documentation

Close Out

inventory report

transition **award extension**

final reports

Chapter 9: Award Close Out

9.1 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.

Whether you have additional funding to maintain your project or not, 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 and meeting your final responsibilities to the U.S. Government (USG).

Skip Ahead

- Award Extensions
- Finalizing Total Expenditures
- Final SF-425
- Maintaining Documentation
- Final Performance Report
- Sale of Property
- Final Inventory Report

This chapter will cover the USG requirements for final reporting, regulations concerning the use of assets purchased with USG funds after the award is over, and the documentation you are required to maintain after the award.

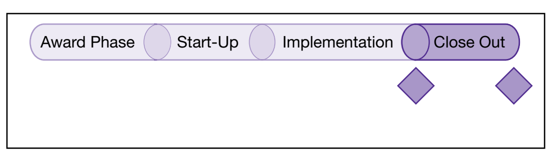
Objectives

- 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

- **Activity Manager or "Field Activity Manager"**—For NPI, the USG representative designated to serve as an organization's in-country point of contact. This person may be from any of the USG agencies involved with PEPFAR implementation in your country.
- **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 the USG to cover indirect cost).

9.2 Getting Started on Close Out



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

- **Management Challenges**—When projects end, enthusiasm for the project may begin to fade, and staff and partner organizations may be eager to move on to the next project. However, this is a vital time where the loss of key staff can significantly 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 be the end 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 the USG.
- **Transition Challenges**—If part or all of your activities are being shifted to a new funding stream or local implementers, your organization needs to administer 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. You may complete other steps after the end date, but 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.

9.2.1 Five Tips for Managing Award Close Out

1. Work with staff early to ensure a smooth transition.

One of the biggest challenges at the end of the award is dealing with the impact on 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, in addition, you may lose 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 experience, especially as it relates 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 country requirements.

2. 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 funds. A final evaluation can be extremely valuable to your organization beyond the specific project. It can help to measure the impact your organization 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 increased credibility when consultants who are independent of your project conduct it. You can share their 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.

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. If you intend to hand over a project to a local implementer, it may be helpful to try to conduct the end-of-project evaluation prior to the handover.

3. 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 the donor will consider giving you an extension and what type of extension (see 9.2.3) to pursue.

It makes no sense to give you additional time to complete your award after close-out activities begin. Therefore, be sure to determine whether it would be beneficial to request an extension early on, and begin the process of requesting one well before you begin phasing out your program.

4. Work with subrecipients on their close out.

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, this 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.

5. 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 as well. This means leaving with the community as much knowledge and capacity as possible to maximize its ability to sustain the services on which it has 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.

9.2.2 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. Allot sufficient time before the end of the award to 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
- close out your activities 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 partners, community leaders, beneficiaries, and donors.

9.2.3 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. An extension, regardless of type, may be granted only at the discretion of the USG.

There are four 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 complete activities using unspent funds from the original award. This does not increase the overall award amount; it simply gives you more time to continue your program to achieve original targets.

   A non-funded extension is probably the most common type of extension, since it does not require the USG to obligate additional funds beyond the original agreement 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.

   Funded or cost extensions are something that most organizations will want to avoid, unless a legitimate, unforeseen circumstance has driven costs up and/or caused major delays in your program. For example, a massive natural disaster might have driven up costs and caused a delay in implementation. If your organization was performing well before the disaster, the USG may give you a cost extension to help you complete your original award, but this is not guaranteed.

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

   A modification to your agreement may occur when your funding agency 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 the USG develops and solicits a subgranting/capacity-building program implementer.

4. **Buy-In**—This occurs when another USG office or agency uses your existing agreement as a vehicle to address additional related work. This is similar to a modification to your agreement; however, the funding comes from another USG office or agency.

Let's say you receive a centrally funded NPI agreement from USAID/ Washington, and the in-country mission wants to add funding so you can expand to a neighboring region. The in-country mission will then "buy in" and transfer funds to the USAID/Washington account to support the extension. You must understand, however, that, regardless of who is "buying in," the original award is still the vehicle, so you will continue to request funds, report to your original funding agency, and remain responsible to the original awarding body. However, you may receive technical direction from the buy-in office or agency and copy it in your reporting.

9.2.3.1 *Requesting an Extension*

To determine whether you will have funds remaining at the end of your program, regularly review your pipeline and burn rates. If you believe your program will benefit from a non-funded extension, begin discussing this with your AOTR/Program Officer (PO) and/or Agreement Officer (AO)/Grants Management Officer (GMO) very early—at least six months prior to the end of your award. You will need to assume very 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. Your AO will make a final decision and, if an extension is approved, will complete a modification to your agreement.

Extensions are never guaranteed, no matter what the circumstances. It is possible, for example, that the USG may have limited management resources that it has to reallocate to different priorities, so it cannot extend 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 6.)

9.2.4 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 30–90 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. Doing this ensures that subrecipients do not incur any costs after the award end date. Confirm that subs know that any costs they incur after the award end date will not be reimbursed. If your subs 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 they report to the prime and not directly to the funding agency. Some key requirements you may want to coordinate with your subs include:

- **Final Performance Reports**—Your subrecipients must contribute to the final report, including contributions to targets. The final performance report should say whether each subrecipient achieved its goals and targets. If the 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 9.4.2).
- **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 9.3.2.1.)

