**WorkforceGPS**

**SMART 3.0 Training: Records Management and Closeout**

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GRACE MCCALL: Hello everyone and welcome to today's webinar, Records Management and Closeout, SMART 3.0 Training. My name is Grace McCall and I'm here if you need anything technically speaking. Hopefully, you won't need to hear too much from me but if you do have any technical questions, please let us know in the chat window on the bottom left-hand side of your screen.

That chat window is also where we'd like you to introduce yourself now. So, please go ahead and type into that chat your name, your organization and how many are joining you today if you're attending in a group.

You may also use that chat box to ask your presenters any questions you may have during the webinar. You'll also note that a copy of today's presentation as well as additional files uploaded into the file share window on the bottom right-hand side of your screen.

You can download those at any time throughout today's webinar. Also a copy of today's presentation as well as the transcript, recording and executive summary will be made available on WorkforceGPS in a few business days. Additionally, to continue producing quality content, we'll be sending out an anonymous survey concerning today's event.

Please take a few minutes to fill that out once the webinar concludes. We will also be sending out a follow-up survey in a month's time. Again, if you haven't already done so or if you're just joining us, please introduce yourself in that welcome chat. We'll have that chat up throughout today's webinar where you can type in your questions or comments at any time.

And welcome to "Records Management and Closeout SMART 3.0 Training." So without further ado, I'd like to turn things over to one of our speakers for today, Nancy Taylor, Senior Accountant, DFMAS, United States Department of Labor, Region 5, Chicago, Illinois. Take it away, Nancy.

NANCY TAYLOR: Thank you, Grace. Good afternoon everyone. And welcome to today's SMART 3.0 training for Records Management and Closeout. I'd like to announce that Latonya Torrence will not be presenting with me today but we are honored to have Debbie Strama so Debbie will be presenting with me on the Closeout portion of this webinar.

OK, well let's get started. Today we are going to be discussing records management and closeout, the requirement for record retention and then the closeout processes that are applicable to your federal awards. This is a SMART 3.0 training series. SMART 3.0 training is a result of the Uniform Guidance. It stands for strategies of sound grant management that comprises monitoring, accountability, risk mitigation and transparency.

And so we want you to take a look at this information when you have an opportunity because there's more resources available. Also the Uniform Guidance is at 2 CFR Part 200 and there's DOL exceptions that were added to the Uniform Guidance specifically for our programs and that can be found at 2 CFR Part 2900.

In addition to the SMART series, we have a grants management toolbox that has a lot of resources available to you at your leisure. It's good tools to have on board for a new staff coming in and also for refresher courses and training materials that are available. So I encourage you to take a look at our grants management toolbox for your grant implementation needs.

OK. So today we're going to talk about the grants management records requirements. We're going to talk about the custody of those records. What's the retention period for them? Who has access to the records? We're going to talk about protecting your PII and then other issues that are related to record retention and management.

We're also going to discuss the grant and subaward closeout process and that will include the timeline, the closeout package, sorry about that, closeout package and for the federal and non-federal grantees. So, we have a couple of hands in this office with me today so the slides kind of moved forward a little bit but we're right where we need to be right now.

So, records management. We're going to talk about the types of records that will need to meet the requirements for retention. We're going to talk about again who has access to these records? What different federal oversight agencies have access including any pass-through entities that will have access?

Protecting the PII is very important so we have a few slides to discuss that. We're going to talk about the collection, transmission and storage of records. In the event that you need to transfer records over either from the subrecipient to the pass-through entity or from the pass-through entity to the federal agency.

And the policies and procedures that need to be in place that covers and discusses all of the processes within your organizations to have a sound record retention policy in place and closeout procedures.

So, let's talk about the types of records. The Uniform Guidance, 2 CFR 200.302 provides the guidance that states and other grant recipients follow for the financial management system. The records that we are talking about today are those records that are in support of your expenditures. The federal award that you receive and the expenditures that you charge against that federal award. So we're talking about all of those records that are in compliance with federal statute and regulations and with your grant terms and conditions.

We're going to go more into detail as to specifically what they may look like but it's basically wherever you– the compliance requirements for your specific federal award, those records must be maintained. We're also going to talk about the records that will identify your award, the type of award that you receive. What's the requirement against that award? And we're going to talk about your source documentation and all of the activities that have been charged against the grant.

So these are the things that you need to have a system in place to maintain. When we talk about financial records, I'm specifically to the general ledger. You're required to have a financial management system in place to account for the expenditure and tracking of the federal award. So those are the records that you will need to be – to have retained, a retention policy in place for.

All of those records that support an expenditure against an award. Your general ledger, the support documentation, the invoices, the authorization to expend the funds. If you have an indirect cost rate agreement, all of the documents that support that indirect cost rate agreement. And if you have used federal funds to purchase property or you are charging depreciation, you would need to maintain the schedules in those records.

In addition, we're talking about personnel records. Those personnel staff that have been charged to the grant. You will need to retain those records. Any program performance records that support your meeting, your performance goals and requirements and any other type of records where you have incurred a cost or there was some eligibility requirement that you need to support to show that your participants were eligible and that your costs were allowable. Those are the records that we're talking about that needs to be retained for a period of time.

