

WIOA CLOSEOUT REQUIREMENTS

EXECUTIVE SUMMARY

This policy provides the guidance and establishes the procedures regarding the closeout of all *Workforce Innovation and Opportunity Act (WIOA)* program activities. This policy applies to subrecipients who have a subaward in the form of a subgrant, and is effective on the date of issuance.

This policy contains some state-imposed requirements. All state-imposed requirements are indicated by ***bold, italic*** type.

This directive finalizes Workforce Services Draft Directive *WIOA Closeout Requirements (WSDD-145)*, issued for comment on June 27, 2016. The Workforce Development Community submitted no comments during the draft comment period.

This policy supersedes Workforce Services Directive *WIA Closeout Handbook (WSD14-14)*, dated June 10, 2015. Retain this directive until further notice.

REFERENCES

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- Title 2 *Code of Federal Regulations (CFR)* Part 200: “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” (Uniform Guidance), Sections 200.333, 200.343, and 200.345
 - Title 2 CFR Part 2900: “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” (Department of Labor [DOL] Exceptions), Section 2900.15
 - Training and Employment Guidance Letter (TEGL) 15-14, Subject: *Implementation of the New Uniform Guidance Regulations* (December 19, 2014)
 - *ETA 9130 Federal Financial Quarterly Report Instructions*
 - Workforce Services Directive WSD16-10, Subject: *Property – Prior Approval, Purchasing, Inventory, and Disposal* (November 10, 2016)

BACKGROUND

The WIOA closeout period refers to the 60-day period after a grant code or subgrant agreement has reached its term end date or its funding has been fully utilized. During this period, the subrecipient submits a closeout package to the state, and the state confirms that all applicable administrative actions and required work of the grant code or subgrant agreement have been completed by the subrecipient.

The closeout period is a critical piece in the cycle of a grant code or subgrant agreement. It is used by the subrecipient to liquidate remaining obligations and to prepare and transmit final fiscal and program documents.

In accordance with the requirements of Uniform Guidance Section 200.343, this directive addresses the proper steps a subrecipient must take in order to close out a grant code or subgrant agreement. Additionally, it provides the instructions and report forms necessary to complete a closeout package. These forms are included as attachments to this directive.

POLICY AND PROCEDURES

Definitions

Accrued Expenditures – ***An obligation for a good or service that has been received within the report period, but has NOT been paid. Accrued expenditures must be paid prior to the submittal of the closeout package. Accrued expenditures must not be shown on a closeout report.***

Contract – A legal instrument by which a subrecipient purchases property or services needed to carry out the project or program under a federal award. This term does not include a legal instrument, even if the non-federal entity considers it a contract, when the substance of the transaction meets the definition of a federal award or subaward (Uniform Guidance Section 200.22).

Contractor – An entity that receives a contract (Uniform Guidance Section 200.23).

Grant Code – ***The three or four digit code that identifies a particular allocation. The Central Office Workforce Services Division (COWSD) accounts for each allocation by grant code. Therefore, several grant codes exist within a subgrant agreement.***

Obligation – A formal contractual commitment for the amount of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a funding period that will require payment by the subrecipient during the current or future period (Uniform Guidance Section 200.71).

Period of performance – The time during which the subrecipient may incur new obligations to carry out the work authorized under the federal award. The pass-through entity must include

start and end dates of the period of performance in the federal award (Uniform Guidance Section 200.77).

Stand-In Costs – Costs for the program paid for with non-federal costs resulting from an audit. Stand-in costs must come from the same year as the costs that they are proposed to replace and they must not cause a violation of the administrative or other cost limitation. These costs must be included in the appropriate expenditure reports if they will be used at a later time.

Subaward – An award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract (Uniform Guidance Section 200.92).

Subgrant Agreement – The vehicle that conveys WIOA funds to each subrecipient. The subgrant agreement may contain one or more grant codes and is term-specific.

Subrecipient – A non-federal entity that receives a subaward from a pass-through entity to carry out part of a federal program; but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other federal awards directly from the federal awarding agency (Uniform Guidance Section 200.93).

Unliquidated Obligations – A formal contractual commitment for a good or service that has NOT been received and has NOT been paid for within the report period. When filing a closeout report there can never be any unliquidated obligations shown on the expenditure report.

Closeout Requirements

Subrecipients must closeout grant codes or subgrant agreements within 60 calendar days of the term end date or when the funding has been fully utilized, whichever comes first.

Formula funds (including Rapid Response and Layoff Aversion) do not need to be closed out until 60 calendar days after the term end date.

Occasionally, a specific grant code must be closed out when other grant codes within the subgrant agreement are still open. In these instances, the subrecipient would close out the specific grant code and wait to close out the remaining grant codes until it is appropriate to do so (i.e., the funding is fully utilized or the term end date is reached).

