# Award Close Out

## 6.1 Overview

Award close out represents the end of a particular funding stream, but it is not the end of your work. Rather, it is the start of a transitional phase for your organization and your team, and there may be implications for your beneficiaries.

Whether or not you have additional funding to maintain your project, the close-out phase is an important time for documenting and evaluating what you have learned, as well as shifting human, financial, and other resources to different activities, and meeting your final responsibilities to USAID under the terms and conditions of your Cooperative Agreement.

This chapter covers the USAID requirements for final reporting (6.3.1), regulations concerning the use of assets purchased with USAID funds after the award period is over (6.4), and the documentation you are required to maintain after the award (6.3.2.1).

### Objectives

- Learn what steps you must take to close out an award and when you need to take them.
- Learn the requirements for final reporting.
- Understand what you may and may not do with property and other project-related assets after the award has ended.
- Understand what project documentation you are required to maintain and for how long.

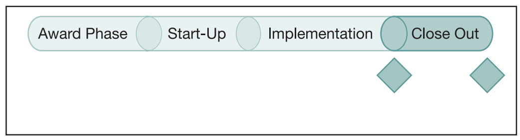
### Key Terms and Acronyms

- **Close Out**—The final phase of a project in which activities are finalized and administrative tasks completed.
- **Cost Share**—The portion of project or program costs the USG does not cover. This may be in the form of cash or in-kind contributions.
- **NICRA**—Negotiated Indirect Cost Rate Agreement, a rate negotiated individually between an organization and USAID to cover indirect cost. (For more information on indirect costs and NICRA, see USAID's *Best Practices Guide for Indirect Costing* at http://www.usaid.gov/business/regulations/BestPractices.pdf.)
- **No-Cost Extension (also called a Non-Funded Extension)**—When the recipient requests and is given additional time beyond the award end date to use unspent funds from the original award to complete activities.

**Skip Ahead**

- ▶ Award Extensions
- ▶ Finalizing Total Expenditures
- ▶ Final SF-425
- ▶ Maintaining Documentation
- ▶ HR Requirements
- ▶ Final Performance Report
- ▶ Sale of Property
- ▶ Final Inventory Report
- ▶ Close-Out Timeline and Checklist

## 6.2 Getting Started




As an award comes to an end, managers must deal with several important issues:

- Management Challenges—When a projects ends, enthusiasm for it may begin to fade, and staff and partner organizations may be eager to move on to the next project. In some instances, staff may turn their attention to securing new positions or morale may slip as the end of the project approaches. However, this is a vital time when the loss of key staff can disrupt the process of phasing out or transitioning a program. Ideally, your organization has other projects to which you can reassign staff. However, this is not always the case, and the end of an award may also involve the conclusion of some staff members' contracts. This can lead to challenging gaps in staffing, especially in small organizations.
- Donor Requirements—Donors have deadlines for completing final reporting requirements and may ask for debriefs from the project team. There are particular programmatic and financial requirements for USAID.
- Transition Challenges—If part or all of your activities are being shifted to a new funding stream or other implementers, your organization needs to tend to a number of financial and program management tasks.

Addressing all of these challenges takes time and money, and you must plan, budget, and start them well before the award's end date, because you should complete them beforehand if possible, as you cannot spend project funds after the award end date, and staff may move on to other projects. Even though these tasks will not demand your full attention right away, it is best to begin preparing for the close-out phase early—as much as a year before the end of the award.

## 6.2.1 Six Tips for Managing Award Close Out

*1. Develop a close-out plan.*

To successfully manage the close out of your award, start by creating a close-out plan that details the different activities and when they will be completed as well as who will oversee them. This will help your organization keep track of important close-out deadlines and plan better for the future.

*2. Work with staff early to ensure a smooth transition.*

One of the biggest challenges at the end of an award is dealing with the impact of staff who leave before the project ends. If there is a lack of clarity about ongoing funding or other projects, staff may accept other opportunities prior to the end of the award. This presents a difficulty not only for transitioning or closing out the project, but also because you run the risk of losing some valuable knowledge necessary for final reporting when staff members leave.

The best strategy is to work with staff early to see whether there are additional projects or other funding to secure their jobs for the foreseeable future. However, if their departure is inevitable, you should work with these staff members to have them document their experiences, especially as they relate to the final stages of the project, including the final report. Throughout this process, consult local labor laws to ensure that you comply with all host-country requirements.

*3. Conduct a final evaluation to measure impact and learn lessons.*

Your project budget should include funding for a final, end-of-project evaluation; if not, you may want to consider funding one with your organization's private or other funds. A final evaluation can be extremely valuable to your organization beyond the specific project. It can help to measure the impact your work has had on the communities where you have been working—critical information that can strengthen marketing materials and support future proposal efforts. It also allows you to document lessons learned that can help improve the design and implementation of future interventions.

