Department of Veterans Affairs

# Financial Policy

## Volume X

## Grants Management

## Chapter 6

## Grant Closeout and Post Closeout Activities

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**VA Financial Policy**
**Grant Closeout and Post Closeout Activities**

**CHAPTER 6**

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## 0601 OVERVIEW

This chapter establishes Department of Veterans Affairs (VA) policy regarding the Grants Program Office (GPO) policies and procedures that apply during closeout and post closeout activities associated with Federal grants.

## 0602 POLICIES

060201 CLOSEOUT.

A. Purpose. This chapter outlines VA grants management requirements for closeout and supplements the coverage in 2 C.F.R. §200.343-345.

B. Scope. The closeout policies apply to non-discretionary (formula or mandatory) and discretionary grant programs.

060202 GENERAL POLICY REQUIREMENTS.

Grant closeout is intended to protect the Federal government's financial interests under previously awarded grants. GPOs must dedicate resources and management attention to ensuring that closeout activities are performed within established timeframes, and in accordance with due process requirements. Timely and effective closeout and debt collection also protects the Federal government's interests with respect to future awards.

Grants generally shall be closed out by the GPO not later than one year after the receipt and acceptance of all required final reports, consistent with the standards established in 2 C.F.R. §200.343-345.

060203 RECEIPT AND REVIEW OF REPORTS.

A. Recipients are required to submit final reports (performance/technical report, Financial Status Report, other reports as required by the terms and conditions of the Federal award, and, if applicable, property report and invention report) within 90 days following the date of completion or termination of grant support, unless the GPO approves an extension. Date of completion means the date upon which all work under an award is completed, or the date on the award document on which Federal sponsorship ends.

B. GPOs should remind recipients at least 60 days prior to the scheduled expiration of the project period, required final reports and report due dates. Early notice is necessary to allow for timely submission of extension requests. Extension requests may be submitted for an effort under the award that will not be completed by the scheduled expiration or for an extension of the due date for reports that the recipient is unable to

complete by the due date. Recipients must provide adequate justification to support such requests. Extensions of project periods or report due dates should not be granted routinely.

C. GPOs must take timely action to ensure receipt of final reports of the technical or programmatic accomplishments of the grant, and to reconcile financial and other records. GPOs must take early action to obtain reports not submitted within the 90-day period allowed for submission of final reports. The initial follow-up activity may be informal, but must be supplemented by sending the recipient a formal written request, signed by the GPO, indicating the potential consequences of continued delinquency. This letter must be filed in the official award file to support possible enforcement action.

D. All reasonable efforts must be made to obtain required final reports. If reports cannot be obtained, the head of the GPO may waive the requirement for a particular report provided the Federal government's financial interests in that award and potential future awards are protected. For example, the GPO may consider a recipient that has a history of delinquent reporting or failure to report for a "high-risk/special award conditions" designation, may withhold a non-competing continuation award on the basis that the recipient failed to comply with the terms and conditions of previous awards, or may use another type of enforcement action specified.

E. GPOs should not grant recipient requests for extensions of report due dates without adequate justification. Further, extensions of the final budget period of a project period should not be granted solely to allow the recipient to complete final reports.

F. In addition to completing the official award file with required reports, in order for the GPO to close out a grant, the amounts reported on the final Financial Status Report (SF 425) must agree with those in the Financial Management System (FMS). If a payment system is used such as Health and Human Services (HHS) Payment Management System (PMS), the GPO must also ensure awards are administratively closed in such systems. GPOs are required to run quarterly reports in each financial system and review all active awards to ensure any unused funds are accounted for, and the grants are properly closed out in each system.

G. A final audit is not required to close out a grant. Even if a grant is closed out, if a subsequent audit includes unallowable costs, VA has the right to disallow costs and recover an appropriate amount based on sustained audit findings. However, awards ordinarily should not be closed out if an audit disallowance is under appeal (whether to the GPO or to the appropriate Department appeals board) or there is an open legal action.

H. Closeout does not affect the awarding office's ability to collect amounts determined to be due the Federal government.

060204 Coordination. Closeout involves various offices and activities, including the cognizant program office, GPO finance office (or other finance office, e.g., the VA Committee on Compromises and Waivers), GPO or other servicing property office (if applicable), and, in most cases, the Financial Service Center (FSC), VA, which operates the FMS.

