

12. AWARD CLOSEOUT

Award closeout is required for all DOC financial assistance awards. An award expires at midnight local time for the recipient on the date which is listed on the last approved amendment (as the "Extend Period of Performance To" date or on the original award document as the "Period of Performance." General procedures for award closeout are contained in 2 CFR §§ 200.344 (Closeout) and 200.345 (Post-closeout adjustments and continuing responsibilities).

A. Grants Officer Responsibilities

1. The Grants Officer is responsible for ensuring the award is properly closed out and the necessary documentation is included in the official award file. Once all documentation has been received and no further action is required, the Grants Officer shall notify the recipient in writing, with a copy of the notification to the Program Officer, that the award has been satisfactorily closed.

2. The Grants Officer or designee is responsible for notifying the recipient when the award is nearing completion. The Grants Officer is also responsible for reviewing and evaluating the final financial, performance, property, and patent reports, as applicable.

a. The recipient shall submit all financial, performance, and other reports required under the financial assistance award no later than 120 calendar days after the conclusion of the period of performance as required by 2 CFR § 200.344(b) (Closeout). A subrecipient is required to submit its final reports (financial, performance, and other reports required under a subaward) to the pass-through entity within 90 calendar days after the conclusion of the period of performance of the subaward, unless an extension has been granted by the pass-through entity. See 2 CFR § 200.344(b).

3. When applicable, the Grants Officer will provide the recipient with instructions for disposition of property loaned to the recipient by the Federal Government or purchased by the recipient with federal award funds.

4. The Grants Officer must make every effort to complete closeout actions no later than one year after the end of the period of performance unless otherwise directed by authorizing statutes. Closeout actions include operating unit actions in the appropriate financial assistance management and payment systems.

If the recipient does not comply with the requirements of this section including submitting all final reports in accordance with 2 CFR § 200.344 (Closeout), the operating unit must report the recipient's material failure to comply with the terms and conditions of the award in SAM.gov. See 2 CFR § 200.344(i). The operating unit must use the Contractor Performance Assessment Reporting System (CPARS) to enter or amend information in SAM.gov. The operating unit may also pursue other enforcement actions as appropriate. See Chapter 11 of this Manual.

B. Unobligated Funds

1. If at the completion of the award period of performance, the recipient or subrecipient has an unobligated balance of funds, those funds shall be promptly returned to the Federal Government. If the funds are not returned by the recipient or subrecipient in a timely manner, an account receivable may be established and billed to the recipient or subrecipient. Interest, penalties, and administrative charges shall be assessed, as appropriate.

2. Recipients or subrecipients with outstanding accounts receivable established (e.g., to collect unobligated funds) are subject to debt collection procedures at Chapter 14, Section C. (Debt Collection), of this Manual.

C. Deobligation of Funds

Within 90 calendar days of receipt of the final SF-425 (Federal Financial Report) showing no unliquidated obligations, the Grants Officer shall notify the Finance/Accounting Officer to deobligate the unobligated balance of funds not disbursed to the recipient or subrecipient. No funds will be deobligated unless requested by the Grants Officer.

The 90-calendar day window above does not apply to those awards that remain open due to administrative delays (i.e. for legal issues, to include audit issues or bankruptcy filings as well as delays caused by incomplete final indirect cost rate determinations). Under situations where an award closeout is administratively delayed, reconciliation of the final SF-425 will be completed once all administrative closeout requirements are resolved.

D. Retention of Records

1. The recipient and any subrecipients must retain all Federal award records for three years from the date of submission of their final financial report. General requirements for record retention are contained in 2 CFR § 200.334 (Record retention requirements).

2. In cases where a recipient or subrecipient will no longer be in operation after a financial assistance award has been completed, the operating unit shall require the recipient or subrecipient to:

- a. Identify where records pertaining to the project will be located for the required three-year retention period; and
- b. Provide appropriate assurances of government access thereto.

E. Unilateral Termination and/or Administrative Closeout

1. The Grants Officer will effectuate the unilateral termination and/or administrative closeout of:

- a. expired and unexpired awards pending closeout where the recipient is no longer in existence; and
- b. expired awards pending closeout where the recipient is in existence, but unresponsive to operating unit notifications and attempts to contact.