An evaluation gains credibility when consultants who are independent of your project conduct it.

To ensure that you have adequate time to complete a thorough evaluation, contract it to start no later than six months prior to the end of your award. You can share evaluation findings and your experiences with other NGOs in your network and in presentations at various forums and conferences, where you can meet prospective partners and donors.

*4. Pursue extension requests early.*

If you have unspent funds as the award end-date approaches, or there are ongoing activities that will have a detrimental effect on the community if stopped, you might consider requesting an extension. Seek guidance on whether USAID will consider giving you an extension and what type of extension (see 6.2.3) to pursue.

*5. Work with subrecipients on their close out(s).*

It is important to work closely with subrecipients during close out for two reasons. First, as the prime partner, you are responsible for ensuring that subs comply with all financial and other requirements under your award, including post-award requirements. Therefore, it is in your interest to make sure your subrecipients understand and meet their requirements.

Second, if you are handing over activities to your subrecipients, the close-out period is critical to the successful transition of your program. Make sure you have enough resources available to complete this transition, so your subs will be prepared to manage the activities on their own.

It is a good idea for subrecipients to close out 30 to 60 days before the end of your period of performance and not implement activities during this time. This will give both you and your subrecipient(s) time to complete close-out requirements related to subawards.

6. *Close out with the community.*

As you close out, and the donor, your staff, and subrecipients begin to focus on other projects, be sure to "close out" with community leaders and beneficiaries to maximize their ability to sustain the services on which they have come to rely. Be sure to thank community members and leaders for supporting your project and staff, and make sure they know whom to contact if they have questions or need additional support in the future. In fact, it is advisable to inform the community of your exit strategy from the outset to empower its members to take ownership of the program and avoid surprises during close out.

### 6.2.2 Planning for Continuity

One of the first steps in the close-out process is to assess the need to continue your project's services or interventions, and, if warranted, to explore options for funding. At least a year before the end of the award, you should start thinking about whether your organization will:

- continue the project with funding from new sources;
- request an extension;
- transfer responsibility for services or interventions to a local partner that has alternate funding; or
- simply close out your activities (if, because, for example, there is no ongoing need for the services).

The path you choose will depend on many factors, which is why it is important to make a decision in consultation with the Mission, partners, community leaders, beneficiaries, and donors.

### 6.2.3 Award Extensions

Programs rarely proceed as predicted, and it is often difficult to make up for delays simply by working faster. Depending on your program's particular circumstances and needs, you may want to pursue an extension to get extra time and/or funding for your program.

There are three general types of extensions:

1. **Non-Funded (also known as a No-Cost) Extension**—This occurs when the recipient requests and receives additional time beyond the award end date to use unspent funds from the original award to complete activities. This does not increase the overall award amount; it simply gives you more time to continue your program.

   A non-funded extension is probably the most common type of extension, since it does not require USAID to obligate additional funds beyond the current obligated amount and helps to ensure that the original project goals are met.

2. **Funded (or Cost) Extension**—This occurs when you have run out of funds and time, but you have not met your targets, or you otherwise need additional time and money to complete your program.

3. **Agreement Expansion**—This occurs when USAID asks you to expand your existing work. USAID usually provides additional funding and, sometimes, additional time to complete the extra work.

   A modification to your agreement may occur when USAID has a gap in its overall program that it wants you to fill temporarily while a larger program is being competed. For example, you are working with several community organizations, and your Agreement Officer's Technical Representative (AOTR) asks that you expand your project to work with several additional organizations for a year while USAID develops and solicits a subgranting/capacity-building program implementer.

#### 6.2.3.1 Requesting an Extension

To determine whether you will have funds remaining at the end of your program, review your pipeline and burn rates. If you believe your program will benefit from a non-funded extension, begin discussing this with your AOTR very early—at least six months prior to the end of your award. You will need to undertake different activities if your award is continuing rather than shutting down. If you wait too long to request an extension, you risk losing staff and may have to restart close-out activities.

When discussing the possibility of an extension with your AOTR, be sure to explain why you are unable to complete your award within the original time frame. Further, be prepared to demonstrate how the additional time will allow you to meet or exceed your original targets. If your AOTR is receptive, he or she may tell you to prepare a formal request in writing and include a budget to show how you intend to spend the remaining funds during the extension period. The request gets submitted to the AO, who will make a final decision and, if an extension is approved, will complete a modification to your agreement.

If your request for an extension is approved, you will continue your regular financial and performance reporting during the extension period at the same intervals as before. (For detailed reporting requirements, see chapter 5.) Remember to always get an extension approval in writing in the form of a modification to your agreement.

