USAID Office of Food for Peace
P.L. 480 Title II
Closeout FAQs and Considerations when Reviewing a Closeout Plan

(I) Closeout FAQs

1) **What is the difference between closeout, a Closeout Plan and a final report?**

Per ADS Chapter 303, the closeout of a grant or cooperative agreement is defined as "the process by which AID determines that all applicable administrative actions and all required work of the grant or cooperative agreement have been completed by the recipient and AID..." This means that all actions on a grant or cooperative agreement have been completed. At the same time, we also refer to closeout as to when the program is physically closed and the agreement has expired (regardless of whether the CS and USG must still complete administrative actions, deobligation, etc.)

There are a number of factors that are not affected by closeout, however, such as retention and access to records, the federal right to audit and disallow costs, and accountability for property. Closeout procedures are discussed as detailed in the Closeout guidance; however, care must be taken to review other USG regulations that cover property disposition as well as record keeping issues.

A Closeout Plan is a plan submitted by the CS and approved by FFP in advance of closeout that provides a detailed list of activities, inventory for disposition, action items and expenses related to closeout. Approving the CS's Closeout Plan does not mean that the program is closed out, or that it has completed its obligation to USG. All it means is that FFP has approved a plan of action for how the CS will navigate the closeout process, including providing approval of how it will dispose of property/equipment and cash resources.

CS's submit a Results Report every fiscal year (also known as performance reports or annual reports). A final report is similar to a Results Report, except that it also includes results and performance information not only for the final fiscal year of activity, but also for the entire LOA as well. A final evaluation is different from a final/Results Report in that it is an external evaluation of progress made by the CS in implementing its Title II activities and meeting its stated objectives.

2) **If CS's only need to provide a disposition request for items with a unit acquisition value of $5,000 or more, why have they included items that cost less?**

CSs have their own internal policy on the purchase of property/equipment. Accordingly, as part of their policy, they might be internally required to provide this information to Food for Peace. Use this opportunity to ensure that the CS's plans for disposition accord with how Food for Peace/Mission/USG would want such resources used. It's also within FFP's purview to ask for information related to their inventory on property/equipment with a unit acquisition cost of less than $5,000 which might still serve some purpose to USG programs.

3) **FFP/W and the Mission would like to dispose of the property/equipment differently than how the CS would like. Do I have the authority to reject the CS's disposition request (I thought we didn't have a disposition request…) and advise an alternate disposition?**

Yes. If purchased with USG funds, FFP (via the Agreement Officer) has the ultimate authority as to how such items will be disposed (according to FFP's agreement language, title automatically reverts to USAID, or approval is provided otherwise). The CS is only providing a disposition request; the AO has the authority to approve or disapprove their request.

4) **There is concern that the CS has not properly valued its property/equipment, resulting in a disposition request that is incomplete. How do I proceed?**

The Mission should provide additional input as to the current state of the CS's property/equipment. If considered undervalued, contact M/AS/FMD (Office of Administrative Services/Facilities Management Division) to discuss standards used for calculating the value of USG surplus property overseas, which can then be communicated to the CS.

5) **A CS has not adequately budgeted for closeout costs. What options are available?**

In the Closeout Plan itself, CSs should detail how it proposes to cover unforeseen expenses. If necessary, its program budget may be shifted to offset costs, including shifting up to 10% of the Total Project Cost (commodities, monetized proceeds and program income, less indirect costs) between and among primary budget categories, while also ensuring that such budget modifications do not affect more than 10% of the LOA cost or indirect costs. Prior to approving such requests, the applicable CTO should note any consequences of such shifts on beneficiaries (reduced distributions, ration sizes, etc.), target locations, etc.

6) **What is the Treasury Symbol Account for Title II to be referenced for all new deposits (claims remittances, checks/wire transfers, etc.) within Washington and/or overseas?**

The correct account is: 72-12x2278.

7) **How are returns or transfers of cash, property/equipment made – back to USAID, to the CS, or another entity?**

The process for such begins with the approval of the Closeout Plan via a Closeout Approval Letter for the CS, which captures disposition of all applicable property, commodities, and other resources for the program. Transfers of resources to other USG entities proceed via the CS and the relevant Procurement Offices involved. (In such cases, the Agreement Officer and FFP should receive written notification from the Mission's Procurement Office as to the transfer.) Transfers to other partners (local community organizations, etc.) are implemented directly by the CS through a Cooperative Agreement.

