub-award in 2 CFR Part 200.

CLOSEOUT PROCEDURES

In an effort to perform contract/grant closeout management effectively and avoid cost overruns and deficits, MVWDB has established the following procedures:

1. Sub-recipients must terminate all activities and reconcile all financial activity related to the sub-award prior to closing the sub-award with MVWDB.
2. Unless authorized by MVWDB, sub-recipients must liquidate all accruals incurred under the MVWDB sub-award by the end of the closeout period.
3. Program income earned must be fully expended or submitted to MVWDB.
4. All refunds due to MVWDB must be submitted before or with the closeout package.
5. MVWDB reserves the right to further execute grant adjustments based on the reconciliation of a federally approved indirect cost rate or for audit findings after the closeout package is submitted. In the event a final audit has not been performed prior to the closeout of the grant/sub-award, MVWDB reserves the right to recover any amount after fully considering the recommendation(s) on disallowed costs resulting from the final audit or any other audit.
6. Sub-recipients must account for any property acquired with sub-award funds, or any property otherwise received from MVWDB. Sub-recipients must adhere to the following:
 - a. Upon completion/termination of contracts between MVWDB and its sub-recipients, all property acquired with sub-award funds whose unit cost exceeds \$100 (one hundred dollars) and has a useful life of one (1) years or more, must be returned to MVWDB, at MVWDB discretion, within ninety (90) days after the established completion/termination date of the sub-award agreement.
 - b. All tangible supplies and materials that are determined by MVWDB to be useable and/or whose aggregate value exceeds \$500 must be returned to MVWDB, at MVWDB's discretion, within ninety (90) days after the established completion/termination date of the sub-award agreement.
 - c. Allowable costs that are associated with the return of MVWDB tangible property may be delineated from the balance of the sub-recipient's unobligated budget.

ALLOWABLE CLOSEOUT COSTS

The following expenditures may be considered allowable closeout costs during the designated closeout period. Prior written approval from MVWDB is required. Sub-recipients terminating a relationship with MVWDB are typically allowed a 30-day period to incur allowable closeout costs. This period may be extended and will be determined by MVWDB and communicated to the sub- recipient in writing.

- Administrative fiscal personnel expenditures directly related to the closeout process.
- Administrative management personnel expenditures directly related to the closeout of contracts/ sub-awards.
- Programmatic personnel costs directly related to the closeout of client files and/or transfer of participants to applicable sub-recipients within the Mississippi Valley Workforce Area (MVWA).
- Administrative and operational costs that are incurred only during the designated closeout

period and are appropriately allocated, if applicable (e.g., administrative costs: audits; record retention), (e.g., operational costs: utilities; rent).

PROGRAM PARTICIPANT RECORDS

MVWDB will establish timelines whereby all program participant's records must be transferred to MVWDB and will inform sub-recipients of these timelines in writing. To ensure a continuation of service provision to program participants, these processes may commence prior to the sub-award(s) termination/ completion date. Sub-recipients must ensure that no new program participants will be registered, enrolled in any activity, or provided any services, once the closeout date has been established.

EXTENSION

MVWDB may extend the deadline for submission of the closeout package. Decisions will be made on a case-by-case basis. Requests for extension must provide evidence of the necessity for the extension and must be submitted to MVWDB no later than 30 days after the contracted date. Only under extraordinary circumstances will additional extensions be considered.

CLOSEOUT PACKAGE

MVWDB's closeout package will contain established closeout forms and instructions. All sub-recipients are responsible for ensuring compliance with the requirements of the closeout package. It is also the responsibility of each sub-recipient to issue closeout instructions to sub-contractors, if any, providing sufficient time to conduct an orderly closeout of the sub-award agreement. The closeout of a sub-award does not affect the following:

- The right of MVWDB to disallow costs and recover funds on the basis of a later audit or any other review.
- The obligation of the sub-recipient to return any funds due as a result of later refunds, corrections, disallowed costs, or other transactions.
- Record retention requirements, audit requirements, and property management requirements as established by Federal, State, and local statutes and/or regulations.
- MVWDB will not be liable for any costs the sub-recipient failed to pay before the closeout date. Furthermore, MVWDB will not be liable for any late claims received by sub-recipients. MVWDB will not have funds available for those claims.
- Sub-recipients must ensure that all program/grant liabilities are paid before the closeout date. No unpaid expenditure can be paid with federally awarded funds after the closeout process is completed. Any such expenditure must be paid by the sub-recipient from non-federal funds.

MVWDB may establish additional closeout requirements when there will no longer be a relationship with a sub-recipient. Sub-recipients are responsible for reviewing the closeout instructions, provided by MVWDB for specific items required for a complete closeout process.

REFERENCES

Public Law (P.L.) 113-128 Sec. 184; Uniform Administrative Requirements, Costs Principles and Audit Requirements for Federal awards, 2 CFR part 200; 2 CFR Part 200.333; 2 CFR Part 200.343; 2 CFR Part 2900.15; State Compliance Policy (SCP) 3.5; and SCP 3.3.