Extensions are never guaranteed, no matter what the circumstances. Therefore, plan careful and begin this conversation early.

## 6.2.4 Subrecipient Close Out

Subrecipients must also close out at the end of an award, and the prime partner is responsible for ensuring that they comply with all post-award requirements. Work with your subs early so they understand their requirements, and make sure they have the resources and help necessary to comply. Set deadlines for submitting final reports to ensure that there is ample time to incorporate them into your final reporting.

Some organizations choose to close out with their subrecipients 30–60 days before the end of the award, so that financial close out, final invoices, property disposal, and final reporting are all completed prior to the award end date. If so, point this out when you put your subagreements in place, so that your subrecipients are not surprised. Confirm that subs know that any costs they incur after the end date of their subawards will not be reimbursed. If your subrecipients did not close out before the award end date, you should collect all subrecipient reports within 60 days of the end of the award.

The final step after receiving your subrecipients' report is to send a close-out letter formally ending your contractual relationship with subs. This ends your obligations and releases you from future liability.

Subrecipient close-out requirements are basically the same as those for prime partners, though subs report to the prime and not directly to USAID. Some key requirements you may want to coordinate with your subs include:

- **Final Performance Reports**—Your subrecipients must contribute to the final report, including data. The final performance report should say whether each subrecipient achieved its goals and targets. If a subrecipient fell short, it needs to explain any shortfalls.
- **Financial Close Out**—Be sure your subrecipients make their final expenditures and complete their final financial report in time for you to meet your financial reporting deadline.
- **Inventory Report**—Subrecipients are required to complete a final inventory report (see 6.4.2).
- **Records**—Subrecipients are required to maintain the same documentation as primes. Work with your subs to make sure they know what documentation they must maintain and for how long. (For more on maintaining documentation, see 6.3.2.1.)

## 6.2.5 Final Request for Funds

As your award end date approaches, start thinking about your final request for funds. Three months before the end of the award, you should submit the final Standard Form-270 (SF-270) Request for Advance or Reimbursement or the final Standard Form-1034 (SF-1034), according to the arrangements laid out by the Financial Management Office (FMO). (For detailed information on how to fill out the SF-270 and SF-1034, see chapter 4.) In addition, some agreements may require a final SF-425 within 90 days of the award end date.

If your organization is not operating on a quarterly advanced-funding basis, review the SF-270 and SF-1034 deadlines.

At this time, it is also best to keep a close eye on remaining award funds and outstanding costs. If your accounting system is cash-based, rather than accrual-based, set up a special spreadsheet to track funds during the last three months of your award.

## 6.2.6 End of Award

Check your Cooperative Agreement to determine the exact end date of your award. If you have received an extension, you must have a modification of your agreement from your AO documenting the change that states the new end date.

At the end of your award, review the information you need for the financial and performance reports. Most important, stop incurring costs to be charged to the award. If you foresee the need to incur expenses after the award ends, seek prior approval from your AO. Otherwise, you are responsible for any costs you incur after the award end date.

Note that you are permitted to pay outstanding obligations to vendors for costs incurred prior to the end date. You must pay all these expenses and reimburse USAID any remaining funds within 90 days of the award end date.

## 6.3 Close-Out Policies and Procedures

There are four key aspects to closing out a project: financial, administrative, human resource, and programmatic, all of which are discussed below.

Within 90 days after the end of your award, you must submit a final report that includes the following components:

- Final SF-425 Federal Financial Report (6.3.1.4);
- Final Foreign Tax (VAT) Report (6.3.1.5);
- Final Performance Report (6.3.4);
- Final Inventory Report (6.4.2); and
- any other reports specified in your agreement.

## 6.3.1 Financial Close Out

Twelve months before the end of the award, your organization's Program Manager must develop a workplan and budget for the project's final year that includes costs for all close out–related activities. Not only is this a requirement, but it also will make the close-out process easier for you.

There are several key components to financial close out, including finalizing total expenditures, preparing a final financial report, and maintaining documentation. Before you can complete these steps, however, you must finalize all billing related to the award, including all final payments to subrecipients. Once you complete this process and complete a final SF-270 or SF-1034, you can finalize your total expenditures and prepare your closing financial report.

### 6.3.1.1 Finalizing Total Expenditures

The first step in financial close out is to finalize total expenditures. This process helps to determine whether any funds are remaining and to make sure your organization has contributed the total minimum required cost share.