WIOA Section 185 also has record retention requirements that you need to be aware of. Records sufficient to prepare your required reports. So again we're talking about all of the support documentation and the policy. Records for performance and activities. We're talking about participant records, eligibility determinations.

Records to determine compliance with non-discrimination and equal opportunity provisions. So do you have a complaint policy? Did you receive any complaints? Were they resolved? What are the documents and the support documentation to show that you have a policy in place for nondiscrimination and that you are posting it?

Maybe you've provided training so we – these are the types of documents that need to be retained. And so we're going to talk the next few slides about the requirements. So what is the specific requirement? The majority of all of the federal awards have a three-year record retention policy. Now, the three years – when does that start and that would depend on the type of grant that you have and also if there is any litigation that's being conducted with that grant. So for discretionary type grants, those that have a specific period of performance, there is a three year – it's three year from the date the final expenditure report was submitted.

So that's the final expenditure report that was submitted and through the ETA reporting system. And that's for the discretionary grant. If you have a grant – a federal award that's renewed quarterly or annually, our formula-funded grants, the three-year period begins from the submission of that final quarterly or annual report, financial report. Now there are exceptions.

Like I mentioned, if your grant is going through some type of a litigation, then the retention period would begin when that litigation has been resolved and we're going to talk about a little bit more.

So there's a couple of resources that are referenced here where you can find more detailed information. The ETA Grant and Financial Management TAG has more information on record retention, in addition to our Core Monitoring Guide. So I encourage you to take a look at those resources if you have any additional questions that are not addressed today or that you wanted to go back and refresh yourself on the information.

The next couple of slides gives you a – it's kind of like a cheat sheet of the financial records and when the retention period begins. And so you can take a look at this when you have the time but it just covers all the financial records and when the period begins, the final financial report or for some things like the negotiated – the indirect cost rate agreement. That's from the date the plan was submitted.

So there are some variances, not many, but there are a few, such as property records for grant funded capital assets and property disposition dates. So if you have used funds to purchase property and you have those records and then you dispose of the property after you've requested approval and instructions, then the retention period begins when that property is disposed of.

For personnel and programs, there are record retention. This is a list of the record retention requirements for those activities, personnel records, three years from the final financial report. Program records again it's three years from the program – from the financial report as well. If there are some complaints, the three-year period begins the day the complaint was resolved. So you want to take a look of this list and this information should be a part of your policies within your organization.

So the Uniform Guidance 2 CFR 200.333 talks about the exceptions for the record retention period. So the three-year period is for the majority of our federal awards depending on the type of award, however there are some exceptions. One is if there is a written notification that the – you want the period extended, we just need to know what that is. I've been on some monitoring visits where there some states that have a five-year record retention period which is fine. It just can't be less than the three year. It can be more restrictive but not less.

And we would need to be aware of that. And as I mentioned earlier, if there is litigation, a claim or an audit, or if your FPO has come out and conducted a monitoring visit and there is some question costs that are outstanding at the end of your grant period, the three day records retention period does not begin until that question costs or audit has been resolved. For records for real property and equipment, again the exceptions are that it's the record retention period is for the three years. It begins and it's for three years after the final disposition.

If there's a records transfer so let's say if for some reason the Department of Labor is asking you to transfer all of your records to us, then once that is conducted and completed, then you do not have to be concerned for the three-year record retention period. Or if you have a subrecipient and your subrecipient has records within their agency, and if they're going out of business let's say or your relationship has been dissolved with them and they transfer the records to you, then they no longer are required to meet that record retention period.

So it would be the pass-through entity that has taken possession of the records that has to maintain the records for the three-year period. So it's just important to keep that in mind that also if you have a subrecipient, they need to be aware of the record retention policy if the records are going to be maintained at their levels. So that is very important that they are aware of the record retention policy, it's a part of their award agreement so that the records are maintained.

For indirect cost rate proposals and cost allocation plans as mentioned before, the record retention period begins when the data has been submitted. Now for program income, the requirement is that the program income is expended in the time of the grant award.

So if that program income – if you still have program income after the grant has ended, then – and you have not expended it, it needs to be returned to the federal agency but if you're earning any program income after the grant has ended, then that is not a part of the record retention period because federal funds are not being used to continue to earn those program income. So just wanted to point that out.

OK. So we're talking a little bit more about the WIOA exception and this just goes into a little bit of detail about the non-discrimination equal opportunity provisions. I'm not sure why this is popping up so according to 29 CFR Part 38, it provides more details on the implementation of non-discrimination and equal opportunity provisions of the Workforce Innovation and Opportunity Act and that recipients must collect and maintain records of equal opportunity data and other information as the Civil Rights Center director finds necessary.

So again if there is any complaints or cases that are raised that are a part – that needs to be directed to the Civil Rights Center, those records need to – they need to be maintained and there is more detail for that at WIOA regulations or 29 CFR Part 38.

As mentioned earlier, any complaints and compliance review records must be retained for three years from the date the complaint or compliance was resolved. So if – even if it's after you have submitted your final report, and this complaint has not been resolved, then you have to maintain the three-year record retention period begins after the complaint has been resolved or a compliance issue. Or if it's a question cost or a finding, it's after those issues have been resolved does the three year record retention period begin.