2. The unilateral termination and/or administrative closeout applies to recipients which are materially non-compliant with the terms and conditions of the award. In such cases, the Grants Officer should take appropriate enforcement action in accordance with 2 CFR § 200.340 (Termination), 2 CFR § 200.344 (Closeout), the terms and conditions of the award, Chapter 11 of this Manual, and operating unit policy. Once an active award is terminated, the DOC or pass-through entity and recipient or subrecipient remain responsible for compliance with this procedure. See 2 CFR § 200.340(d).

3. The unilateral termination and/or administrative closeout procedure does not apply to recipients that are a party to an active bankruptcy case which, in accordance with Chapter 4 of this Manual should be coordinated with the OGC General Litigation Division through FALD. The OGC General Litigation Division (through FALD) should also be consulted where a recipient is dissolved or reorganized upon an order of the U.S. Bankruptcy Court.

4. The Grants Officer is required to satisfy all of the conditions listed below, as well as resident operating unit policy, and to document the official award file to adequately capture the due diligence efforts in determining that a recipient is no longer in existence and that the award should be unilaterally terminated and/or unilaterally closed out by the Grants Officer. The Grants Officer shall:

a. Use all existing contact information (including electronic mail and telephone numbers) to contact the recipient organization.

b. Send a certified mail letter to the recipient's most recent address as reflected in the official award file with return receipt requested. As part of the due diligence process, duplicate letters may also be sent to other addresses listed for the recipient. The Grant's Officer may use the general template provided in the Sample Business Official's Notice to Submit Documentation (Appendix A of this chapter). The certified letter may be modified from the template to incorporate any operating unit specific requirements or policies, provided such requirements are consistent with this Manual.

c. Conduct a search of SAM.gov to determine if the recipient has an active registration with current information as well as Do-Not-Pay's death database(s), as appropriate.

d. Conduct an electronic search of the Secretary of State website for the state in which the recipient is incorporated to determine if the recipient organization remains in existence and is an organization in good standing relative to state organizational filings and other state requirements.

e. Thoroughly document all efforts to contact the recipient. The Missing Data Report and Due Diligence Checklist (Appendix B of this chapter) may be used as a general template for the report, or an operating unit specific form may be substituted. The Grants Officer will sign the report indicating that the proper due diligence was conducted and that the recipient is no longer in existence.

f. Upon a determination by the Grants Officer that the recipient is no longer in existence, the Grants Officer, using the Sample Unilateral Termination and/or Unilateral Closeout Memorandum (Appendix C of this chapter), or an appropriate operating unit specific memorandum, will document the official award file relative to the unilateral termination and/or administrative closeout of the award, and will further notify the operating unit's Finance/Accounting Officer to deobligate any undisbursed Federal funds relative to the subject financial assistance award. Unexpired awards where the recipient is no longer in existence must be unilaterally terminated by the Grants Officer in a separate action or as part of the action providing for the administrative closeout of the award. Award termination actions must be carried out by the Grants Officer in accordance with 2 CFR § 200.344 (Closeout), Chapter 11 of this Manual (Enforcement), and operating unit policy.

g. The operating unit should investigate the appropriateness of establishing an accounts receivable against the recipient for some or all of the Federal award funds that are not properly accounted for or expended (e.g., a recipient's failure to file SF-425, a single audit, or project-specific

audits, as required under the terms and conditions of the subject award). This should be done in accordance with Chapter 14 of this Manual (Establishment and Collection of Financial Assistance-Related Debts) and in consultation with the operating unit's Finance/Accounting Officer and FALD.

h. The unilateral termination and/or administrative closeout of a financial assistance award generally does not affect any later disallowance or adjustments relative to the award, including but not limited to DOC's right to disallow costs or to recover funds later determined to be due to the Federal Government. *See* 2 CFR §§ 200.344 (Closeout) and 200.345 (Post-closeout adjustments and continuing responsibilities).

In accordance with Chapter 4 of this Manual, FALD review of closeout procedure actions is not required, however, the Grants Officer may coordinate with FALD on any matters related to closeout including specific questions or concerns relative to a recipient's organizational status or the adequacy of the operating unit's due diligence efforts.