



EAC Closeout Training

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Closeout Process and Requirements

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Step 1 - Notification

If all funds under the grant have been expended, including federal, state, program income and interest you are ready for closeout.

Formal notification that you are ready for closeout should be submitted to EAC via email (grants@eac.gov).

In general, EAC will close grants for which a final Federal Financial Reports (FFR) have been submitted within 120 days of receipt of the final FFR and progress report. This provides both EAC and grantees time to complete all required steps.



Step 2 – Final Reports

Once you notify EAC that you are ready for closeout, you can submit a final FFR and Progress Report electronically via GrantSolutions

Select “Final” as the report type for both your FFR and Progress Report to ensure you are completing the correct report form.

Final FFRs should not have any unliquidated balances.

The final progress report is your opportunity to share the significant features of your project and present information about the results your project achieved. The report should cover the entire period of performance.

The Final Reports do not replace previously unsubmitted, delinquent reports. Any previously unsubmitted Progress and Financial Progress Reports must be submitted with the Final Progress Reports.



Step 3 – Closeout Instructions

After you submit the final FFR and progress report, EAC will send an instruction letter with the closeout requirements.

NOTE: Debt collection for any identified federal balance will be sent in a separate letter.



Step 4 – Equipment Inventory

Equipment and residual supplies purchased using HAVA funds must be tracked and appropriately inventoried.

The following is required for closeout:

- Submit an inventory of equipment purchased with the grant funds, threshold per unit fair market value over \$5000
- Submit an inventory of unused or residual supplies, threshold aggregate fair market value over \$5000



Fair Market Value Q & A

Question: What is fair market value and how is it determined?

Answer: Fair market value is what a reasonable third party would be willing to pay, the resale value is the same as fair market value.

We would expect the resale value to be less than what the jurisdiction originally paid for the supplies unless there is an extreme shortage and high demand, but you shouldn't assume that the value would be reduced without doing some documented market research.

You can access online reseller resources to determine fair market value and document your methodology. You could also provide guidance to your counties to access online resources, e.g. Amazon, eBay or other reseller marketplaces, to see what the unused supplies they have are selling for on the open market.



Step 4 – Equipment

The regulations at 2 CFR 200.33 defines **equipment** as tangible personal property (including information technology systems) **having a useful life of more than one year** and a **per-unit acquisition cost of \$5,000** or a lesser amount if the state has a lower threshold.

Generally, states are required to follow their own laws and procedures for using, managing and disposing of equipment.

Absent state procedures you can find the minimum requirements in 200.313 for managing equipment (including replacement equipment), whether acquired in whole or in part under a federal award, until disposition takes place.



Step 4 – Equipment Management

Property records must be maintained through the life of the property that include:

- a description of the property,
- a serial number or other identification number,
- the source of funding for the property (including the FAIN),
- who holds the title,
- the acquisition date,
- cost of the property,
- percentage of Federal participation in the project costs for the Federal award under which the property was acquired,
- the location,
- use and condition of the property,
- Status of the property at closeout (refer to certification) including any ultimate disposition data including the date of disposal or sale price of the property.



Step 4 – Equipment Management

If states subgrant funds, they must ensure their subgrantees follow the requirements at 2 CFR 200.313 for equipment which provide the parameters for equipment inventories.

This is a long-standing requirement under federal grants.



Step 4 – Unused or Residual Supplies

Pursuant to 2 CFR 200.314, if a state or subgrantee's residual inventory of unused supplies exceeds \$5,000 in aggregate when the federal grant project ends, and the supplies are not needed for any other federal award program, the state or subgrantee must retain the supplies for use on other activities or sell them, but must, in either case, compensate the federal government for its share.

While the EAC does not anticipate many situations in which the fair market value of residual unused supplies will exceed an aggregate value of more than \$5,000, states need to have processes in place to make that determination.

If the value of unused supplies exceeds \$5,000 in aggregate, the state must report to the EAC the amount owed to the federal government. If the unused supplies are worth less than \$5,000 in aggregate, the state or subgrantee can decide how to use or dispose of the unused supplies based on their state specific laws and procedures.



Voting Equipment PPR – Q&A

Question: The Progress Report asks to report on the number and type of articles of voting equipment obtained with the funds. Include the amount expended on the expenditure table. Otherwise enter - No articles of voting equipment purchased during this period.

Do we need to provide the entire list of voting equipment for the final report?

Answer: For annual and mid-year reports you should have this content ready for reporting. For the final report, you can summarize in the narrative and supplement later with an inventory list as part of the closeout process. You can state that you intend to do that within your response.



Step 5 – Returning Funds

If review of your final FFR identifies a balance that needs to be returned to EAC we will send a debt collection letter specifying the amount and describing the process for returning the funds. Final FFRs should not have any unliquidated balances.

Payment of the debt is due as of the date of the letter that accompanies this notice. Payment should be made no later than 90 days from the date of this letter to avoid late charges (i.e. interest, penalties, and administrative costs).

If payment is not received 90 days from the date of this letter the debt will be considered delinquent and EAC's Finance department will establish an accounts receivable for the balance and begin collection action. **If you have a state process to return federal funds that will take longer than 90 days you must submit that timeline in writing along with a request for an extension to avoid the debt becoming delinquent.**



Returning Funds – Interest Earned Q&A

Question: If interest is earned on federal funds, does the interest need to be returned to EAC? And if so, what is the threshold?

Answer: Any unspent interest must be returned to EAC. Interest earned amounts up to \$500 per year may be retained by the non-Federal entity for administrative expense.

If you made subgrants to local governments and required them to deposit funds in an interest-bearing account, they may keep up to \$500 for administrative costs, but must return any earned interest above that amount to the state.

