# Module 6 – Closing Out a Grant

# Welcome

Welcome to the U.S. Environmental Protection Agency (EPA) Office of Grants and Debarment’s (OGD) “Closing Out a Grant” training module. In this module, we will review guidelines and information about closing out an EPA grant in accordance with EPA’s grant regulations and the terms and conditions of the award.

Time needed to complete this module: Approximately 60 minutes

# About this Module

After you complete this module, you will be better prepared to:

# Complete the forms and items that are required to close out a grant

* Properly dispose of equipment that was acquired using grant funds
* Maintain grant project files and records
* Prepare for an audit

# How to Navigate

Use the Back and Next buttons at the bottom right of the screen to proceed through the module. You will proceed one slide at a time, although you can revisit slides at any time using the Menu pane on the left. If you need to leave the module, the last slide to be completed will be saved, and you will be able to return to that location later.

Click the Next button at the bottom right to get started!

# What is Closeout?

First, let’s confirm what is meant by the term “closeout.”

# What Does Closeout Mean?

Closeout refers to the systematic process EPA uses to determine that a recipient has completed all of the required technical work under a grant and to confirm that all applicable financial and administrative requirements have been met.

Most grants follow the closeout procedures that are outlined in the Office of Management and Budget’s (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards regulations, located at 2 Code of Federal Regulations (CFR) Part 200.

Review the closeout requirements carefully. Make sure that you understand all of the actions that must be submitted to properly close out your grant.

# Closeout Timeline

Under Federal grant regulations as noted in [2 CFR 200.343](https://www.ecfr.gov/cgi-bin/text-idx?node=se2.1.200_1343&rgn=div8), grants must be closed out within 90 days of the end of the performance period unless EPA agrees to an extension of time. EPA does not encourage recipients to request extensions as EPA policy is to close out grants as soon as possible. It is important to note that a project may be closed before the expiration date specified in the grant award agreement if all project requirements have been met, although this situation is rare.

# Closeout Letter

The grant project’s expiration date will be identified in the grant award agreement. About 60 days before a grant agreement expires, EPA’s Las Vegas Finance Center (LVFC) will send a letter to remind the recipient about the approaching end date and explain the grant closeout requirements.

# Closeout Forms

Let’s review the forms and items that are required to close out a grant.

# Maintaining Financial Records

Maintaining sound financial records and transaction documentation is critical for ensuring that the correct information is reported to EPA. For example, you must be able to do the following during closeout:

* Reconcile indirect costs to ensure that the costs were not charged above the approved rate.
* Confirm that all cost share requirements established at the time of award have been met and documented.
* Document that all expenditures were incurred within the budget period.

In addition, any program income that was earned under the grant will have to be reported.

# Items Required for Closeout

Recipients must submit the following to EPA:

* Final Progress Report
* Final Federal Financial Report (Standard Form [SF] 425)

EPA will communicate to recipients if other items are required, such as:

* Personal Property Report and disposition instructions *– Personal property means property of any kind, except real property, that has a physical existence (including equipment and supplies). At the end of the project, recipients must use SF 428 (Tangible Personal Property Report) to report to the EPA Project Officer unused personal property that:*
	+ *Has a total fair market value exceeding $5,000; and,*
	+ *Is not needed for any other federally sponsored programs or projects.*
* Final Minority Business Enterprise (MBE)/Women-owned Business Enterprise (WBE) Report *– For grants which the combined total of funds budgeted for or spent on procuring supplies, equipment, construction or services exceeds $250,000.*

*What is a MBE/WBE?*

*A minority-owned business enterprise (MBE) is a business concern that is:*

1. *At least 51% owned by one or more minority individuals, or, in the case of a publicly owned business, at least 51% of the stock is owned by one or more minority individuals, and*
2. *Whose daily business operations are managed and directed by one or more of the minority owners.*

*A woman-owned business enterprise (WBE) is a business concern that is:*

1. *At least 51 percent owned by one or more women, or, in the case of a publicly owned business, at least 51 percent of the stock is owned by one or more women, and*
2. *Whose daily business operations are managed and directed by one or more of the women owners.*
* Any additional report or deliverable required under the terms and conditions of the award

Additionally, recipients must liquidate all obligations incurred under the grant (for example, pay contractors) within 90 days of the end of the performance period.

You can find all the forms needed for EPA grants, including those for closeout, on the [EPA Grantee Forms](https://www.epa.gov/grants/epa-grantee-forms) web page.