And there's additional information in our resource, the Financial Management TAG, so I encourage you again to take a look at that for detailed information. So after you have held onto these records or as you're holding onto these records, who has access to these records? So it is important that you understand that all of our oversight agencies can have access.

The Inspector General, the U.S. Comptroller General, a pass-through entity if they're subbing the funds out, they should have access or any authorized representative should be allowed access to those records regardless of if your program has ended. We should still maintain access to those records within that record retention period of time.

Now there is some restrictions applied to access to name a victim of a crime and that's when access to the true name of victims of a crime is necessary, then appropriate steps to protect the sensitive information must be taken and not just by the grant recipient by also by the Department of Labor. There are policies that require that personal information be protected and so not to be released.

This last stop point is important to be aware of. Although the record retention period is for three years from the date of either the financial report or the resolution of a compliance issue or the disposition of property. However, if you have those records past that three-year record retention period or if it's a longer retention period within your organization and you still have those records, and let's say someone – the public is asking through it through a FOIA, if you still have them, then you are obligated to provide those records.

We had a case not too long ago here in our regional office. I am a FOIA coordinator and we received a request for records that dated back past our record retention period. However, we still had those records in house so we had to go through the process of gathering them and providing them to the requester.

So that's important to note. Regardless of the record retention period, if you still have the records in your possession and they are being requested by either one of our oversight agencies or through the public FOIA request and they're not exempt through FOIA, then you are obligated to provide those records. OK. So let's move on.

And this just talks a little bit about the FOIA act, the Freedom of Information Act that the Department of Labor will not limit public access to records pertinent to a federal award except when those records provide PII, personally identifiable information or if they are exempt from disclosure pursuant to a Freedom of Information Act or they're considered controlled, unclassified information. So again we will not limit public access unless it's one of these exceptions.

We're just going to talk a little bit about personally identifiable information. The Uniform Guidance provides the definition for PII so it's important to know that we're talking about information that can trace an individual's identity. Some information is considered to be PII is available in public sources such as telephone books, public websites, and other listings.

However, there is some information that is withheld from those particular sites, such as Social Security number information, passport numbers, things that are specifically identifiable to an individual. This is the information that you may have within your agency, especially related to participants and it could also be information regarding your agency's bank information.

So this when we're talking about PII, this is the type of information and it's not all inclusive but you need to have systems in place to protect this type of information.

OK. So just a little bit more about it. The Uniform Guidance at 2 CFR 200.303, 337 and there's a TEGL 39-11, that talks about protecting PII. It discusses the internal controls that you should have in place to protect individual's personal information. It talks about how it should be safeguarded. If you know this information should be in some type of a locked security area, a lock box.

Not everyone in your agency should have access to it. So it's important to know first of all what is considered PII and then have internal control systems in place to safeguard. And it also – it may be through paper or copy or it may be electronic access. And at no time should public have access to PII.

So non-federal entities must retain and store records in a manner that will preserve the integrity and admissibility and as evidence in any audit, litigation or other proceedings. So basically you are the custodian of these records and you need to make sure that you are maintaining them and preserving them for integrity in the event that an oversight committee or agency needs to take a look at them, you want to ensure that you are protecting these records so that they are viewable upon request.

You want to make sure that the information is not easily changed or altered and that any micro-film or photocopy records are maintained for original – in their original form. If they are substituted for original copies, then you just want to make sure that you maintain the authenticity and again that you're – any information that's stored in a computer or a device or a printout is protected from being altered.

This is a TEGL that I mentioned earlier, TEGL 39-11. I encourage you to take a look at it. There is also an executive order that was issued May 9, 2013 that requires that government information open and machine readable to ensure that the data is released to the public and that the data is easy to find, accessible and usable. So the specific requirements for the collection and transmission and storage of information can be found at 2 CFR 200, 335 and then there's also additional information on the PII and the storage and protection of it in the TEGL 39-11.

Just going to talk a little bit more about the TEGL and some of the recommendations that we have for protecting PII. One includes insuring that the participants sign releases acknowledging the use of PII for grant purposes only. So that they're aware that some of their information may be used for eligibility determination and some other purposes.

Whenever possible, ETA recommends the use of unique identifiers for participant tracking instead of Social Security numbers. So that's something that you may want to consider. I know that in this day and age, there's been a lot of cases where people are stealing individual's identity and a lot of agencies or companies are just asking for the last four digits. But sometimes, maybe having a unique identifier associated with that last four may add another layer of protection so that could be something that you may want to look into.

Another way to protect PII is by ensuring that when the information is no longer needed, that it's destroyed in a secure manner. Generally, if it's paper copies, it's destroyed by shredding.

But it has to be – you want to make sure that you purchase the right shredder so that the shredding is done so that it can't be pieced back together. It's amazing how people get a hold of individual's information and try to steal their identity. So we want to try to protect that as much as possible.

And also with electronic data, if it's no longer needed and the record retention period has passed, you need to have some type of a mechanism or a policy in place of deleting that electronic data to ensure that it's being deleted and it's no longer stored on that device or that computer or laptop, wherever the information had been housed electronically.

This is important and this may seem like an obvious statement but you might be surprised. I've gone out on monitoring visits and generally what we like to see when we want to validate participant eligibility, we ask for the files. The files are generally in a protected space in a storage locker or a storage cabinet.