Should the CS be found to owe the USG money as part of the closeout process, it may remit the money to USAID via one of three ways:

a. via electronic wire transfers via Mission/post disbursement officers or other recognized wire transfer mechanism, or directly to M/CFO. In this instance, it is important for the wire transfer to direct the funds to be deposited against the Treasury Symbol Account 72-12x2278.
b. via check, citing the applicable Cooperative Agreement number, for deposit with the Mission Controller or Disbursement Officer who must register a receipt of the funds in the NMS/PHOENIX system, crediting Treasury Symbol Account 72-12x2278; or,
c. via check, directly to M/CFO/Washington referencing the applicable cooperative agreement number on the check, and listing the Treasury Symbol Account 72-12x2278.

Noting Treasury Symbol Account 72-12x2278 will ensure that the money is credited back to the Title II general account.

8) **Some of the Closeout Plan issues will not be able resolved for some time. How do I approve the Closeout Plan in time to approve their disposition request?**

You can approve their Closeout Plan conditionally, citing the pending items that must still be resolved (audit issues, submission of final reports, etc.). These pending items should be detailed in the Closeout Approval Letter.

9) **There are a number of financial issues and discrepancies detailed in the Closeout Plan or as the program has progressed. What should I do?**

U.S.-based CSs are required to submit their A-133 audits each year (usually six to 13 months after the close of the FY, although all reports are supposed to be remitted within 90 days of the end of the FY). That said, according to OMB Circular A-133 audit procedures, USAID may request an individual closeout audit for a specific program "when a specific need is identified.", in coordination with the Office of Procurement's Contract Audit Management Branch (M/OP/PS/CAM). (See ADS 591.5.8) In such cases, the CTO will need to provide a written request for such action, and should liaise with both the cognizant

Regional Inspector General (RIG) and applicable Mission/field office on relevant actions needed. Depending on the circumstances, FFP/W and the applicable Mission/field office will negotiate as to how audit expenses will be paid.

10) **When can deobligation actually take place?**

As detailed in the ADS Deobligations Guidebook[1], there is an established procedure for deobligations of Title II funds, such as ITSH and 202(e) grant funds, that are obligated under Letters of Credit (LOC) terms in most Title II Cooperative Agreements (exceptions may exist for some IFRP programs which are under direct reimbursement mechanisms for small, 501(3)(c) entities). A similar process is followed for Title II ocean and inland freight grant awards.

Deobligation cannot take place until all NICRA issues have been resolved, and USAID's Office of Financial Management (USAID/FM) has notified FFP/POD to that effect. It also cannot take place until FFP/POD has received the CS's final SF 269 (marked "final") as well. Such programs would be marked as "in closeout" in accruals and will show up with $0 accrued until all such reporting takes place. Accruals must still take place until a final NICRA rate has been finalized. Where applicable, it is prudent to deobligate any "excessive" residual funds prior to closeout (those that the CS confirms are above and beyond what it will need to close the award and finalize its NICRA).

The FFP/POD Budget and Finance Team receives periodical notices from M/CFO of "Notifications of Final Voucher" which enable them to automatically deobligate ocean/inland grant resources from grant awards. This notification process does not currently exist for cooperative agreements, nor is there a listing of Title II expired Cooperative Agreements. Once in process, deobligation is implemented through the NMS Administrative Module.

Note: Only the Agreement Officer (not a CTO) has the authority to deobligate funds. The CTO may, however, coordinate the need for such a deobligation on his/her behalf until deobligation takes place. The Agreement Officer may then authorize other paying stations to deobligate funds as appropriate.

11) **How can I get a CS's latest NICRA rate?**

USAID currently has a Negotiated Indirect Cost Rate Agreement (NICRA) online database, searchable by CS name and with NICRA rates posted in chronological order (most current NICRA at the top). NICRAs can easily be printed, saved, and/or emailed as needed. To obtain access to the database, Team Leaders/Supervisors should send a list of personnel requiring access to NICRA@usaid.gov (listed as NICRA Database in the e-mail directory). Since indirect cost rate agreements contain proprietary information, access is limited to U.S. Government personnel requiring NICRAs to perform their official duties. Once a username and password are obtained, the NICRA Database can be accessed on the USAID network at http:/nicraweb/NICRA. Instructions for the NICRA Database are available online at http://inside.usaid.gov/M/OAA/CAS/NICRADatabaseUserInstructions.pdf

Note: The database does not include NICRAs for foreign-based organizations whose rates are negotiated by a Mission, nor does it include rate agreements for organizations where the USAID is not the cognizant Federal agency.

Note that final indirect costs rates for each quarter are sent in an abbreviated version via email from Steve Tashjian, M/OAA/CAS; complete quarterly rates are available outside of RRB 7.08-061.