# Final Progress Report

The grant award agreement will include a term and condition related to the requirements for the final progress report. Like the interim progress reports, a final progress report must include:

* A comparison of actual project accomplishments to the goals and objectives that were specified in the grant work plan, including how the environmental outputs and outcomes were achieved.
* A satisfactory explanation of why outputs or outcomes were not achieved if they were not met.

Send the final progress report to the EPA Project Officer no later than 90 days after the project end date.

What are outputs and outcomes?

An **output** is an environmental activity, effort, or associated work product related to an environmental goal or objective that will be provided over a period of time. Outputs may be quantitative or qualitative, but must be measurable during a grant project period

**Examples of OUTPUTS**

* Distributing 5,000 informational newsletters about the importance of waste reduction and recycling.
* Conducting four town hall meetings.
* Removing 20,000 tons of toxic waste.

An outcome is the result, effect, or consequence that will occur as a result of an environmental activity under a grant. Outcomes may be environmental, behavioral, health-related, or programmatic, and may not necessarily be achievable within your grant’s project period.

**Examples of OUTCOMES**

* Increased public awareness of (and participation in) recycling as evidenced by a 20-ton reduction in solid waste per month, and a 10-ton increase in collection of recycled materials per month.
* Better grasp of public concerns and increased communication with the public, as evidenced by survey results showing a 30 percent increase in public understanding and support of environmental efforts in the community.
* Improved general health in the community, as evidenced by a 5 percent reduction in local emergency room visits within 2 years and an overall reduction of cancer rates in the long term.

# EPA Review of Final Progress Report

Before the closeout process continues, the EPA Project Officer will review the final progress report to confirm that it is complete and adequately documents that environmental results have been achieved. Your Project Officer will contact you to resolve incomplete reports or to discuss any questions that come up during their review.

# Final Federal Financial Report

Recipients also must submit a final Federal Financial Report (SF 425) at project completion.

The Federal Share of Unliquidated Obligations (Line f) **must be zero** for the final Federal Financial Report.

If the Total Federal Share (Line g) is less than the amount you have received through the Automated Standard Application for Payments (ASAP) system, then **you will be required to repay the excess amount**.

The Unobligated Balance of Federal Funds (Line h) is the amount **EPA will de-obligate** from the award.

The final Federal Financial Report must be sent to the LVFC no later than 90 days after the project period end date, in accordance with the terms and conditions in the award agreement unless EPA grants an extension of time.

# Disposing of Equipment

We’ll now review how to dispose of equipment.

# What is considered Equipment under a Grant?

Equipment is defined in 2 CFR 200.33 as tangible personal property that has:

* A useful life of more than 1 year, and
* A unit acquisition cost of $5,000 or more.

In some cases, EPA provides equipment for use during a grant. If your organization was provided any EPA-owned equipment during a grant, you must arrange to return it to EPA at the end of the project in accordance with the terms and conditions of the grant agreement, and any additional instructions EPA provides.

# Use of Equipment After Grant Expires

After a grant expires, EPA will usually allow grant recipients to continue using equipment on the project originally funded through the grant and/or on other Federally funded projects, regardless of whether the program or project continues to be supported by Federal funds. However, EPA may provide alternate disposition instructions in a term and condition in the official award document or at closeout.

State agencies may manage and dispose of equipment required under grants and in accordance with state laws and procedures. For recipients of Superfund grants, equipment purchased under those projects is subject to specific disposal option in accordance with 40 CFR Part 35.6345.

# Disposing of Equipment

The procedures for disposing of equipment that is acquired under an EPA grant award depends on the instructions received from EPA and the fair market value of equipment.

Additional information about equipment disposition is available in 2 CFR 200.313.

Disposition instructions may be one of the following:

* For original replacement equipment with a fair market value of $5,000 or less, recipients may retain, sell or otherwise dispose of the equipment with no further obligation to EPA.
* For equipment with a fair market value in excess of $5,000, recipients may retain or sell the equipment, but EPA is entitled to an amount that is calculated by multiplying the current market value or proceeds form a sale by EPA’s percentage of participation in the cost of the original purchase.
* The equipment title may be transferred from the recipient to the federal government or to an eligible third party, provided that the recipient be entitled to compensation for its attributable percentage of the current fair market value of the equipment.

