

Assets for Independence Program

Information Memorandum 2005-01

August, 2005

Closeout Procedures

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Closeout Procedures

- TO:** All current Assets for Independence Grantee organizations.
- SUBJECT:** Guidance on required procedures and timelines for completing and finalizing AFI Grants.
- RELATED REFERENCES:** Assets for Independence Act, 42 U.S.C. 604 note, as amended.
- Terms and Conditions – “Standard Terms and Conditions” and “Additional Special Terms and Conditions for Assets for Independence Individual Development Accounts.”
- U.S. Department of Health and Human Services regulations, “Uniform Administrative Requirements for Awards and Subawards to Institutions of Higher Education, Hospitals, Other Nonprofit Organizations, and Commercial Organizations,” as appropriate for the grantee. (45 C.F.R. 74.)
- U.S. Department of Health and Human Services regulations, “Uniform Administrative Requirements for Grants and Cooperative Agreements to State, Local, and Tribal Governments,” as appropriate for the grantee. (45 C.F.R. 92.)
- DEFINITIONS:** Closeout – The process by which the Administration for Children and Families (ACF) determines that all applicable administrative actions, all terms and conditions, and all required work on the grant have been completed by ACF and the grantee. Closeout offers an opportunity for both ACF and the grantee to complete and reconcile outstanding issues and develop final documentation.
- Obligations – Orders placed, contracts and subcontracts awarded, goods and services received, and similar transactions during a given period that will require payment by the grantee during the same or a future period. These include, for example, the agreement to provide AFI grant funds to match a participant’s Individual Development Account savings as indicated in the participant’s Savings Plan Agreement.

Grantee – An organization that received a Financial Assistance Award through the AFI Program and is currently administering an AFI Project.

Project Period – Five-year period indicated in Box 9 of the Financial Assistance Award document. For example, for grantees whose Project Period started on September 30, 2000, the period will run through September 29, 2005.

Savings Plan Agreement – Official documentation of an agreement between the grantee organization and a project participant that sets forth the roles and responsibilities of each party. The agreement must include an explicit statement of the participant's savings goals including the amount to be saved, the savings timeframe, and the assets for which the participant will save. It must also include clear statements about the roles and responsibilities of the grantee organization, particularly the agreement to provide funds for matching amounts saved in the participant's Individual Development Account. The agreement must set forth a timeframe consistent with the AFI award project period.

Qualified Expense – Any one or more of four types of expenses specified in Section 404(8) of the Assets for Independence Act. In general, these are: purchase of a first home; purchase of post-secondary education; business capitalization expenses; and transfer to an IDA for the benefit of a spouse or dependent.

Unliquidated Obligations – For financial reports prepared on a cash basis, the amount of obligations incurred by the grantee that has not been paid. For reports prepared on an accrued expenditure basis, the amount of obligations incurred by the grantee for which an outlay has not been recorded. Federal AFI grant funds allocated to match a participant's IDA savings that have not been used for a qualified expense are an unliquidated obligation.

BACKGROUND: The Office of Community Services (OCS), Administration for Children and Families (ACF), has as its mission to increase the capacity of individuals and families to become more self-sufficient and to help build, revitalize, and strengthen their communities. It administers the AFI Program, Community Services Block Grant, the Social Services Block Grant, Urban and Rural Community Economic Development grants, and a number of other programs that support community building, asset development, and job creation for low-income people.

ACF has awarded AFI Program grants in Federal Fiscal Years 1999 through 2005. Each grantee abides by the Terms and Conditions issued along with the grant.

Grantees may request a no-cost extension of an AFI grant Project Period. (See Information Memorandum #2005-2 for details.) If ACF allows an extension, the Closeout Period would commence at the end of the extended Project Period.

**CLOSEOUT
TIMEFRAME:**

Grantees must start the Closeout procedure no later than the Project Period end date (see Box 9 of the Financial Assistance Award document).

The Closeout process may last for no more than 90 calendar days.

For example, for grantees whose Project Period is from September 30, 2000 through September 29, 2005, Closeout must end by December 29, 2005.

REQUIREMENTS:

Reports

Grantees must submit the following reports to ACF by the end of Closeout:

- Interim and Final Financial Status Reports (Standard Form 269) as required in the Terms and Conditions.
- Interim and Final Program Progress Reports as required in the Terms and Conditions.
- Annual Data Collection Report as required by OCS.

The requirement for AFI Program grantees to submit final Payment Management Reports (Form 272) has been waived.