12) **The CS would like to use property/equipment and/or cash resources differently than originally agreed upon in the approved Closeout Plan. How do I proceed?**

In consultation with the mission, formal USAID approval is required, including a revised approval (or rejection) letter signed by the CTO.

[1] http://www.usaid.gov/policy/ads/600/621maa.pdf

13) **Is WFP required to submit a closeout plan for its programs?**
No, WFP is exempted from providing a formal Closeout Plan, though a disposition request/inventory list and basic implementation schedule/plan should be provided. (I think this is VERY confusing. Why would WFP submit a disposition request since they receive multilateral funding? Can we direct how they dispose of their assets? Under what authority can we make any of the requests mentioned here which seem completely contrary to our authorities vis a vis a PIO).

14) **When are reports *really* due? When might a program officially be "closed out"?**
Officially, CSs have 90 days after the end date of the Cooperative Agreement to submit all final reports, including their SF 269, final (performance/results) report, etc. According to 22 CFR 226, however, "USAID may approve extensions when requested by the recipient." Moreover, per the Award Letter, Terminal Disbursement provides CSs a period of nine months after a program ends to submit vouchers, upon which FFP may deobligate, etc. However, different time schedules will be needed regardless. FFP, for example, needs reporting information by November to meet USG-reporting deadlines for F, OMB, etc. Therefore, we specify that a final (performance/results) report is due within 90 days of the end date of the Cooperative Agreement (60 days in the case of SYAPs) or no later than the submission date for Results Reports in November – whichever comes sooner. By USG law, cooperating sponsors have the full 60 or 90 days to complete and submit their reporting.

For NICRA, OAA will not finalize NICRA rates until after receipt of their final A-133 audit, which is used to negotiate indirect cost rates. This final audit is not received until six months after the fiscal year ends, at a minimum (up to 13 months). This means that regardless of when the program ends, final audits won't be received until April of the following FY (six months after the FY ends) or July (six months after the end of the calendar year, for CSs operating in such fashion). Therefore, NICRA rates cannot be finalized, deobligations cannot be made, and the program cannot be closed out.

For these reasons, the requirement for a CS to provide all final reports within 90 days is somewhat unrealistic. Should the CS need additional time for issues related to repayment, claims, etc., the Agreement Officer in Washington or the Mission should provide guidance as to potential options available.

15) **How long must CSs keep records associated with Cooperative Agreements?**
Three years from the date of the final financial status report submitted. It may be assumed that the three year hold period does not begin until the final status report is submitted for the entire grant. (22 CFR 226.53)

16) **How long must FFP keep records associated with grants and cooperative agreements?**
Most Title II agreement and grant documentation must be housed at FFP for two years after project completion prior to retirement. This includes: program proposals, agreements and amendments; reports on progress, finances, and evaluation; AERs; quarterly agreements; shipping cables; ocean freight files and procurement authorizations; vouchers; and relevant correspondence. Unsuccessful grant proposals should be held in the office for two years and then destroyed. Email and word processing copies may be destroyed 180 days after a recordkeeping copy has been produced.

Complete disposition instructions for Food for Peace and Voluntary Assistance Records can be found in ADS 502 Chapter 4. Disposition instructions for common records for USAID/Washington can be found in ADS 502 Chapter 1. Instructions on how to retire files can be found in ADS 502.5.7g.

(II) Considerations when Reviewing a Closeout Plan

1. Ask follow-up questions: Closeout Plans tend to be vague. They shouldn't be! Read the fine print, or ask for more clarity from either the CS or the relevant Mission. For example:
   - Do current fair market values ascribed to property/equipment seem appropriate?
   - If disposal is requested, can the equipment planned be salvaged, i.e., for spare parts, donated to local communities, etc.?
   - If reports are stated as completed or submitted, were they actually received by FFP and the Mission?
   - Are closeout costs erratic per schedule period?
   - Is the closeout schedule feasible? Are some activities occurring all at once and not feasible? Can some activities (administrative, etc.) be moved up in time; should some be delayed?
   - If commodities are being donated, does the organization(s) have the capacity to store and distribute the commodities?
   - If cash from the sale of property/equipment (or the equipment itself) is being used for post-project activities, what are these activities and will the amounts raised/equipment used be sufficient to implement them? How long will the CS report on these activities (why would the CS ever report on these to us if it is post-project? Isn't our only obligation in evaluating if the post-project is worthy of receiving our cash/equipment? How can you closeout a project if they are reporting on the "post-project"?) and is this timeframe appropriate?
   - Is the CS taking advantage of opportunities to disseminate lessons learned and success stories?