But we have gone out and they've sent us into a room to have all of our materials out and in different cases, we've seen participant information, agency employee information, just in the room, easily accessible. So you want to make sure that that's not happening within your organization.

You want to protect individual's personal information and you want to ensure that the documents are being stored in locked cabinets and that everyone in that agency does not have access to that information. I talked a little bit earlier about the transfer and custody of records. And I just want to point out that for pass through entities, it's important that your subrecipients are aware of the requirements, record retention requirements and they're aware of protecting PII.

And this is done, you know, it adds layers. It helps to prevent duplication because if they – to avoid duplicating recordkeeping, if the grant recipients make special arrangements with their subrecipients or contractors to retain records or transfer those records to your custody, then that way you're duplicating their information.

They won't have it there – housed in their subrecipient area and then you also have it as the pass-through entity's area. So you may want to talk about ways to transfer the records. Because when the records are transferred to or maintained at the grant recipient level, the retention requirement then no longer applies to the entity that relinquished the records.

You want to ensure that there's access to subrecipient records if you do not have them to transfer it so they need to be aware and they need to know that one, there's a record retention policy and two, that there are oversight agencies that may need access to those records to verify or determine allowability of cost and to determine or verify participant eligibility. So this information needs to be available.

If DOL takes custody of the records, if they determine that those records may be needed for long-term retention value, then they will request to take custody of those records and a fee can be established to transfer the custody of those records to the Department of Labor. And once – if the Department of Labor requests custody of the records from the pass-through entity, then the pass-through entity will no longer have to visibly retain them or meet the record retention requirement, which makes sense.

So there's also the exception in 2900.18 and that exception provides that if DOL is requesting either to transfer the records or to store the records for a longer period of time, then the cost of doing that is an allowable cost to the award. And so we talked about the record retention policies that are in the federal regulations, Uniform Guidance, WIOA regulations.

It is also a requirement that each agency has policies and procedures in place to meet the requirements of the federal laws and regulations. So if you're required to have policies that speak to record retention, you are required to ensure that your subrecipients understand and have policies in place that speak to record retention and that it identifies the types of records that they are supposed to be retaining.

And it identifies the financial records, the supporting documentation, all those that are associated with the expenditure of funds. It should include a record retention schedule for the types of activities within your organization and then you should also have a disaster plan or a file backup plan. And in the event that an emergency occurs or there should be something to protect against, you know, floods or any type of a disaster that could happen.

Your policy should also address the PII safeguards, the staff that has access to that data and you should also designate a staff person who would be like the custodian of the records, someone who will understand the policies, the procedures and who will have access to those records.

These are some common mistakes that we have found while we've gone out and conducted monitoring visits. The first one is the lack of written records, policies and procedures. We have found that some agencies didn't have them and it's important that you do have them in place.

We've found that again like I mentioned earlier some personally identifiable information was not restricted. Everyone had access to everybody's information which it should not be like that. This one – the destruction of records before the required retention period ends. Important to note here is that keep in mind that you need to have a method in your agency to share information on grant awards if they've been extended past the period of performance.

Because if your records custodian is not aware that a particular award has been extended, they may not know that it's still being operational and they may be looking at the current record retention period and then decide that they can get rid of their data because the record retention period has left.

This is a monitoring visit that we have gone out on and asked for procurement records. Well they said well that was three years ago and so we no longer have those records but they didn't realize that the grant had been extended. So that was a problem.

So just make sure if there are record retention periods that extend past the normal date that the custodian of those records are aware of it so that they do not destroy the records. Sub-recipient records again just want to make sure that wherever the funds have been passed to, they are aware of the record retention policies and procedures.

OK. So we have a knowledge check that we would like you all to answer. There's a poll that's put up for you. Here's the question: Non-federal entities must establish internal controls to ensure the protection of PII. True or false? Very good. Everyone has answered correctly, yay. True. That is true. We want to make sure that you have internal control procedures in place to protect PII. Thank you.

Next, you can take the poll down. Let's see. Here we go. OK. So, here are just some resources that you can look to get additional information or more detailed information or to share this information with staff back in your agency who is not able to attend the webinar today on PII.

So in the Core Monitoring Guide, Objective 2, Records Management provides a lot of information on record retention, accessibility, protecting PII and custody and transfer. And with that, I am going to turn it over to Debbie to closeout.

DEBBIE STRAMA: All right, thank you Nancy very much. So I just wanted to highlight a few of the things that Nancy had talked about regarding record retention.

So even when there is an arrangement or contractual agreements in place between say a service provider or a partner in the community that helps you provide program services, if that relationship does not work out and you terminate the contractual arrangement with that organization early, it is then your job to make sure that you obtain the files related to that contract because if a monitor goes out or an auditor goes out and wants to look behind the expenditures that were incurred by that service provider, then we need to be able to see the supporting documentation to tie out those expenditures.

And then one other thing regarding record retention. So Nancy talked a lot about the importance of maintaining internal controls for personally identifiable information. And so it is very important to make sure that you have systems in place to ensure that not only is your participant's personally identifiable information is secure, but that your employee's personally identifiable information is secured. So we do have a TEGL out there on that to determine which is sensitive materials and which is materials that do not have to be encrypted or have to be behind the firewall.