# Intangible Property

Intangible property, also known as intellectual property, includes trademarks, copyrights, patents, and patent applications. Unless waived by EPA, the federal government retains a royalty free, nonexclusive and irrevocable license to:

* Obtain, reproduce, publish, or otherwise use data first produced under a grant
* Authorize other to receive, produce, publish, or otherwise use such data for federal purposes

Examples of intellectual property include a patent for development of a unique computer code to analyze toxicological data.

# Successful Closeout

Let’s review the final steps for closeout.

# Final Closeout Letter

# After your organization submits the required forms and reports, EPA will send you a Final Closeout Letter confirming that:

# All required forms have been received

# The project has been successfully closed out

# The grant could potentially be subject to a final audit, which is standard for all EPA grant awards

# Maintaining Project File and Records

# As noted in Module 5 – Managing a Grant, recipients should set up at the beginning of the project a grant project file to maintain relevant financial and programmatic information.

# Financial records, supporting documents, and all other records pertinent to a federal award must be retained for at least three years from the date the final Federal Financial Report is submitted. Some grant programs (such as the Superfund Program) require longer record retention periods. Check the terms and conditions in your grant award agreement to determine the applicable record retention requirements.

# Exceptions to the Record Retention Period

There are a few exceptions to the record retention period:

* You may need to keep the records longer if any litigation, claim, or audit is started before the record retention period expires. In this case, if the litigation, claim, or audit involving the records started before the record retention period expired, the records must be retained until the action has been completed and all issues that arise from it are resolved, or until the end of the regular record retention period, whichever is later.
* You must keep records for real property and equipment acquired with federal funds for three years after final disposition of the property.

# Preparing for an Audit

EPA’s Office of Inspector General (OIG) periodically examines EPA grants to ensure that grant funds are used efficiently and effectively. To ensure that you are well prepared for an OIG audit after project closeout, confirm that:

* All grant files and records are complete
* Financial accounts are accurate
* All of the terms and conditions of the grant have been met
* You have met EPA’s regulatory requirements.

It is important to note that EPA staff, staff of the OIG, the Comptroller General of the United States, or any of their authorized representatives, have timely and unrestricted access to your books, documents, papers, or other records related to your EPA grant. If requested, they also must be provided with timely and reasonable access to your personnel to interview and discuss your records.

# Maintaining a comprehensive and organized project file will facilitate your response to an audit or any questions that arise during the closeout process.

# Final Project File Contents

# *At the time of the final closeout, make sure that your grant project file includes all of the following items:*

# *• Grant application, work plan, and all accompanying documents*

# *• Grant award agreement*

# *• Federal Financial Reports and progress reports*

# *• Payment requests with supporting documentation*

# *• Any changes to the award agreement or other written approvals*

# *• Purchase records for project equipment, supplies, materials, or services*

# *• Information about contracts or subawards*

# *• Records of correspondence with EPA*

# Reviewing What You Have Learned

You have reached the end of the module, so let’s review what you have learned

# What You Have Learned

You should now be familiar with how to:

# Complete the forms and items that are required to close out a grant

* Properly dispose of equipment that was acquired using grant funds
* Maintain grant project files and records
* Prepare for an audit

# Thank you!

You have completed this module.

# Acronyms/Terms

Accurate Data:

The actual amount of income for grant project activities must be recorded when received.

Acquisition Cost of Equipment:

The net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus that are necessary to make the equipment usable for a grant project.

Administrative Advanced Monitoring (AAM):

Provides an in-depth assessment of a recipient’s written policies and procedures and includes transaction testing of a sample of drawdowns to ensure the recipient has the proper administrative and financial management systems in place to administer federal funds.

Administrative Baseline Monitoring:

Involves the review of a recipient’s compliance with the financial and administrative requirements and terms and conditions of a grant.

Administrative Capability Questionnaire:

EPA Form 6600-09

Administrative terms and conditions:

Address such matters as payments, statutory requirements, and required administrative reports.

Allocable costs:

The goods or services involved are chargeable or assignable to a cost objective in accordance with the relative benefits the grant receives.

Allowable costs:

Costs necessary and reasonable for the performance of the grant that are consistent with the policies and procedures that apply uniformly to both EPA grant activities and other activities of an organization.

Allowable travel costs:

Travel costs under a grant that are consistent with those normally allowed in like circumstances in an organization’s non-federally funded activities and in accordance with written travel reinforcement policies.

AOR:

Authorized Organization Representative

Appropriations:

Funds devoted to a purpose described in the appropriation act, funding for grants.

ASAP:

Automated Standard Application for Payments

Audits:

In-depth examinations of a grantee’s financial records, management systems, and work progress.