As you will recall from chapter 4, award funding is obligated in stages and then disbursed to your organization through advances or reimbursements. Determine your totals for the following categories:

- **Total USAID-Award Amount**—This is the ceiling or total estimated cost of your award (not including any cost share).
- **Total Obligations**—The sum of all USAID funds obligated to you under this award.
- **Total Disbursements**—The total amount you actually received from your funding agency under this award (that is, the amount of funds transferred to your organization's bank account through the SF-270 or SF-1034 requests). Be sure to include all final disbursements.
- **Total Expenditures**—The total amount you spent on the award.
  - **Total Expenditures Charged to USAID**—A total of all expenditures that you charged to USAID under this award. This excludes costs covered by cost share or other donor contributions.
- **Total Cost-Share Requirement (if any)**—This is the amount included in your original agreement budget.
- **Total Cost-Share Contribution**—The sum of in-kind and cash contributions contributed toward the award.

## 6.3.1.2 Remaining Funds

This section uses several example calculations based on the sample data in Figure 39:

**Figure 39—Sample Data on Remaining Award Funds**

| Total Award Amount (from Your Cooperative Agreement) | US$3,500,000 |
|---|---|
| Total Obligations | US$3,400,000 |
| Total Disbursements | US$3,200,000 |
| Total Expenditures | US$3,989,100 |
| Total Expenditures Charged to USAID | US$3,089,100 |
| Total Cost-Share Requirement | US$1,000,000 |
| Total Cost-Share Contribution | US$ 900,000 |

There are three important categories of remaining funds to calculate:

1. unobligated funds;
2. remaining obligation; and
3. unspent advanced funds.

The first two categories are funds you may still be eligible to receive before the end of the award. The third category is unspent funds that you will have to return to USAID unless you receive a non-funded extension or other modification that allows you to spend the funds.

Toward the end of your award, it is important to determine what funds, if any, remain that you have not disbursed. These include both unobligated and obligated funds.

*1. Unobligated Funds*

Unobligated funds are the difference between funds that have been obligated and the total award amount. This amount is calculated as follows:

Total USAID Award – Total Obligation = Unobligated Funds
Example: US$3,500,000 – US$3,400,000 = US$100,000

USAID has no obligation to disburse any funds it has not obligated. These funds are made available to you based on the availability of funds and continued need for program activities. If you make any expenditures above the obligated amount, you do so at your own risk.

*2. Remaining Obligation*

A remaining obligation is any amount of obligated funds that have not been disbursed. This amount is calculated as follows:

Total Obligation – Total Disbursements = Remaining Obligation
Example: US$3,400,000 – US$3,200,000 = US$200,000

It is critical that you track this amount, especially in the final months of your award. If you need to complete any final award activities before the end of the award, you can draw on your remaining obligation to cover these costs. It also may be possible for your organization to receive a non-funded extension (6.2.3) to continue your program if part of your obligation is remaining.

*3. Unspent Advanced Funds*

The final category of remaining funds is money advanced to you that you have not spent. This amount is calculated as follows:

Total Disbursements – Total Expenditures (USAID Share)* = Unspent Advanced Funds
Example: US$3,200,000 – US$3,089,100 = US$120,900

If your organization has been advanced funds that you have not spent by the time the award ends, then you must return those remaining funds. When calculating this, be sure to list all final expenditures, including all final invoices and expenses from contractors, suppliers, and subrecipients.

## 6.3.1.3 Meeting Your Cost-Share Requirement

If your organization committed to contributing a cost-share amount to the award, then you must account for and document it. The calculation to ensure you have met the cost-share requirement is:

Cost-Share Requirement – Total Cost-Share Contribution = Cost-Share Balance
Example: US$1,000,000 – US$900,000 = US$100,000

In this example, the organization committed US$1 million in cost share, but only contributed US$900,000 during the life of the award. This leaves a US$100,000 cost-share balance. As

* In calculating remaining funds, be sure to take out any expenditures covered by cost-share contributions. In our example, the total expenditures = US$3,989,100, but the cost-share contribution = US$900,000. Therefore, the total USAID share of the expenditures = US$3,089,100.

your organization is contractually obligated to meet your cost-share requirement, you will be required either to reimburse USAID for the balance or have the amount deducted from any final reimbursement requests. (For more information on cost share, see chapter 9.)

### 6.3.1.4 Final Federal Financial Report (SF-425)

Your final Federal Financial Report is due 90 days after the award end date and may be subject to NICRA adjustments based on your own or a USAID audit. The report includes the final quarter of activity, all final transactions and expenditures, and the cumulative totals for your entire award. This report is submitted using the Standard Form (SF)-425—the same form used to submit your quarterly financial reports. (For an explanation of how to complete the SF-425, see chapter 5.)

- The report is due 90 days after the end of the award. The end date of the award is indicated in your original award, unless you have been granted an extension (6.2.3).*
- Block 6 (Report Type) will indicate that this is a final report.
- Block 9 (Reporting Period End Date) will include the dates for the entire award.

The calculations for the "current period" will include the final quarter of the award, and the "cumulative totals" will equal the cumulative totals you spent during the entire life of the award.