So then moving on we are now going to move into the closeout section. I know while Nancy was doing the presentation we received a lot of good questions regarding some record retention issues as well as what to do when you're monitoring and so we will address all those questions at the end of the presentation.

OK. So moving on with closeout. How many times do you – how many people out there have purchased a vehicle and you're about to sell the vehicle and you realize you've never made payment on that car? Typically that never happens so in situations with awarding monies to service providers or to training providers, we often hear that.

We hear that a community college forgot to bill your organization for customized training over the last 12 months and three years go by and they finally reconcile their books and they realize they have this outstanding invoice and then they want your organization to pay it.

Well, it's unfortunate that they waited that long to submit that invoice so it's imperative that when you are working with agencies and working with any organization that is providing services, providing products or anything tied to the federal projects or programs that they need to know the timeframe or the schedule in which they should be submitting invoices as well as the timeframe in which you will review that invoice and make a reimbursement or payment. We want to make sure that when that contract has ended, that there is also a timely closeout of that contract, of that agreement.

And so we want to make sure that that is happening at the ground level with your organization as well between our organization, the federal agency and the direct grant recipient. So these next few slides will apply to the process between the Department of Labor and the direct grant recipients as well as these same processes and standards would also apply to your agency as a pass-through entity when you're awarding funds to subrecipients or subcontractors.

OK. So we'll talk a little bit about that. I'll talk a little bit about the basic requirements. I'll talk about what is contained in our closeout package that we provide or submit to our direct grant recipients and then also speak on some of the challenges that people space or come across when a timely closeout isn't completed or if it is and there are outstanding issues, whether it's litigation or trying to track down our records from a bankrupt or a closed service provider, what to do next.

And then lastly talk about the closeout responsibilities. What are our responsibilities at the federal awarding agency as well as what are your responsibilities once that period of performance has ended, the closeout has been completed and then what happens afterwards?

OK so what is grant closeout? So it's clearly defined in the Uniform Guidance at 2 CFR 200.16. And this is where the federal awarding agency or the pass-through entity makes sure that all the actions that need to take place that is tied to the statement of work and to that arrangement whether it's a subaward, a grant or an MOU, that those actions have been completed and that each party is on notice that the closeout process will begin.

So this is towards the tail end of the grant cycle. So we think of a grant cycle from the time an announcement is made and applications are reviewed and then applications are accepted and then monies are awarded, then the grant moves into the administration of the grant where you are then providing program services and maintaining documentation to support that statement of work which then leads to wrapping up that program, or that project and winding down.

So, you're putting your clients or your participants in and follow-up or you're exiting them from the program and then making sure that all your bills are paid and that any accruals are liquidated and then you would be ready to submit all of that documentation or any of the necessary documentation to properly closeout the grant between the Department of Labor and your agency.

So technically, we would expect to closeout that grant 90 days after the period of performance. And so if you look at your grant agreement and you have an expiration date or your period of performance expires on June 30th, you would expect to see a letter or an email from us around September 30th announcing that there, we will begin the closeout process and a closeout package is completed.

The one thing to remind folks of is if there has been some changes in the organizational structure at your agency and there has been change in leadership or the person who is the original signatory official on the grant when it was awarded has since changed, you want to make sure that you share that information with your federal project officer and your grant officer because in all likelihood that closeout package would have been going or would be going to the email address associated to the person on record.

And so that would be the person that is on the original grant award package. So if you know that there's a change or you know that it's been 90 days since the period of performance has ended, and you have not seen anything in your inbox regarding closeouts and you've talked to your manager and they have not seen anything, please do reach out to us and we will see what's going on to make sure that you get that closeout package and begin working in providing that information.

OK. So what are the things that you have to do when you are in the closeout cycle or the closeout phase of the grant award? There's a few things that you have to prepare yourself for. One is making sure of course you submitted all of the required 9130 reports and so those are your quarterly expenditure reports and so towards the end of your grant, you will not only submit a final 9130 report, but you will submit a closeout 9130 report. And so that closeout 9130 report will be part of the closeout grant system. So there is a difference between a final 9130 and a closeout 9130.

One thing if you take a look at this slide on the second doc point is liquidating all accrued expenditures. This is very important and this is an exception that we had approved by OMB. So our closeout process is a little bit different than any other federal awarding agency because other federal awarding agencies adhered to the exact language in the Uniform Guidance that allows for the liquidation of obligations.

With our exception, the exception at 2 CFR 2900.15, says that the only liquidation that can take place during closeout is for accrued expenditures. So it's the liquidation of accruals. So you cannot begin new services or order new things because that would create a new obligation and a new expenditure.

So it has to be things that are in the pipeline or that they're in the pipeline, the services are currently being provided but yet an invoice has not been submitted and things like that. One other thing to think about is real and personal property. Normally our grants do not allow for the purchase of real property. So hopefully that's not the case with any of the organizations on the line but if in fact you did buy real property using our funds you would then have to notify us of that.

Personal property is anything related to equipment or anything of a significant value. So you will have to identify the items that you purchased and include that as part of your closeout process. Some other things to think about is if you have contracts or contracts with subrecipients where you provided case advances.

If you're doing to do closeouts and you need to also being going through a closeout with that organization, you want to make sure that any advance that was awarded to them at the beginning of that agreement has been liquidated.