Process for Submitting Reports:

Send one original and one copy of any Interim reports and Final Reports with official signatures to:

Administration for Children and Families
Office of Grants Management
Division of Discretionary Grants
Attention: Twanna Nickens
370 L'Enfant Promenade, S.W. 4th Floor West
Washington, D.C. 20447

Send one copy (paper or electronic) to:

James Gatz
Manager, Assets for Independence Program
370 L'Enfant Promenade, S.W. Suite 500 West
Washington, D.C. 20447
Telephone: (202) 401-4626
Email: AFIProgram@acf.hhs.gov

Remitting AFI

Project Grant Funds Grantees must liquidate all obligations incurred under the award by during Closeout. They must remit any funds that remain unobligated.

If the grantee has not drawn down the entire award amount by the end of the Project Period, ACF will de-obligate the remaining amount.

Process for Remitting Grant Funds via Check:

By the end of Closeout, grantees must return all federal grant funds they had drawn down but not obligated (reported as “Federal Share of unliquidated obligations” in box “10-m” on the Standard Form 269). Grantees should remit that amount via a check issued to the Department of Health and Human Services, Program Support Center (PSC). Include the following information on the check(s) and accompanying correspondence:

- Grantee name
- Award number (See Box 3 of the Financial Assistance Award documents.)
- Fiscal year of the grant award
- Federal Employer Identification Number. (This is the Internal Revenue Service identification number. See box 22 on the Financial Assistance Award document.)

Send the remittance check(s) and accompanying correspondence to:

Department of Health and Human Services
Division of Payment Management
Program Support Center Services
P.O. Box 6021
Rockville, MD 20852

Please send one photocopy of the check and accompanying correspondence to the Office of Grants Management. Please send a second copy to the Office of Community Services (addresses are above.)

Process for Remitting Grant Award to HHS:

ACF will de-obligate the amount of federal funds remaining in the federal grant account at the end of Closeout (reported as “Unobligated balance of federal funds” on Line “10-p” of the Final Financial Status Report (Standard Form - 269)). Grantees will receive a copy of documentation showing the amount de-obligated. Grantees do not need to take any action to initiate the de-obligation process.

OTHER ISSUES

Five-Year Rule

Grantees may draw down federal grant funds for up to five years following the award date. For example, grantees that received an award on September 30, 2000 may draw down the federal grant funds through September 29, 2005. Grantees may not draw down funds after the five-year anniversary of the award date.

ALLOWED
USES OF
FEDERAL GRANT
FUNDS AND
NONFEDERAL
COST SHARE
FUNDS DURING
CLOSEOUT:

During Closeout, grantees should wrap-up the AFI Project. They may use the federal grant funds as needed for the project, such as:

- To liquidate any obligations properly incurred, including obligations incurred through a valid savings plan agreement with a participant prior to the Project Period end date.
- To “match” IDA savings of participants who are properly enrolled and who have valid savings plan agreements prior to the Project Period end date.
- To assist participants who are properly enrolled and who have valid savings plan agreements prior to the Project Period end date in using their IDA savings to purchase a qualified asset.

**NONFEDERAL
COST SHARE:**

Grantees must allocate nonfederal cost share funds in keeping with the approved project plan and the grant Terms and Conditions throughout the Project Period and Closeout.

The final Financial Status Report must reflect the status of the federal grant funds and the nonfederal cost share as of the end of Closeout.

Grantees may remove nonfederal cost share funds from the Project Reserve Account when the corresponding federal funds have been remitted to ACF via check. Grantees may remit unused federal funds at any time during the Project Period or the Closeout process. After removing the nonfederal cash contribution from the Project Reserve Account, the grantee may designate those funds for other AFI Projects or other activities.

**POST CLOSE-
OUT AUDIT:**

ACF retains the right to disallow costs and recover funds on the basis of an audit or review conducted after the project Closeout. Any federal funds paid to the recipient in excess of the amount to which the recipient is finally determined to be entitled under the Terms and Conditions of the award constitute a debt to the federal government. If not paid within a reasonable period after the demand for payment, ACF may reduce the debt by: 1) making an administrative offset against other requests for federal reimbursement; 2) withholding federal payments otherwise due the recipient; or 3) taking other action permitted by statute. ACF will charge interest on any overdue debt in accordance with federal regulations.

**NOTICE OF
FINAL
CLOSEOUT
AND RECORDS
RETENTION:**

The ACF Grants Officer will transmit a letter to the grantee when all requirements of the grant have been met. The letter will provide guidance about records retention and other matters and will include a Financial Assistance Award document indicating final Closeout of the grant.

In general, grantees must retain all financial reports, supporting documents, statistical records, and all other records pertinent to an award for a period of three years from the date they submit the

final Financial Status Report. (For nonprofit grantees, see 45 C.F.R. Part 74.72. For State, local, and Tribal government grantees, see 45 C.F.R. Part 92.42.)