Please note that blocks 10i–k (Recipient Share) is where USAID will look to see whether you have met your cost-share contribution requirement, if applicable. Ensure that this section includes all of your in-kind and cash contributions toward the program. Some organizations attach a memo to their final SF-425 that summarizes their cost-share contribution, stating whether it was met and, if not, why not.

### 6.3.1.5 Final Foreign Tax Reporting

In the 90 days following the end of the award, you are required to submit a final Foreign Tax (VAT) Report to the office listed in your Cooperative Agreement under the Reporting of Foreign Taxes standard clause. The VAT report should cover all taxes your organization paid and for which the host government reimbursed you since the last tax reporting cycle through the end of your award. If you receive reimbursements later, you must submit these funds to USAID. (For more information on Foreign Tax Reports, see chapter 5.)

### 6.3.1.6 Final Audit

One fiscal year after the end of the award, conduct a final audit covering the last year of your award. You may conduct this simultaneously with the end of your organization's fiscal year and submit it as you would other audits in accordance with the terms of your agreement. (For more information, review the "Accounting, Audit and Records" provision in your Cooperative Agreement.)

## 6.3.2 Administrative Close Out

Administrative close out consists of completing nonfinancial tasks that may have financial implications. You must:

- Ensure compliance with USAID standards on the types of documents that need to be retained. (Remember, you must be able to provide documents should USAID request them.)
- Close bank account set up specifically for this program when it is no longer needed.
- Terminate leases (if appropriate) on rented office space that you do not plan to use after the award.
- Terminate supply contracts (including office supplies, leases).
- Terminate utilities (including electricity, water, gas, phone, Internet, fuel).
- Terminate other service providers (including mobile phones, security, insurance, storage contracts, shipping, cleaning, banks).
- Obtain a receipt from each vendor indicating its acceptance of the notice of termination.
- Maintain the office work environment as long as allowable.

* If you received an extension, you will continue routine quarterly reporting until the end date of the extension period as described in chapter 5.

- Settle any obligations related to closing your office or other program facilities. For example, if you shared the office with other programs and had agreements in place covering shared office costs, be sure to cancel these agreements and inform the remaining occupants of your intention to vacate.

Please remember that you cannot charge for any services provided beyond the end date of the project, so it is important to ensure that all services you receive are closed out in time.

### 6.3.2.1 Maintaining Documentation

Your organization is required to retain all accounting records related to your award for at least three years following submission of the final expenditure report. USAID retains the right to audit your organization any time during those three years. Maintaining documentation also helps if you need to address litigation or claims.

Your subrecipients must maintain the same documentation for three years following the end of your award. Work with them to make sure they understand their obligations and retain all documentation in a safe location. Note that some countries have their own records retention requirements that are longer than USAID's, so make sure that both you and your subrecipients are aware of the provisions.

## 6.3.3 Human Resource Close Out

Close out can be a stressful time when managers are trying to maintain a balance between meeting contractual obligations and considering the individual needs of staff. Historically, the focus in close out has been on fulfilling contractual obligations. However, this may be perceived as insensitivity to staff who are concerned about their future, particularly as the project ends. Communication is key to sustaining a high level of performance. All staff should be informed of the close-out process and the HR close-out plan, including a clear indication of any efforts to retain staff. When you address personnel issues fairly, your organization is seen as a good employer, so that when there is a new project, former employees, even if they cannot be retained now, will be keen to rejoin. If you do not handle personnel issues well, there is the risk of complaints, low morale, lack of concentration, and poor performance.

### 6.3.3.1 Team and Interpersonal Dynamics

Throughout the close-out process, hold regular meetings where HR issues are discussed. It is good practice to find out what worked and what could be improved. This not only engages your current team but also provides lessons you may apply going forward. Take notes and include them in the project final report, as appropriate.

Where possible, try to retain employees by reassigning them to other projects. Focus on those with strong skills and competencies to drive performance. If opportunities exist, consider promoting staff to more senior positions. For those who are being reassigned to other projects, be sure to establish a new cost account for their salary and benefits beginning from the date they can no longer be charged to the project that is ending.
If it is not possible to reassign employees, managers should follow local labor laws when ending employment and good HR practice by conducting exit interviews to learn how they may improve working conditions and retain employees going forward. Exit interviews can also provide employees with insights that may help them make their next career move.

For staff who are leaving the organization on good terms, consider providing a letter of recommendation (sometimes called reference letters or referral letters) to assist the individual in finding a new job. This may be separate from a certificate of service. The letter can explain the circumstances of the individual's leaving and offer a concise assessment of his or her attributes, abilities, and performance. Three things to keep in mind: be honest, be sure you can stand by your words, and retain a copy of the letter for the file.