Example – A subgrant agreement contains both formula funds and Governor’s Discretionary funds. The term end dates for these funds are June 30, 2017, and March 31, 2018, respectively. Both funds are not fully utilized until their term end dates.

In this example, the formula funds must be closed out by August 30, 2017. Since the Governor’s Discretionary funds were not fully utilized until March 31, 2018, they must be closed out by May 31, 2018.

Subrecipients must issue closeout instructions and deadlines to each of their subrecipients and contractors. These instructions must allow sufficient time for the subrecipient to receive all required documentation and conduct an orderly closeout of the grant code or subgrant agreement.

Late or incomplete filing of closeout packages will impede future cash requests until the appropriate reports are filed. A cash hold will be implemented immediately once the due dates have passed and the closeout package has not been received by the state.

Closeout Process

Preparation for closeout of a grant code or subgrant agreement should begin three months prior to its closeout period. In order to accurately report expenses and make any necessary adjusting entries within the period of performance, subrecipients should complete the steps below during the suggested timeframes.

Three months prior to closeout

- Update cash disbursement and expenditure reports in the CalJOBSSM system as necessary.
- Fully expend program income.

One month prior to closeout

- Identify all unliquidated obligations and work toward finalizing the cost, since no unliquidated obligations can be shown on a closeout report.
- Gather the necessary closeout documents as described in this directive.
- Inform staff that the grant code or subgrant agreement is closing and no staff time can be charged after it is closed out.
- Notify any subrecipients or contractors that all final expenditures or invoices must be submitted by a specific date, and that failure to do so will result in non-payment for goods or services rendered.

During the closeout period

- Do not allow costs of any kind against the agreement.
- Draw down cash to cover all expenses. ***All cash must be drawn to meet the expenditures incurred when a closeout package is submitted.***
- Pay all accrued expenses prior to submitting the closeout package. Closeout packages will not be processed until all accrued expenditures are paid.
- Prepare and enter closeout expenditure reports into the CalJOBS system.
- Complete, sign and mail all necessary closeout forms to the following address:

Attn: WIOA Closeout Desk
Financial Management Unit, MIC 69
Central Office Workforce Services Division
Employment Development Department
P.O. Box 826880
Sacramento, CA 94280-0001

- Complete and e-mail the End of Project Report to your Project Manager or Regional Advisor, if applicable.
- Return any unexpended cash to the state at the address below. All returned funds must be documented with the name of the subrecipient, Year of Appropriation (YOA), subgrant agreement number, funding stream, grant code and any other identifying information to allow the funds to be returned to the appropriate account.

Attn: Cash Control Unit
 Fiscal Programs Division, MIC 70
 Employment Development Department
 P.O. Box 826217
 Sacramento, CA 94230-6217

As a special caution to subrecipients that will not have ongoing WIOA funding, please note that no WIOA expenditures can take place against the closing grant code or subgrant agreement after the term end date. Prepaying for any required records storage or audits is encouraged. All closeout work that takes place after the term end date must be funded by other sources.

Closeout Package

A closeout package contains all of the forms required for a subrecipient to close out a grant code or subgrant agreement. Subrecipients should use the following matrix to determine which forms to submit as part of the closeout package. These forms are included as attachments to this directive.

	WIOA Summary of Expenditures	Closeout Status of Cash	Subrecipient Release	Subrecipient’s Assignment of Refunds, etc.	Tax Cert.	Property Inventory Cert.	End of Project Report
Subgrant closeout	Yes	Yes	Yes	Yes	Yes	Yes/No*	Yes**
Grant Code ONLY closeout	Yes	Yes	No	No	No	No	Yes**

* Subrecipients are required to submit the Property Closeout Inventory Certification form only when the WIOA program ends or when otherwise notified by the state.

** Complete the End of Project Report if the project has ended. This requirement is for all WIOA Governor’s Discretionary and 25 Percent Additional Assistance projects.

Filing a WIOA Closeout Summary of Expenditures Report

A WIOA Closeout Summary of Expenditures Report can only be completed if the grant code is fully expended. Follow the procedures below to file Closeout Summary of Expenditures reports in CalJOBS:

1. From the CalJOBS home screen, under the “Services for Subgrantee Staff” navigation menu, select “My Expenditures.”

2. Enter the appropriate subgrant number and grant code.
3. Find the report period end date that a closeout report is being filed for and select “Revise.” If a closeout report is being filed at the same time as the monthly or quarterly expenditure report, select “Create.”
4. Select “Yes” to indicate a closeout report.
5. Enter the appropriate expenditure information in the appropriate areas.*
6. Complete the “Certified By” and “Contact” information section.
7. Once you have completed the report, select “Save.”
8. Select “View” under the “Action” column. Scroll to the bottom of the report and select “Print.” Print one copy of the WIOA Summary of Expenditures report.
9. Sign and date the WIOA Summary of Expenditures report.
10. Submit along with the completed closeout package to the address provided within 60 days of the term end date of the grant code or subgrant agreement.