9.2.5 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 (http://www.white house.gov/omb/grants/sf270.pdf), according to the arrangements laid out by your funding agency's Financial Management Office. (For detailed information on how to fill out SF-270, see Chapter 5.) In addition, agreements 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 practices of your funding agency's Financial Management Office (FMO) for SF-270 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.

9.2.6 End of Award

Check your Cooperative Agreement to determine the exact end date of your award. If you have received an extension, you should have a modification of your agreement from your AO/GMO 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 your donor requires. 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.

The only exception is if you have outstanding obligations to pay to vendors for costs incurred prior to the end date. You must pay all these expenses and reimburse the USG any remaining funds within 90 days of the award end date.

9.3 Close-Out Policies and Procedures

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

- Final SF-425 Federal Financial Report (9.3.1.4);
- Final Foreign Tax (VAT) Report (9.3.1.5);
- Final Performance Report (9.3.4);
- Final Inventory Report (9.4.2); and
- any other reports specified in your agreement.

You may also be required to submit copies of reports to the in-country USAID mission.

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

9.3.1 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, you can finalize your total expenditures and prepare your closing financial report.

9.3.1.1 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 5, award funding is obligated in stages and then disbursed to your organization through advances or reimbursements. Determine your totals for the following categories:

- **Total USG-Award Amount**—This is the ceiling or total estimated cost of your award (not including cost share).
- **Total Obligations**—The sum of all USG funds obligated to you under this award.
- **Total Disbursements**—The total amount you actually received from your funding agency under this award (i.e., the amount of funds transferred to your organization's bank account through SF-270 requests). Be sure to include all final disbursements.
- **Total Expenditures**—The total amount you spent on the award.
    - Total Expenditures Charged to the USG—A total of all expenditures that you charged to the USG 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.

9.3.1.2 *Remaining Funds*

This section uses several example calculations based on the sample data in Figure 53:

Figure 53—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 USG	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 remaining funds
2. remaining obligations
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 the USG unless you receive a non-funded extension or other modification that allows you to spend additional 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 USG Award – Total Obligation = Unobligated Funds

Example: US$3,500,000 – US$3,400,000 = US$100,000

The USG has no obligation to disburse any funds it has not obligated. These funds are made available to you subject to the availability of USG 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 Obligations

A remaining obligation is any 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 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 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 (USG 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 has been completed, then you must return those remaining funds to your funding agency. When calculating this, be sure to list all final expenditures, including all final invoices and expenses from contractors, suppliers, and subrecipients.

9.3.1.3 *Meeting Your Cost-Share Requirement*

If your organization committed to contributing a cost-share amount to the award, then you must be able to account for and document it. The calculation to ensure you have met the minimum 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 your organization is obligated to meet your cost-share requirement, you may be required either to reimburse the USG for the balance or have the amount deducted from any final reimbursement requests. (For more information on cost share, see Chapter 7.)

* 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 USG share of the expenditures = US$3,089,100.

9.3.1.4 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 USG 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 report. (For an explanation of how to complete the SF-425, see Chapter 6.)

The two reports (quarterly and final) are nearly identical, with the following exceptions:

- The final 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.*
- Block 6 will indicate that this is a final report.
- Block 9 will include the dates for the entire award.

The calculations in the main body of the report, however, are the same. 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 the "recipient share of outlays" section is where the USG will look to see whether you have met any cost-share contribution requirement. 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.

9.3.1.5 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 your in-country Activity Manager. 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 the USG. (For more information on Foreign Tax Reports, see Chapter 6.)

9.3.1.6 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, USAID partners can review the "Accounting, Audit and Records" provision in their Cooperative Agreements; HHS partners can review the "Record Retention and Access" section of the Grants Policy Statement [http://www.hhs.gov/grantsnet/docs/HHSGPS_107.doc] or review Chapter 6.)

* If you received an extension, you will continue normal quarterly reporting until the end date of the extension, as described in Chapter 6.

9.3.2 Administrative Close Out

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

- Ensure compliance with USG standards on the types of documents that need to be retained. (Remember, you must be able to provide documents should the donor request them.)
- Close bank accounts set up specifically for this program when they are 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.
- Ensure that you can document receipt of all deliverables.
- 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 for covering office overhead costs, be sure to cancel these agreements and inform the remaining occupants of your intention to vacate.

Please remember that you cannot charge the project 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.

9.3.2.1 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. The USG retains the right to audit the final report at 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.

9.3.3 Human Resource Close Out

Close out can be a stressful time when managers are trying to maintain a balance between meeting contractual obligations to the donor 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 comes to a close. Communication is key to sustaining a high level of performance. All staff should be informed of the close-out process and the human resource (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 in the timely completion of tasks.

9.3.3.1 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 close-out report.

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 and conduct 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, described below. 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—Despite closing 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 organization 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 or secrets.