In addition:

- Archive and secure files for each staff member—During close out, you need to protect the privacy of individuals, particularly documents that relate to medical, injury, or disability issues. Ensure that staff who have been let go do not continue to have access to company files, property, or e-mail.

- Ensure that all of the organization's property is returned—At the completion of their assignment, collect from departing staff keys, badges, computers, cell phones, etc.
- Confirm that staff are aware of any confidentiality agreement they have signed regarding sharing company information, data, or documents.

### 6.3.3.2 HR Legal Requirements and Contractual Obligations

The organization must follow the termination laws of the country ensuring payment of severance and other benefits as delineated by law.

Staff have a right to receive a certificate of service. This can be as basic as providing name of employer, staff name, date of commencement of work, date of termination, and location of work.

Within the rules pertaining to the country of employment, staff need to receive their final salary, payment of any outstanding expense claims, outstanding leave days not taken, service/loyalty or severance payments, and other payments mandated by your organization. Additionally, staff need to be able to transfer their pension contributions.

Where staff are eligible for repatriation, all the costs need to be incurred prior to the project completion date, with shipping costs being agreed before the end date (even if shipping occurs after the end after the project).

### 6.3.4 Final Performance Report

The final performance report is somewhat similar to the Quarterly Performance Report (described in chapter 5), though it covers the entire award period. Your AOTR may give you a specific outline or template to follow. At a minimum, your final performance report will include final outcomes, lessons learned, and conclusions.

Be sure to submit the report to your AOTR and the Development Experience Clearinghouse (DEC) (http://dec.usaid.gov) within 90 days of the end of the award.

Many organizations choose to take the final performance report one step further and create something long-lasting that they can share with beneficiaries, the community, subrecipients, and other NGOs. This allows an organization to highlight its successes and document its lessons learned and contribute to the ongoing effort to improve interventions in that focus area. Your organization's experiences may even help other communities struggling with the same challenges. Some organizations share this document with Web-based communities of practice, within their NGO network, or at regional and international conferences, or they submit it to relevant publications.

To create this report, you will want to develop a separate document from the one you provided to USAID, but you will still need to credit USAID, the same way you would on other project-related public communication products. (For more information on branding, see chapter 3.) An end-of-project evaluation (see 6.2.1) that objectively documents the impact of your project and provides an independent analysis of your project's success will greatly enhance the quality of this report.

## 6.4 Post-Award Use of USAID-Funded Goods and Commodities

At its discretion, USAID determines the disposition of all USAID-funded goods and commodities. As a grantee, you should review the regulations (22 CFR 226.34, http://edocket.access.gpo.gov/cfr_2007/aprqtr/pdf/22cfr226.34.pdf) regarding the sale or use of equipment outside of award-related activities three months before the award end date. After reviewing the regulations, prepare a disposition plan—a detailed description of what you propose to do with equipment or unused supplies when the award ends. You must submit this to your AO, who will either approve your proposal or provide further instructions.

### 6.4.1 Sale of Property and Equipment

The following regulations are specified for USAID grantees:

- USAID reserves the right to transfer the title to USAID or a third party. The AO must identify the equipment appropriately or otherwise make it known to the recipient in writing. When USAID exercises its right to take the title, the equipment will be subject to the Standard Provision, called Title to and Care of Property (U.S. Government Title). (See Annex II, Common USAID Standard Provisions.)
- If you are instructed to dispose of the equipment, USAID will reimburse you for reasonable expenses incurred in shipping the equipment to a new location. You will need to follow procurement rules regarding competitive bidding to get the lowest-cost service.
- If you do not receive instructions within 120 calendar days after submitting your disposition plan, you can sell the equipment and reimburse USAID for its share. You may deduct and retain US$500 from the USAID share, or if the item is worth more than US$5,000, you may retain 10% of the proceeds for selling and handling expenses.
- Titles to supplies and other consumable equipment are vested with your organization when you acquire them. If the value of the remaining new and unused supplies exceeds US$5,000 at completion of the program, and the supplies are not needed for any other USG-sponsored projects, then you may retain the supplies, but you must compensate USAID for its share of the cost. You may not use supplies acquired with USAID funds to provide services to outside organizations for a fee that is less than private companies charge for equivalent services, unless the USG specifically authorizes you to do so.
- You must, at a minimum, provide the same type of insurance coverage for real property and equipment acquired with USG funds as you provided to your organization's other property.
- Your AO will give you special instructions if your agreement allows you to purchase any real estate, including land or buildings.

### 6.4.2 Final Inventory Report

Within 90 calendar days after the award end date, you must submit a final inventory that lists all equipment you acquired with award funds or received from USAID. The inventory is due, along with the final report, and must be completed in accordance with the terms of your agreement and the disposition plan approved by USAID. The final inventory must include:

- a list of equipment costing US$5,000 or more with a useful life of one year or more you purchased with USAID funds, and
- any unused supplies that cost US$5,000 or more.