Authority:

Permission to award specific types of grants, described in environmental program statutes.

Authorizations:

Refers to the ability of the recipient’s financial management system to record, track, and document managerial/supervisory approvals, such as for payroll, travel, and purchases.

Awarding agency:

Refers to federal agency that made a specific award.

CFDA:

Catalog of Federal Domestic Assistance, provides detailed information about grant program objectives, types of eligible organizations, and application and award procedures.

CFR:

Code of Federal Regulations

Closeout:

The systematic process EPA uses to determine that a recipient has completed all of the required.

CMIA:

Treasure-State Cash Management Improvement Act

Cognizant agency:

The federal agency with the largest dollar value of awards with an organization.

Competitive Grant Opportunities:

EPA generally invites all eligible applicants to submit applications. EPA reviews and evaluates applications against criteria disclosed in the competitive announcement and makes selections.

Complete Data:

The accounting system must record all transactions, even those that are unallowable under the grant.

Continuing Environmental Program (CEP) Grants:

Allotment of funds is initially made based on factors contained in a statute, regulation, or Agency guidance that provides EPA some discretion in selecting recipients and the amount of funding. Most CEP grants are awarded non-competitively to governmental units each year to support ongoing state, tribal and local environmental programs. Most CEP grants may also be called “categorical grants” because they can only be used for specific purposes authorized by a statute and are funded from a line item in the State and Tribal Assistance Grant appropriation.

Contract:

For the purpose of obtaining goods and services for a non-federal entity's own use, creates a procurement relationship with a contractor.

Contractor:

An individual, organization, or for-profit company that receives grant funding to provide goods or services for the grant recipient’s own use.

Cooperative agreement:

EPA has substantial involvement in conducting project activities. The responsibilities shared between EPA and the recipient are clearly outlined and accepted before the agreement is awarded.

COSO:

Committee of Sponsoring Organizations of the Treadway Commission

Current Data:

All income and costs must be posted in the accounting system at or as near to the time they are incurred as possible.

DBE:

Disadvantaged Business Enterprise

Direct Charges:

Costs that can be assigned to a specific budget category.

Discretionary Grants:

EOA retains considerable authority in selecting the recipient, determining the amount of the award, and/or negotiating and approving the grant work plan.

DUNS:

Data Universal Numbering System (also known as UEI)

EPA:

U.S. Environmental Protection Agency

EPA Grants Specialist:

Main point of contact for any questions or communications of an administrative nature (which may include questions about forms, the budget, or administrative reports).

EPA Project Officer:

Main point of contact for any questions or communications related to the work being done under the project (including programmatic progress reports).

Equipment:

Under a grant, equipment is defined as personal property that has a useful life of more than 1 year and an acquisition cost of $5,000 of greater.

Expenditures:

Amount of money spent under the grant, including payments to subrecipients and contractors.

FAIN:

Federal program and federal award identification

FFR:

425 Federal Financial Report

GAAP:

Generally accepted accounting principles

GCDDO:

EPA’s Grants Competition Disputes Decision Official, an EPA employee who was not involved in the grant competition; he or she works outside of the EPA Program Office that conducted the competition.

GPI:

Grants Policy Issuance

Grant:

A legal instrument of financial assistance between a federal awarding agency and a non-federal entity used to enter into a relationship with the principal purpose of transferring anything of value from the federal awarding agency to a non-federal entity to carry out a public purpose as authorized by United States law.

Grant number:

Unique, eight-digit number (which is preceded by a one or two-character program code), how a grant will be identified in all documents and communications with EPA.

Indirect Costs:

Costs that are not readily identifiable with a particular activity but are necessary to the general operation of the organization and the conduct of the proposed project (such as general administration expenses).

Inputs:

Grant funds, matching funds, efforts of the recipient.

Interim reports:

Sometimes referred to as progress reports, summarize technical progress and activities completed under a grant.

LVFC:

EPA’s Las Vegas Finance Center

MBE:

Minority-owned Business Enterprise, a business concern that is at least 51 percent owned by one or more minority individuals, or, in the case of a publicly owned business, at least 51 percent of the stock is owned by one or more minority individuals, and whose daily business operations are managed and directed by one or more of the minority owners.

MTDC:

Modified total direct costs, refers to all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first $25,000 of each subaward (regardless of the period of performance of the subawards under the award).