Oftentimes, we see during site visits that people have lost sight of that initial cash advance and so when they closeout or they wrap up a contract, you know, when we're trying to tie out and do like a reconciliation between expenses incurred and payments made out, we then include the cash advance that was awarded to them and then you discover that they received more monies than actual costs incurred. So then it would be expected of the pass-through entity to go forward, reach out to that agency to collect that cash advance.

So one of the things that we also want to make sure is prompt payment and so this is when – we don't – when we award grant funds or grants to our grant recipients, you have access to all of the funds through the payment management system.

So we're not on a reimbursement basis. But if your organization for one reason or another puts your or places or establishes a reimbursement system for your subrecipient, you need to make sure that you are paying those – making those payments in a timely manner and in turn, that they're submitting those invoices in a timely manner so that when it comes time to closeout, that you're not holding up a closeout or you cannot closeout a grant because you're waiting for that final invoice.

So making them aware of the deadlines or the end of the period of performance is important so that they are aware that they should be submitting the final figures before that closeout begins. Just one other thing to note is it is not a requirement in the federal government to put your subrecipients on a reimbursement. So the default is that you should be providing them funds in advance and it's only through an exception or because a certain condition or past problems that you would put them on a reimbursement.

OK, one other thing to note is we are required at the federal level to closeout a grant within one year from the time all final financial reports are submitted. OK. So moving on with this next slide is just the regulatory citations. This is what gives us the authority to closeout grants and then this also provides you with the citations that you should include in your contracts or your agreements with your subrecipients, that closeout action needs to take place between your agency and the pass-through entity and your subrecipient.

Also contained on this slide is information regarding post-closeout and what happens when there is an outstanding debt or an improper payment, what happens when you need to collect on those amounts due.

OK, moving on closeout process. So the first thing that the Department of Labor does is notify the grant recipients via email that the closeout process will begin and at that time, you would have an e-link to the closeout package as well as to the grant closeout system.

We would hope that as agencies that may pass down monies, so this would be for example state agencies that pass down monies to local areas or say if a multi-state organization that then issues out monies to different city agencies or county agencies, that they are also placed on notice of the timeframe in which you need to closeout that particular contract or that subcontract and that they should also be aware of the requirements to submit documentation to support the cost that were incurred related to that particular grant or contract.

OK. So as I had indicated earlier, there are a few things that need to happen when we closeout a grant. One is submitting your final 9130 reports which goes through the normal 9130 system and then secondly is completing the closeout package which would also include a closeout 9130 report.

OK. So here in this little timeline is what would in an ideal world, this is what would happen. The grant closes on September 30th, you submit a final 9130 on November 14th and the closeout process begins on December 30th. And so from December 30th to say the spring months, maybe March, April, that's when you would go and reach out to the closeout specialist and you would submit the documentation needed to closeout that grant.

OK. One other new thing that came or that was recently approved and that we have to adhere to at the federal level is the Grants Oversight and New Efficiency Act. So this is the GONE Act and so this is where Congress noted that some federal agencies did a really good job in closing out grants and some other agencies did not do a very good job in closing out grants. So a bill passed and the bill became law and in this law it says that all federal agencies have to close out any grants awarded by them within two years.

If during that closeout if there's any disallowed costs, we would then go through the management decision process and that is when the initial and final determinations are issued. So with this next slide, this is just a copy of a letter that you should see in your inbox if the closeout process has begun and normally in the past, we actually issued hard copies in the mail notifying you of the closeout. Now it's done electronically.

So here in the next slide is another notification of the closeout and also included on this slide is the actual link to the closeout system. So if you go to the link etareports.doleta.gov/grant\_closeout.cfm.

OK. So what is the responsibility of your agency as the direct grant recipient of a federal award? If you had attended any of the other SMART modules, you know that any costs charged to grants needs to be considered reasonable, allowable, allocable and applicable to that particular grant. And how do you make sure that that is supported? Well, we want to make sure that there is sufficient documentation to support the charge of that cost to our grant.

So maintaining documentation whether it's related to a participant cost or a salary or fringe benefit being paid to your grant staff, all of that documentation needs to be maintained. It needs to go through your accounting system and of course other costs that would – you may also maintain other systems such as the case management system if that is needed to support the costs tied to a particular participant, we should be able to see that information through those systems.

Also as a direct grant recipient as I said before, it's imperative that you conduct a timely closeout with your subrecipients.

OK. So as I had stated before, the Department of Labor handles certain costs differently than other federal agencies. So during the closeout, the only liquidation that can take place is the liquidation of accrued expenditures and not obligations.

Secondly, if you had an approved indirect cost rate at the beginning of the grant agreement, and that since had expired and you then went through the process of seeking out a second indirect cost rate, then you would have to provide evidence of that latest approval. So it could be in the form of an approved indirect cost rate agreement or an approved cost allocation plan.

Also during closeout, you would have to refund any monies that you may have drawn down but that is not supported by accrued expenditures. Also during this time, you should make sure that any required match is also accounted for and tracked through your system and this would also include leveraged resources.

OK. Subrecipient procedures, so these are the same or these are similar procedures to what we do at the federal level. You want to make sure that everybody that you're working with on this federal project is aware of the beginning and ending dates of the period of performance and that they are placed on notice as to when to submit their last invoices.