QUESTIONS: Please see the attached “Common Questions and Answers” about the AFI Program Closeout process.

CHECKLIST: Please see the attached AFI Project Closeout Checklist

INQUIRIES: Please direct inquiries to:
Assets for Independence Program
370 L’Enfant Promenade, S.W. Suite 500 West
Washington, D.C. 20447
Telephone: (202) 401-4626
Email: AFIProgram@acf.hhs.gov

Josephine B. Robinson
Director
Office of Community Services

Attachments:
1 - Common Questions and Answers
2 - AFI Project Closeout Checklist
3 – Chart Listing Required Reports

ATTACHMENT 1

Common Questions and Answers

1) What is the last day a participant may make an asset purchase?

Grantees may actively engage in project activities throughout the entire Project Period plus the 90 day Closeout process. Grantees must wrap-up everything by the last day of the this process, including reporting and completing all financial transactions, such as remitting unspent federal funds to ACF. Therefore, it is advisable for grantees to work with project participants so they will finish asset purchases well ahead of the last day of the 90 day Period to ensure successful execution of purchases and completion of all Closeout activities.

2) By what date must all unspent federal funds in our Project Reserve Account be remitted to ACF?

No later than 90 days after the end of the Project Period.

3) What do we do with unspent nonfederal funds that remain after the federal portion has been returned?

The grantee may reallocate unspent nonfederal funds – according to any arrangements made with the source of the nonfederal funds – as soon as the corresponding unspent federal funds have been remitted to ACF (see section on “Nonfederal Cost Share” in Information Memo 2005-01).

4) If a grantee does not spend their entire federal grant, and needs to send back funds, should they also remit a proportional amount of the administrative funding?

Grantees are not required to remit any portion of the grant award allocated for administrative costs, non-administrative costs related to participant activities and services, or data and evaluation costs, if they have spent the entire amount allowed for those expenses.

5) What is the rule concerning drawing down funds after the fifth anniversary of the award date?

Federal grants policy restricts grantees from drawing down grant funds starting on the fifth anniversary of the award date. Any funds remaining in a federal award account on the fifth anniversary are automatically returned to the federal Treasury.

6) If we have obligated funds in the Project Reserve Account for participants who are not going to be able to make an asset purchase, how do we de-obligate those funds?

Simply reallocate the funds to another participant or return the funds to the Project Reserve Account until needed for another participant.

ATTACHMENT 2

AFI Project Closeout Checklist

Closeout Activities / Milestones	Completed / Date
Draw down any remaining grant funds that will be needed during the Closeout process (Note: Please plan to draw down these funds as early as possible, but certainly no later than three weeks prior to the 5 th anniversary of the grant award.)	
Prepare and submit the Final Financial Status Report and any Interim Financial Status Reports that had not been completed.	
Prepare and submit the Final Program Progress Report and any Interim Program Progress Reports that had not been completed.	
Prepare and submit all Project Data Collection Reports.	
Remit federal grant funds remaining in the Reserve Account to ACF via check. (This amount is shown in box “10-m” of the Standard Form 269.)	
If needed, work with ACF to de-obligate any remaining federal funds that have not been drawn down. (This amount is shown in box “10-p” of the Standard Form 269.)	
Reallocate nonfederal cash contribution to other activities.	

ATTACHMENT 3

Required AFI Reports

Financial Status Report (SF-269)	Reporting Period
	Year One First Semi-Annual Report (60 days after 6-month date)
	Year One Second Semi-Annual Report (60 days after grant anniversary date)
	Year Two Annual Report (60 days after grant anniversary date)
	Year Three Annual Report (60 days after grant anniversary date)
	Year Four Annual Report (60 days after grant anniversary date)
	Year Five Annual Report (Final) (90 days after grant anniversary date)
Reporting Period	
Narrative Program Progress Report	Year One First Semi-Annual Report (60 days after 6-month date)
	Year One Second Semi-Annual Report (60 days after grant anniversary date)
	Year Two Annual Report (60 days after grant anniversary date)
	Year Three Annual Report (60 days after grant anniversary date)
	Year Four Annual Report (60 days after grant anniversary date)
	Year Five Annual Report (Final) (90 days after grant anniversary date)
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Data Report for the Annual Report to Congress	Reporting Period
	Year One Annual Report (Approximately by December 1 after grant's 1st anniversary)
	Year Two Annual Report (Approximately December 1 after grant's 2nd anniversary)
	Year Three Annual Report (Approximately by December 1 after grant's 3rd anniversary)
	Year Four Annual Report (Approximately by December 1 after grant's 4th anniversary)
	Year Five Annual Report (Final) (Approximately by December 1 during grant closeout period)