For each item listed, include:

- original cost;
- USAID share of the cost (for example, if your organization paid for part of the purchase with cost share or matching, please note that);
- current location and condition of the equipment and/or how it is being used; and
- detailed proposal of what you did or intend to do with that property.

While the previous list includes the standard requirements, Cooperative Agreements may vary. For example, instead of listing equipment that costs US$5,000 or more, your organization may be required to list all equipment that costs US$500 or more.

### 6.4.3 Other Close-Out Considerations

In addition to the key reports and activities that take place throughout the close-out phase, you must address a number of other tasks before close out is complete. These tasks may not apply to everyone, but when appropriate your organization should:

- **Reconcile Advances**—If you have given advances to any staff or subs, be sure to have them submit final expense reports and reimburse you if any funds remain.
- **Close Bank Account**—Close the bank account you set up specifically for this program.
- **Terminate Leases (if appropriate)**—Terminate leases on rented office space that you do not plan to use after the award.

- **Insurance Policies**—Cancel no-longer-needed insurance policies.
- **Outstanding Contracts**—Close out any outstanding contracts with vendors, consultants, and other contractors.
- **Office/Facility Close Out**—Be sure to take care of any obligations relating to closing your office or other program facilities. For example, if you shared the office with other programs and had agreements in place covering shared office costs, be sure to cancel these agreements and inform the remaining occupants of your intention to vacate.

### 6.4.4 Letter to USAID

The final step of the entire close-out process is to send a letter to your AO confirming that you have completed key close-out actions, including submitting the final invoice, inventory, and all other reports to appropriate parties as well as closing out all subcontracts and subagreements. Keep this letter on file, as USAID may request an update on your close out, and you can resend the original letter.

## 6.5 Summary

This chapter reviewed some of the key USAID requirements and other issues for you to consider as you approach the final phase of your award. Be sure to start close-out preparations early, and work closely with your staff and subrecipients to ensure that the investment your organization made through this award has the best possible long-term impact on the communities and beneficiaries you serve.

Figure 40 is a timeline ranging from 12 months before your award end date to 3 years following the end of your award that covers close-out tasks you must undertake. Items on this timeline are relevant to both prime recipients and subrecipients.

**Figure 40—Close-Out Timeline and Checklist**

| Time | Activity | Who | Details |
|---|---|---|---|
| **12 months** before end of award | **Budget for close out (required) Teal indicates required activity** | Program Manager | Develop a workplan and budget for the project's final year that includes costs for all close out-related activities. |
| **At least 9 months** before end of award | Plan for continuity of services or other project-funded activities (optional, but highly recommended) | Executive Director | 1. Assess the need for continuing your project's services or interventions, and, if warranted, explore options for funding. In consultation with partners, community leaders, beneficiaries, and donors, determine whether your organization will:<br>a. continue the project with funding from new sources;<br>b. transfer management of the project or responsibility for services to a local partner who has alternate funding; or<br>c. close out your activities because, for example, there is no ongoing need for the services.<br>2. Create a plan that describes the steps necessary for a smooth transition. |
| **6 months** before end of award | Begin end-of-project evaluation (optional) | M&E Manager or Consultant | Conduct an evaluation of the project and document your experiences. This will help USAID and your local partners improve future activities. |
| | Request a non-funded extension (optional, as needed) | Program Manager<br>Finance Manager<br>Excutive Director | Determine whether your program needs a non-funded or other type of extension. Then, begin discussions with your AOTR. Review your pipeline and burn rates to determine whether you will have funds remaining at the end of your program. USAID officials will require an explanation of why you need the extra time and what you plan to achieve during the proposed extension period. A detailed budget for any expenditures to be incurred after the original award end date will be required for a cost or non-funded extension. |
| | | Executive Director | Discuss employment opportunities and end-of-project transitions with staff. This should help to retain them as long as possible and prepare you if a person chooses to leave before the end of the project period. Consult local labor laws to ensure that you comply with all requirements. |
| | Develop close-out requirements for subrecipients (as needed) | Prime and Subrecipient Program Managers | 1. Review close-out requirements with subrecipients and make sure they have the resources and help they need to comply.<br>2. Set a deadline for submitting reports to you to ensure that you have ample time to incorporate them into your final report. |