OK. So with this slide, this is just all the different components of the closeout package. So here you'll have to submit a closeout 9130; you'll have to submit a grantee release form, a list of all property purchased using federal award dollars, a detailed statement of costs and this is where you would track and report all of the indirect costs that you had claimed on your grant and then also identify any rebates, refunds or credits that are outstanding or that are in the pipeline. And then lastly of course is the tax certification.

With this slide, we just wanted to highlight that there is a difference between the final 9130 report and the closeout 9130 report. We have this form or this little desk aide available on our website. You can find that on doleta.gov/grants and I think it's under the resource page or the 9130 page.

I know this slide is very hard for me to see even with my cheaters on but again here is just showing an example of the difference between a final 9130 and a closeout 9130. Again the closeout 9130 will be processed through a separate system than your normal quarterly 9130 report.

One thing to keep in mind when you are closing out a grant is keep in mind any established cost limitations. So oftentimes our programs have established cost limitations on administrative costs. So it ranges anywhere from five percent to 10 percent, sometimes 15 percent and so when this package is submitted and a closeout specialist is looking at it, they do look whether or not you have met or you're within that particular cost limitation. I think I went too fast here.

OK. Liquidation, I think I said that enough times. That's during closeout, the only liquidation that can occur is for accrued expenditures and again, this is only applicable to Department of Labor grants.

So the treatment of obligations is different if you have a grant from another federal or an agency. So what gives us the authority to only liquidate accrued expenditures? That authority is under 2 CFR 2900.15.

OK. So here is just another slide and it's a little bit hard to see but it's the property certification form, an example of your statement of costs. So this statement of costs will tie out to your budge SF424 and then here of course is just a sample copy of your indirect costs rate agreement.

So if you're responsible for completing the financial reports, you do want to make sure you do get a copy of the most recent negotiated indirect cost rates or cost allocation plan. One other thing that the closeout specialist does look at during closeout is match and if match is still required, match is not met and is not reported during closeout, then there's a strong likelihood you will have to return money with the dollars that you could not meet related to match.

As indicated before by Nancy, program income – if you're an organization that had earned program income by selling if it was garden sheds or bird houses using our funds, and so you had earned or generated some income, the law requires you to spend those dollars first before requesting any new dollars. However, if you did not do that during the life of the grant and now you've reached closeout, there is a requirement to return those funds and refund those dollars during closeout.

Now would it be a good time to submit a budget modification or a grant modification? Normally this is not the right time to submit a budget mod or a grant mod but in certain situations, if during the closeout process there needs to be some adjustment to one of the cost categories, a budget realignment may take place. Refunds of course are due to the federal government. Now we require that the grant recipient submits that refund electronically and so that can either be done through the payment management system or the pay.gov system.

OK, what if you had existing litigation going on or you have an old audit that you're still resolving with the federal government that is tied to disallowed costs? Simply because your closeout of that particular grant has been completed, that does not alleviate your responsibilities for any disallowed costs related to an outstanding audit. So basically all of these things can take place while the closeout package is being submitted or has been completed.

So what are some common issues related to closeout? One of the most common things we find is we get kicked back email that says person not found and so this is where the grant officer or closeout specialist would reach out to the federal project officer to determine who is the new person and what is the new email address to the person that the closeout package needs to be submitted to.

A couple other things that happen is match -- you know, the grantee waits until the very last quarter of the period of performance to discover that they are nowhere close in meeting that match requirement. So if they had signed a grant agreement that says they will come up with a $100,000 worth of match and it's two months before the grant is about to end and they've only reported $9,000, that's the time where you definitely have to get all your people to figure out a way to account for those dollars or find another avenue.

So, what we're trying to say here is that you should be monitoring your progress in meeting that match so you should not be waiting until the very last month, the very last quarter to try to pin down a match and the match dollars.

Indirect costs, that is another big issue. If we discovered you are in the third year of an indirect cost rate agreement and the grant is going to expire and you should have had a new indirect cost rate agreement approved, if that has not been done, you cannot continue to charge our grant for indirect costs that are not tied to an approved indirect cost rate. Some other things, we only have about 10 minutes.

Some other things to consider is sustainability. We talk about that in many of our funding opportunity announcements and in your grant agreements that there's an expectation that there should be a sustainability program in place or a process in place, that once that project has ended, that hopefully while the project was being operated, that you're looking at places or looking at ways to sustain and continue that project after the award has been ended or that the award has been closed out.

OK. So knowledge check number two, the recipient has 90 days from the end of this period of performance to submit a final 9130. True or false? OK. So I'm looking at the answer here and I think we probably should have clarified or corrected this knowledge check but there is a difference between a final 9130 and a closeout 9130. A final 9130 has to be submitted within 45 days of the period of performance. A closeout 9130 can be submitted within the 90 days. So it's closeout 9130 that is tied to the 90 days.

OK. So let's move on. We just have a few more slides before we wrap this up. OK. So there are a lot of things that we covered today regarding records management. We also posted the record retention schedule that was mentioned early on in Nancy's part of this webinar. It talks about all the different types of records that need to be maintained for the three years. We also talk about protecting PII.