   Be sure that the Closeout Plans capture all follow-up questions as needed, or documentation is kept to this effect in the program file.

2. State the obvious: In addition to any larger issues that must be resolved prior to program closeout, state or re-state in the Closeout Approval Letter any issues already confirmed to be completed. i.e., confirm that all financial reports and a final report will be provided, final evaluation and audit (if not completed), all claims will be resolved or waived by the end of the agreement, that all commodities will be distributed/transferred, etc., all property/equipment disposed, etc.

3. Check the schedule: Are commodities being distributed, property/equipment being disposed of, reports and administrative functions being completed according to the closeout schedule? Has the commodity pipeline been checked against the schedule? Is the timing for such activities wise? For example, are they planning to distribute their remaining commodities when it is no longer the hunger season (in which case a commodity transfer might be preferable and the project might best focus on technical assistance and administrative issues related to closeout)? Is the CS asking for a cost or no-cost extension? Sometimes this is not always directly requested from the CS. If remaining dollar resources are being authorized for use after the LOA for agreed-upon activities, has the Closeout Plan and/or schedule captured annual reporting to this effect, detailed how long such reporting should continue for, and stated whether any monitoring by a FFP Officer should take place.

4. Check the totals: Are all resources accounted for, including monetization proceeds, interest-bearing accounts held by the CS, etc.? Does the narrative match the closeout budget provided as well as the approved budget? Look individually at each resource spigot, including commodity totals, ITSH, Section 202(e), etc. If not, how does the CS account for this money?

5. Think back to the guidelines: Consider FFP's guidelines when reviewing the Closeout Plan and its attachments. For the budget, for example, confirm that the CS has put forth their approved level of Cost Share as set forth in the Cooperative Agreement. For NICRA, did they correctly apply their most recent estimate for each FY at the time of budget approval (Resource Request,

PREP, etc.)? (Remember that NICRA can be applied against monetization and 202(e) but not against ITSH).

6. Work closely with the Mission: The Mission is largely responsible for working with you and the CS on the best use of remaining resources and the actual closeout of the program. Remain in constant communication with the Mission to ask questions (e.g., confirm prices, confirm physical closure of warehouses, etc.) and confirm that the CS is in compliance.

7. Think sustainability: If the CS has not already begun to implement their sustainability/exit strategy, they're already late. CSs should detail which activities are sustainable or not; if they haven't done so, ask for additional detail. Provide due effort to look into additional options that might not have been captured. Consider looking at different beneficiary types as well; are they all being captured by the exit strategy (all locations, all beneficiary types, etc.)? Are there specific organizations, government ministries, donors, or community organizations that have supported the project, and will continue to do so after it ends? Are there others that might be interested in doing so? Does the USAID Mission plan to support any of the beneficiary groups or organizations? If a new organization/start-up/cooperative, etc. is planned, might there be other organizations already in existence to link up with? If long-term agreements are envisioned after the program ends, is the Mission reasonably confident that these entities will, in fact, support such activities? If Title II programs remain in the area, ask the CS for any findings or developments that might prove useful (or to provide them in their final report).

8. To spend or not to spend: Program closeouts are not meant as a bridge to a new program. CSs should spend down all the dollar resources, and distribute all remaining commodities. CSs should not anticipate being able to carry over these resources to a new program; be sure to look closely at their program budgets, closeout schedules and pipelines to ensure that they are allowing adequate time to do so. *Note:* Closeout oftentimes costs more than CSs anticipate; if the CS has not budgeted enough money already to cover such costs, any remaining cash resources might be utilized to do so (as allowable).

9. Program materials, publications, etc. CSs should provide copies of all publications and other reference materials to both FFP/Washington and the Mission alongside their final reports, if not earlier. This includes not only reports and studies, but also any learning materials as well. In addition, any remaining materials should continue to be used by the local communities, government ministries, etc. Follow-up with the CS should it not detail how such materials will be used in the future. Note the language(s) such materials are available in if in discussions on how best to utilize them in the future.

10. Property/Equipment: If being donated, will they serve the same or similar purposes as in the Title II program or, at a minimum, other USG-funded projects? What purpose will they serve, and by whom specifically? Are there other entities that might better benefit?

11. Contribute to FFP's learning: Are there any lessons to be learned from the program's closeout, be they good or bad? Be they micro (concerning budgets, commodity loss, audits, etc.) or macro (success stories, sustainability strategy, etc.). Ask the CS to provide additional information, if applicable, as part of their final report.