**Figure 40—Close-Out Timeline and Checklist** *(continued)*

| Time | Activity | Who | Details |
|---|---|---|---|
| **3 months** before end of award | Begin subrecipient close out | Subrecipient Executive Director | It is recommended that you have your subs close out 30–60 days before the end of the award, so they can be sure that all final costs and reports are complete before the award end date. |
| | Begin tracking accruals | Financial Manager | Keep a close eye on remaining award funds by tracking accruals during the last three months of your award. |
| | List administrative close-out tasks | Program Director | List all contracts, leases, insurance policies, and other items that will need to be cancelled or transferred as well as important dates and contract provisions to be considered. |
| | Submit inventory disposition request to your AO | Program Manager | Review the regulations regarding selling or using equipment outside of award-related activities.<br><br>Create a detailed description of what you propose to do with the equipment or unused supplies when the award ends. Note that USAID has the final say over equipment disposition.<br><br>Submit this to your AO, who will either approve your proposal or provide further instructions as to what is to be done with the equipment. If you do not hear from the USAID within 120 days of submitting the inventory report, you may sell the equipment and reimburse USAID for its share.<br><br>(For more information, review the "Title To and Use of Property" provision in your Cooperative Agreement.) |
| **End of award** | Review information needed for financial and performance reports required by your donor | Executive Director, Financial Manager | 1. Stop incurring costs to be charged to the award (unless you have prior approval, which means the award date has been extended).<br><br>2. Begin financial close out, including demonstrating that you have met all cost-share requirements and have finalized all award-related expenditures. |
| **60 days** after end of award | Collect subrecipient reports due to prime (recommended) | Subrecipient Executive Director | If your subs did not close out before the end of the award, collect their reports now to ensure adequate time to incorporate their contributions into your final report. |
| | After receipt of the subrecipient reports, send close-out letter to subs | Executive Director | Send a letter formally ending your contractual relationship with your subrecipient(s). |

**Figure 40—Close-Out Timeline and Checklist** *(continued)*

| Time | Activity | Who | Details |
|---|---|---|---|
| **90 days** after end of award | **Submit the final SF-425 Federal Financial Report (required)** | Financial Manager | Submit the final SF-425 in accordance with the terms of your agreement covering the entire award period. Be sure it demonstrates that you have met any and all cost-share requirements and that your accounting system confirms your cost share, in case of an audit. Unspent funds must be returned to USAID. |
| | **Submit final performance report (required)** | Program Manager | Submit final performance report, which focuses on final outcomes and lessons learned throughout the entire award period, to your AOTR and the DEC, in accordance with the terms of your agreement. |
| | **Submit final inventory report (required)** | Program Manager | Submit final inventory report, which includes a list of equipment, any unused supplies, and a statement describing where you disposed of the final inventory. |
| | **Submit final VAT (foreign tax) report (required)** | Financial Manager | Submit the final VAT report to the office listed in your Cooperative Agreement under the Reporting of Foreign Taxes standard clause. The report covers taxes paid and reimbursed through the end of your award in accordance with the terms of your agreement. |
| **End of fiscal year after** award close out | **Submit final audit (required)** | Auditor | Conduct a final audit covering the last year of your award. You may conduct this in sync with the end of your organization's fiscal year and submit it as you would other audits in accordance with the terms of your agreement. |
| **3 years** following submission of final financial report | **Maintain records (required)** | Financial Manager | Maintain all accounting records related to your award for at least three years following submission of the final financial report. The USG retains the right to audit you and/or your subrecipient(s) at any time during those three years. |

**Figure 41—Key Close-Out Activities through an Organizational Development Lens**

| Program Management | Human Resources | Financial Management |
|---|---|---|
| • Engage subrecipients and/or partners in discussing close-out options; agree on a way forward (to close down the project or search for alternatives).<br>• Communicate close-out processes to all relevant stakeholders, including the host government.<br>• Scale down or terminate all program activities.<br>• Remove signage and other documentation from subrecipient and/or partner sites.<br>• Verify acceptance of final project deliverables from AOTR.<br>• Debrief senior management and key field staff on lessons learned.<br>• Finish archiving all final project records in formats where original data and information cannot be altered.<br>• If necessary, secure off-site storage for all project records for the length of time both your funding agency and host government require.<br>• Submit final performance report to DEC (http://dec.usaid.gov). | • Prepare list of personnel who are departing.<br>• Work with key staff on employment transition as needed.<br>• Have contracts amended to reflect the close-out date (especially in case of an extension).<br>• Plan for proper termination of staff and all committed salaries and dues in compliance with local labor laws.<br>• Ensure liquidation of outstanding staff advances.<br>• Delete relevant information permanently from computers/ cell phones. | • Terminate leases as appropriate and obtain deposits if applicable.<br>• Manage office/facility close out.<br>• Notify service providers and/ or vendors of termination of services and expected departure date.<br>• Finalize consultant deliverables, payments, etc.<br>• Document final utilities payments.<br>• Ensure that payments by check clear before the bank account is closed.<br>• Close project bank account.<br>• Submit final financial report. |