The one thing we do want to mention is at the end of the grant, if you are disposing of computing devices such as laptops or desk tops that you scrub those hard drives of the PII that is housed in those laptops or desk tops because if they find their way in a secondary market, some computer savvy person could figure out a way to access those files and collect that PII. So you want to make sure you scrub those hard drives if you're in the process of surplusing those pieces of equipment or disposing of those pieces of equipment.

Timeline, we want to make sure that closeout is done in a timely manner and so that is expected of us at the federal level as well as your level and when you're acting as a pass-through entity.

So some things to consider or some things that we had in our SMART checklist so if you have not updated or if you do not have a records management process in place, these are some things that need to be considered if you are considering developing a written policy or process that you should consider these items. And anything related to records management should also talk about the security of those records as well as securing the PII for those records.

OK. So the last few things is where you can find a whole bunch of information on records management and closeout. Here are the applicable provisions and citations. If you wanted to take more training or if you have not sat in on any of other 11 SMART e-series modules, we do post those on our – or we have and will post them on our communities page called the Grants Application Management page and then just lastly, it was another slide on our grant management toolbox.

So we have a variety of different resources and tools available to you that would help your staff in managing the grants and those would include things such as the Uniform Guidance, our DOL exceptions, technical assistance guide, the core monitoring guide which is our monitoring tool, as well as the SMART training and other toolkits that are also available on our technical assistance library or in – on our technical assistance website which is the WorkforceGPS website.

OK. I took way too long so hopefully we have – we just have a few questions, so Nancy, I don't know if you had time to look at any of the questions and if you want to take a stab at answering some of those.

MS. TAYLOR: Sure. The first question is, "Where can we find that tag that reflected the years of retention?" So right now, the new technical assistance guide is being updated to include a couple of items that are required under WIOA so it's going to be expected to be released really soon. The one that's online right now is the WIOA tag with a lot of references in there.

Although the references to record retention may still be valid, I would just suggest that you look to the Uniform Guidance and the TEGL that's referenced for record retention details.

Number two, "Can the records be retained in electronic format or do you require everything to be on paper?" So you can scan or photocopy records that just need to be scanned and PDF'd or photocopied and make that they're legible and that they're authentic.

So it can be electronic but you have to make sure that the format you use, you're scanning original documents because it's the original documents, invoices and receipts that we need to see. So if those are scanned into your computer, it just needs to make sure that it's not – you're not able to change it and that the information is authentic. Go ahead.

MS. STRAMA: Nancy, on that one, we want to make sure that the system they have in place has adequate internal controls in place so that it provides reasonable assurance that no one can go into that system and alter or manipulate any of those digital records.

MS. TAYLOR: OK, the next one, "I thought you had to ask for participant's Social Security number and provide that within the report. Are you saying we can send a different unique identifier in place of participant's security numbers?" No. What I was referring to is that you may want to attach a unique identifier for tracking your participant data but you are required to have participant numbers in your files but as far as a unique identifier could be linked to each individual record.

So it's not substituting the Social Security numbers but just that unique identifier linked to it for tracking purposes so that perhaps maybe everyone in your agency does not get a full view of or just unauthorized people will not get full view of the Social Security number.

OK, Debbie, there's number seven. I'll read it. "What type of approval is needed for a budget realignment and closeout if below 10 percent of the grant award amount?"

Avery: Hi, Debbie. This is Avery if I could chime in on this one?

MS. STRAMA: Go right ahead, Avery, thank you.

Avery: Yes, not a problem and excellent job with the closeout portion. With regard to the budget realignment and closeout, that is pretty much restricted to any overages above the budget line item flexibility and I believe if you look in your grant agreement, ever since the establishment of the Uniform Guidance, the 10 percent budget line item flexibility applies to all cost categories so if you're under that at the point of closeout, you shouldn't have to worry about requesting a budget realignment.

MS. STRAMA: All right. Thank you, Avery. Nancy, do you want to grab a couple more?

MS. TAYLOR: We do. I don't know if we have time but here's one. "If you are in the third year of your indirect cost rate and your contract expires, what was the comment that you made related to that?"

MS. STRAMA: OK. So any indirect costs that are charged to a grant needs to be tied to an approved indirect cost rate. So if you're in the third year of your grant and your approved indirect cost rate expired last year, one or two things can happen. One, you do not charge costs – indirect costs for that last year or you've taken the time to submit a new package and – that you took the time to submit a new package to obtain a new indirect cost rate. So all indirect costs that are charged to our grants have to be tied to the approved indirect cost rates and an approved cost allocation plan.

MS. TAYLOR: OK. I think we're at the end of our presentation and time allotted. If there are some questions that we were not able to get to, we will provide – I think we're going to be posting the questions and answers. So, I'll turn it back over to Grace, I believe.

Grace McCall: Yeah, thank you so much. All right. So, I'd also like to thank all of our participants and presenters for today's webinar. If you'd please stay logged into the room for just a minute longer to provide us some feedback, it would be most appreciated.

Please take a second now to tell us your thoughts; let us know what you liked or what we can improve on. There is also an additional topics window where you can let us know what you'd like to hear in future webinars. A recording of today's webinar, as well as a transcript will be made available on WorkforceGPS in a few business days.

Also, to better connect with your WorkforceGPS colleagues, please take a few minutes and sign up for the member directory on WorkforceGPS. That link is located at the top of the feedback window. Thank you to everybody for joining us and with that, have a wonderful day.

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