Non-Competitive Grant Opportunities:

Made based on statutory, regulatory, or published program guidance allocation funding formulas for continuing environmental program support for units of government; other organizations are not invited to apply.

Non-Discretionary Grants:

Also known as formula grants, awarded primarily to state, tribal, and local governments. Congress directs these grants through an authorizing statute to one of more types of entities that meet the eligibility criteria. The amount of the grant is determined by a formula prescribed by the statute and implementing EPA regulations.

NPTCD:

The National Policy, Training and Compliance Division

Obligations:

When used in connection with a non-federal entity's use of funds under a federal award, refers to orders placed for property and services, contracts and subawards made, and similar transactions during a given period that require payment by the non-federal entity during the same or a future period.

OGD:

EPA’s Office of Grants and Debarment

OIG:

EPA’s Office of Inspector General, periodically examines EPA grants to ensure that grant funds are used efficiently and effectively.

OMB:

Office of Management and Budget

Outcome:

The result, effect, or consequence that will occur as a result of an environmental activity under a grant. Outcomes may be environmental, behavioral, health-related, or programmatic, and may not be necessarily achievable within your grants project period.

Output:

An environmental activity, effort, or associated work products related to an environmental goal or objective that will be produced or provided over a period of time. Outputs may be quantitative or qualitative, but must be measurable during a grant project period.

Participant support costs:

Stipends, travel allowances, and similar funds that support participation of an individual in a grant project.

Pass-through entity:

Primary grant recipient when subawards are made as part of a grant.

Personal Property:

Property of any kind, except real property, that has a physical existence (including equipment and supplies).

PI:

Program income, non-federal gross income that is directly generated by a grant-related activity and received by a recipient.

PII:

Personally identifiable information, PII means information that can be used to distinguish or trace an individual's identity, either alone or when combined with other personal or identifying information that is linked or linkable to a specific individual.

Procurement contractor:

An individual consultant, instructor or other expert who is not an employee of the recipient that receives grant funding to provide commercially available goods or services.

Programmatic Advanced Monitoring:

Provides an in-depth assessment of a grant’s programmatic and technical progress and management and how well the project is meeting expectations.

Programmatic Baseline Monitoring:

Involves the periodic review of a recipient’s progress in and compliance with, the scope of work, terms and conditions, and regulatory requirements of a specific award.

Programmatic terms and conditions:

Address the timing and content of progress reports and special performance requirements.

Prudence:

Exercising sound business judgment given a recipient’s responsibility to use federal funds efficiently.

RAIN:

Recipient/Applicant Information Notice

Reasonable costs:

In its nature or amount, it does not exceed what a prudent person would pay under the circumstances prevailing at the time the decision was made to incur the cost.

SAM:

Federal government’s System for Awards Management

SF:

Standard form

Single audit:

When an independent certified public accountant examines an organization’s entire operations, including ensuring that financial statements are presented in accordance with generally accepted accounting principles; assessing if internal controls are adequate to minimize risk of noncompliance; and verifying adherence to federal statutes, regulations, and the award terms and conditions.

Source documentation:

Invoices, receipts, bills. Online transaction confirmations, and other items.

Subaward:

When an organization receives an award of financial assistance from the pass-through entity to carry out part of the pass-through entity’s grant project.

Subrecipients:

Recipients of subawards.

Substantial involvement:

Refers to close EPA collaboration with the recipient in executing the project scope of work, and the terms of the cooperative agreement will describe EPA’s anticipated involvement.

Substantial involvement terms and conditions:

Refer to activities to be performed by EPA, usually the project officer.

Terms and Conditions:

Legal requirements imposed on a recipient by statute, regulation, program guidance, or the grant award itself. These conditions may apply to all grants or certain classes of grans, or they may be tailored for an individual award.

UEI:

Unique Entity Identifier (also known as DUNS)

Unallowable costs:

Those that EPA will not reimburse as part of a grant.

Uniform Grants Guidance:

OMB’s regulations at 2 CFR 200 and EPA’s specific regulations at 2 CFR 1500. Provides useful information about grant requirements, such as standards for financial and program management and how to identify allowable costs.

Unit cost data:

An estimate of how much it costs an organization to complete a single activity when that activity recurs regularly.

Unobligated balances:

The total federal funds authorized under a grant minus the grant expenditures and any unliquidated obligations, which are obligations incurred, but not yet paid (including amounts due to subrecipients and contractors).

WBE:

Women-owned Business Enterprise

Workspace:

The online, cloud-based environment used by Grants.gov to manage the application process.