GPOs must have the full cooperation of (and fully cooperate with) other affected Federal government offices (both within and outside their GPOs) in efforts to obtain, review, and evaluate required information and documentation related to closeout.

060205 Administrative Process. The administrative closeout process consists of:

A. Receiving and evaluating all required final reports (actions with respect to outstanding annual or other periodic reports should be resolved prior to closeout as part of monitoring and enforcement as specified in chapters 5, section 050202 and 050209);

B. Ensuring the reconciliation of financial records and adjustments for underpayments or overpayments;

C. Determining the disposition of any assets owned by the Federal government;

D. Determining the nature of any continuing obligations and requirements by recipients. These may include invention reporting, accountability for program income earned after the period of grant support, real and personal property requirements, including the use of property in which the Federal government has a reversionary interest, and receipt of audits completed subsequent to the end of grant support. After closeout of an award, this will also include any relationship or obligation created under the award specifically surrounding the care of Veterans and the facilities created for them; and

E. Issuing a closeout letter and, as necessary, an amended Notice of Grant Award. The recipient must be advised by the GPO of any continuing obligations and associated reporting requirements. The GPO also must ensure that it has an appropriate means to track recipient compliance with these requirements.

## 0603 AUTHORITY AND REFERENCES

060301 2 C.F.R. §200.343 Closeout

060302 2 C.F.R. §200.344 Post closeout adjustments and continuing responsibilities

060303 2 C.F.R. §200.345 Collections of amounts due

060304 SF-425 Federal Financial Status Report

## 0604 ROLES AND RESPONSIBILITIES

060401 The Assistant Secretary for Management and Chief Financial Officer (CFO), oversees all financial management activities relating to the Department's programs and operations, as required by the Chief Financial Officers Act of 1990 and 38 U.S.C. 309, Veterans Benefits. Responsibilities include the direction, management and provision of policy guidance and oversight of VA's financial management personnel, activities, and operations. The CFO establishes financial policy, systems and operating procedures for all VA financial entities, and provides guidance on all aspects of financial management.

060402 Under Secretaries, Assistant Secretaries, and other key officials are responsible for ensuring compliance with the policies and procedures set forth in this chapter.

060403 The Office of Finance, Office of Financial Policy (OFP) is responsible for developing, coordinating, reviewing, evaluating, and issuing VA financial policies, including those that impact financial systems and procedures for compliance with all financial laws and regulations. The Grants Management Service (GMS) within OFP is specifically responsible for developing, coordinating, and issuing grants policy.

060404 The head of the GPO will designate an appropriate official to develop the overall closeout approach and expectations.

060405 GPO staff is responsible for reviewing all reports and other relevant records to determine if closeout is appropriate.

060406 GPO staff is responsible for determining if there are debt related to unallowable costs and making a decision as to whether closeout is appropriate based on such status.

## 0605 PROCEDURES

None.

## 0606 DEFINITIONS

060601 Grants Program Office (GPO). The organization reporting to the approving official that would be responsible for programmatic administration of a particular grant if awarded.

## 0607 RESCISSIONS

OFP Volume X, Chapter 6, Grant Closeout and Post Closeout Activities, October 2013.

## 0608 QUESTIONS

Questions concerning these policies and procedures should be directed as shown below:

| | |
|---|---|
| VHA | VHA CFO Accounting Policy (10A3A) (Outlook) |
| VBA | VAVBAWAS/CO/FINREP (Outlook) |
| GMS | OFP Grants Management Service |
| All Others | OFP Accounting Policy (Outlook) |

## 0609 REVISIONS

| Section | Revision | Office | Effective Date |
|---|---|---|---|
| 060201 | Updated to address the provisions of the OMB Uniform Grant Guidance at 2 CFR Part 200, and to incorporate references to new guidance where appropriate. | Grants Mgmt. Service | May 2016 |
| 060203 | Updated to address the provisions of the OMB Uniform Grant Guidance at 2 CFR Part 200, and to incorporate references to new guidance where appropriate. | Grants Mgmt. Service | May 2016 |
| 0603 | Updated to include new references to 2 C.F.R. Part 200. | Grants Mgmt. Service | May 2016 |
| 0604 | Updated references made to GPO grants management staff to read as GPO staff to clarify the responsible party as program office staff. | Grants Mgmt. Service | May 2016 |