*Examples of the Summary of Expenditure reports and their instructions are included as Attachments 1 through 3 to this directive. These Summary of Expenditure reports are not updated to reflect WIOA requirements. Updated reports will be added to this directive as soon as they are available.

Revising a Closeout Summary of Expenditures Report

There may be a time when it is necessary to revise a Closeout Summary of Expenditures Report. If a subrecipient has filed a Closeout Summary of Expenditures Report, but it has not been approved by the EDD, follow the procedures below to revise your Closeout Summary of Expenditures Report in CalJOBS.

1. From the CalJOBS home screen, under the “Services for Subgrantee Staff” navigation menu, select “My Expenditures.”
2. Enter the appropriate subgrant number and grant code.
3. Find the Closeout Expenditure Report that was previously filed and select “View.”
4. Select “Reset Closeout.”

If a Closeout Summary of Expenditures Report needs to be revised, but it has already been approved by EDD, the subrecipient will need to call or email a Financial Management Unit (FMU) analyst to have the approval removed so that they may revise their Closeout Summary of Expenditures Report.

Once the Closeout Summary of Expenditures Report is revised, the subrecipient will need to submit a new closeout package to EDD to reflect any changes.

De-obligation and Closeout

If the subrecipient is unable to fully expend all funds at the term end date, those funds must be de-obligated. The subrecipient must complete, sign, and mail a Closeout Status of Cash form, attachment 4 of this directive, to the following address:

Attn: WIOA Closeout Desk
Financial Management Unit, MIC 69
Central Office Workforce Services Division
Employment Development Department
P.O. Box 826880
Sacramento, CA 94280-0001

The FMU analyst will use the Closeout Status of Cash as documentation to process the de-obligation. Once the de-obligation is complete, the subrecipient will prepare and enter closeout expenditure reports into the CalJOBS system and complete, sign, and mail all necessary closeout documents to the address listed above.

Disposition of Supplies and Equipment

Subrecipients that will not receive additional WIOA funds from the state must follow the disposition guidelines in Workforce Services Directive WSD16-10, *Property – Prior Approval, Purchasing, Inventory, and Disposal*, and submit the *Property Closeout Inventory Certification* form with their closeout package. The *Property Closeout Inventory Certification* form can be found as Attachment 8 to this directive.

Disposition of Disallowed Costs, Refunds, and Other Credit Adjustments

When the resolution process (such as the Initial and Final Determination process) results in a determination by the state that identifies the disallowance of expenditures for WIOA funds not expended in accordance with WIOA, a debt is established. The state is expected to collect that debt. Disallowed costs from WIOA funds must be repaid from non-federal cash as a lump sum or as installments within 90 calendar days after demand (Uniform Guidance Section 200.345). Stand-in costs may be also used to offset disallowed costs.

Disallowed costs, as well as refunds or credits that are received after the funding period ends, must be returned to the Employment Development Department. The package must contain a check for the returned funds along with information as to the WIOA funding stream (adult, dislocated worker, or youth), grant code, YOA and be sent to the following address:

Attention: Cash Control Unit
Fiscal Programs Division, MIC 70
Employment Development Department
P.O. Box 826217
Sacramento, CA 94230-6217

A second package with copies of the returned funds check, along with information as to the WIOA funding stream (adult, dislocated worker, or youth), grant code, and YOA must be sent to the following address:

Attention: WIOA Closeout Desk
Financial Management Unit, MIC 69
Central Office Workforce Services Division
Employment Development Department
P.O. Box 826880
Sacramento, CA 94280-0001

Records Retention

Subrecipients must retain all records of each WIOA allocation for a period of three years from the date of their last expenditure report submitted to the COWSD. If any litigation, claim, or audit is started before the expiration of the three-year period, ALL records must be retained until all findings have been resolved and final action taken (Uniform Guidance Section 200.333).

ACTION

Bring this directive to the attention of the appropriate staff.

INQUIRIES

If you have any questions, contact the Financial Management Unit at 916-654-9119.

/S/ JOSÉ LUIS MÁRQUEZ, Chief
Central Office Workforce Services Division

Attachments are available on the internet:

1. [Summary of Expenditures Report & Instructions](#)
2. [Layoff Aversion & Rapid Response Summary of Expenditures Report & Instructions](#)
3. [Youth Summary of Expenditures Report & Instructions](#)
4. [Closeout Status of Cash](#)
5. [Subrecipient Release](#)
6. [Assignment of Refunds](#)
7. [Tax Certification](#)
8. [Property Inventory Certification Form](#)
9. [End of Project Report](#)
10. [Errata Chronology](#)