The state must roll up any interest returned from subgrants along with unexpended interest earned at the state level to EAC.

We will work with you when you are ready for closeout to determine the interest amount that must be returned to EAC.



Returning Funds – Interest Earned Q&A

Question: If we earn interest on the unliquidated obligations balance after December 31, 2020, then how should we report it?

Answer: If you have a federal unexpended or unliquidated balance as of December 31, 2020, you will likely continue to earn interest until closeout. EAC will work with you during the closeout process to determine the amount of interest that must be returned to EAC.



Step 6 - Certification

I have attached the required equipment inventory and certify that equipment purchased with HAVA funds will [*specify one of the following*]:

- continue to be used by the agency for HAVA purposes*
- will be used for other federally funded programs*
- has been disposed of in accordance with state laws and procedures]*



Step 6 – Certification continued

I certify that the state *[specify one of the following]*:

- does not have any unused supplies with an aggregate current value over \$5,000*
- has unused supplies with an aggregate current value over \$5,000 and will continue to use the supplies for HAVA purposes. A list of the unused supplies is attached.*
- has unused supplies with an aggregate current value over \$5,000 and will transfer them to another non-federal entity for use by another federally funded program. A list of the unused supplies is attached.*
- has unused supplies with an aggregate current value over \$5,000 and requests permission to transfer the supplies to (name of organization). A list of the unused supplies is attached.*



Step 6 – Certification continued

I certify that the state has [*all must be checked as applicable*]:

- accomplished all program and financial requirements,*
- submitted all required financial and progress reports,*
and
- reconciled all funding with respect to subgrantees*
supported under the grant, as applicable.



Step 7 – Final Closeout Letter

After EAC completes its review of the financial and progress reports and receives your certification letter, we will advise you in writing that the award is closed through a closeout amendment letter. The letter will record –

- ❖ the specific grant being closed,
- ❖ all required reports have been accepted,
- ❖ all audits are completed, and findings addressed,
- ❖ the period of performance covered by the closeout,
- ❖ and the amounts being closed:
 - Federal: [\$]
 - State: [\$]
 - Program Income/Interest Earned: [\$]



Post Closeout Responsibilities

Please note that the closeout of a grant does not affect:

- (1) the requirement to **retain records** pursuant to the grant conditions;
- (2) the requirements and **rights for audit** pursuant to the grant conditions;
- (3) the **right of EAC to disallow costs and recover funds** on the basis of a single or other audit or other review; and
- (4) the **obligation of the grantee to return any funds** due to EAC as a result of later refunds, corrections, cost disallowance or other actions.



Post Closeout Responsibilities – *Record Retention*

The 3-year federal retention period for your grant award starts on the date the state submitted to EAC its final complete and accurate FFR, which includes all federal and required match expenditures and program income expenditures.

NOTE: States may have longer record retention periods required by state laws.



Post Closeout Responsibilities – *Real Property and Equipment*

For equipment which has a current market value of \$5,000 or greater and continues to be used for HAVA purposes, or has not yet been disposed, property management and records and annual inventory requirements will be maintained until all equipment is finally disposed.

For equipment purchased under the grant, the grantee may

- continue to use it for its intended purpose,
- trade it in for new equipment to perform similar functions, or
- dispose of it in accordance with state procedures.

Records will be maintained for three (3) years after trade-in or disposal.



Post Closeout Responsibilities - *Indirect Cost Rate*

If indirect cost rates under the award have not been finalized as final rates, the grantee will continue to administer the rates and applications of such rates until finalized for the period preceding this closeout amendment.



Post Closeout Responsibilities - *Adjustments*

Adjustment of any expenditures reported on an FFR for an individual grant resulting from any errors, indirect cost adjustments due to application of any finalized indirect cost rates, oversight or audit may require submission of another FFR for that period.



CARES Specific Steps

CARES funding was awarded specifically in response to the pandemic during the 2020 election cycle. The grant also came with a federal expenditure deadline of December 31, 2020. By February 28, 2021, states should have liquidated all obligations of the federal funds incurred by December 31, 2020 and electronically submitted a final Federal Financial Report and final Progress Report.



CARES Specific Steps

There will be three categories of CARES grantees –

1. Those who met the match by December 31, 2020 or don't foresee expending additional state funds after that date.
2. Those who did not meet the match by December 31, 2020 and/or will continue to expend state funds under the grant into 2021.
3. Those who have not finalized reconciling their unliquidated federal expenses and need a small extension for submitting their February reports.

If you cannot meet the February 28 reporting deadline, contact EAC **before the deadline** with a request for an extension accompanied by a justification and proposed submission date.



CARES Specific Steps

Return of Federal Funds

EAC will use the February 28th FFR to determine the return of any **unexpended federal funds**.

The unexpended balance of federal funds shown on the FFR on Line 10h is the amount states must return to the U.S. Treasury.

For any states that expended matching funds after December 31, the collection of any unused federal funds will occur before the other steps in the closeout process. These states will submit FFRs again for the period ending March 31, 2021, due on April 30, 2021.



CARES Specific Steps

Closeout

For many states, the closeout process and collection of any unexpended funds will occur simultaneously.

Closeout will happen once states notify EAC that they have either met the matching requirement or do not wish to continue to attempt to meet the match.



Resources

General Questions: Grants@eac.gov

HAVA specific: HAVAFunding@eac.gov

CARES specific: CARESFunding@eac.gov

PMS Helpdesk: PMSFFRSupport@psc.hhs.gov

Reporting Guidance:

<https://www.eac.gov/payments-and-grants/financial-progress-reporting>



Open Question and Answer

Please submit your questions via the chat function or unmute your lines to ask a question.

If you do not have a question, please stay on mute.