9.3.3.2 *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 and date of termination of work, 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 of the project).

9.3.4 Final Performance Report

The final performance or program report is somewhat similar to the Annual Performance Report (described in Chapter 6), 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 have a significant emphasis on final outcomes, lessons learned, and conclusions.

Be sure to submit the report to your AOTR and the Development Experience Clearinghouse (http://dec.usaid.gov/, USAID grantees) within 90 days of the end of the award. (For more information on writing your final performance report, see section 6.3.2. in Chapter 6.)

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, other NGOs, and the wider PEPFAR-implementing community. This allows an organization to highlight its successes and document its lessons learned and contribute to the ongoing effort to improve HIV/AIDS interventions. 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 the USG, but you will still need to credit your funding agency, 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 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.

9.4 Post-Award Use of USG-Funded Goods and Commodities

At its discretion, the USG determines the disposition of all USG-funded goods and commodities. As a grantee, you should review the regulations 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/GMO, who will either approve your proposal or provide further instructions for disposition.

9.4.1 Sale of Property and Equipment for USAID Partners

The following regulations are specified for USAID partners:

- 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 title, the equipment will be subject to the Standard Provision, called Title to and Care of Property (U.S. Government Title) (see Annex III, 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 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, 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.

9.4.2 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 the USG. 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 the USG. 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 USG funds
- Any unused supplies that cost US$5,000 or more (for example, if you have US$5,000 or more worth of unused HIV test kits)

For each item listed, include:
- original cost;
- USG 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 how it is being used; and
- detailed proposal of what you did or intend to do with that property.

9.4.3 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 Accounts**—Close bank accounts you set up specifically for this program when they are no longer needed.
- **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 office overhead costs, be sure to cancel these agreements and inform the remaining programs.

9.4.4 Letter to Funding Agency

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 your funding agency may request an update on your close out, and you can resend the original letter.

9.5 Summary

This chapter reviewed some of the key USG 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 54 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 54—Close-Out Timeline and Checklist

Time	Activity	Who	Details
12 months before end of award	Budget for close out (required)	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, and, if warranted, explore options for future funding in consultation with partners, community leaders, beneficiaries, and donors. 2. Create a plan describing 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 the USG and your local partners improve future activities and will contribute to wider effort to improve HIV/AIDS interventions.
	Request a non-funded extension (optional, as needed)	Program Manager	Determine whether your program needs a non-funded or other type of extension. Then begin discussions with your AOTR/PO and/or AO/GMO.
	Work with key staff on employment transition (as needed)	Executive Director	Discuss employment opportunities and end-of-project transitions with staff early. 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. 2. Set a deadline for submitting reports to you to ensure that you have ample time to incorporate them into your final report.

Time	Activity	Who	Details
3 months before end of award	Begin subrecipient close out	Subrecipient Executive Director	Some organizations choose to have their subs close out 30–90 days before the end of the award, so they can be sure all final costs and reports are complete before the award end date. This is the suggested course of action.
	Submit the final SF-270 request for funds	Financial Manager	Submit your final funding request or invoice to cover all final expenses.
	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 you will need to cancel or transfer as well as important dates and contract provisions you need to consider.
	Submit inventory disposition request to your AOTR/PO	Program Manager	Review the regulations regarding selling or using equipment outside of award-related activities. Create a detailed description of what you propose to do with the equipment or unused supplies when the award ends. Submit this to your AO/GMO, who will either approve your proposals or give you further instructions on what to do with the equipment.
End of award	Review information needed for financial and performance reports your donor requires	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). 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).

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 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.
	Submit final performance report (required)	Program Manager	Submit final performance report covering the entire award period to your AOTR and the Development Experience Clearinghouse.
	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 to your in-country Activity Manager the final VAT report, which covers taxes paid and reimbursed through the end of your award.
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.
3 Years following submission of final financial report	Maintain records (required)	Headquarters Office 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 55—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). • Communicate close-out processes to all relevant stakeholders, including the host government. • Scale down or terminate all program activities. • Remove signage and other documentation from subrecipient and/or partner sites. • Verify acceptance of final project deliverables from AOTR. • Debrief senior management and key field staff on lessons learned. • Finish archiving all final project records in formats where original data and information cannot be altered. • If necessary, secure off-site storage for all project records for the length of time both your funding agency and host government require. • Submit final performance report to Development Experience Clearinghouse (http://dec.usaid.gov).	• Prepare list of personnel who are departing. • Work with key staff on employment transition as needed. • Have contracts amended to reflect the close-out date (especially in case of an extension). • Plan for proper termination of staff and all committed salaries and dues in compliance with local labor laws. • Ensure liquidation of outstanding staff advances. • Adjust management intervention (e.g., job search, resume writing, recommendation letters, certificates of service, etc.). • Delete relevant information permanently from computers/cell phones.	• Terminate leases as appropriate and obtain deposits if applicable. • Manage office/facility close out. • Notify service providers and/or vendors of termination of services and expected departure date. • Finalize consultant deliverables, payments, etc. • Document final utilities payments. • Ensure that payments by check are cleared before the bank account is closed. • Close appropriate bank accounts.