

## FISCAL ADMINISTRATIVE POLICY

To: work2future Staff & Subrecipients  
From: work2future Director  
Effective Date: May 2020  
SUBJECT: Subrecipient Closeout Responsibilities  
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## OPERATIONAL DIRECTIVE

work2future Workforce Development Board  
5730 Chambertin Dr. San Jose, CA 95118-3910  
408-794-1200

### **Purpose:**

This policy provides guidance for the closeout of Subrecipient's contract obligations and transmittal of the close out documents.

### **Scope:**

This closeout directive applies to all work2future subrecipients.

### **Effective Date:**

This policy is effective on date of issue.

### **REFERENCES:**

- 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
- ETA 9130 Federal Financial Quarterly Report Instructions
- Workforce Services Directive WSD16-10, Subject: Property – Prior Approval, Purchasing, Inventory, and Disposal.
- Workforce Services Directive WSD 16-05, Subject: WIOA Closeout Requirements

### **BACKGROUND:**

The WIOA closeout period refers to the 60-day period after the grant ending date is reached. The 60-day period applies to work2future, and is the period given to work2future to transmit the closeout information to the state. Accordingly, this policy requires subrecipients to provide work2future closeouts in a timely manner so that information can be rolled up into work2future's reports to the state. The state policy makes it clear that work2future must give instructions to subrecipients regarding closeout procedures, and failure to get subrecipient data rolled-up into work2future's state grant closeouts will affect future cash requests.

### **CLOSEOUT SUBMITTAL REQUIREMENTS:**

Subrecipients of work2future must submit closeout documents, and it is the responsibility of the subrecipient to document that the closeout package is received by work2future. The packages must be submitted within 15 calendar days after receipt of final payment. This can occur as follows:

- Subrecipient's contract is fully spent; or
- Subrecipient's contract has reached the term date and the funds are NOT fully spent.

It's worth noting that work2future typically executes contracts with subrecipients so they end three months prior to the end of its funding allotment from the state which builds in time for subrecipients to finish their accounting and reporting on the project contracts.

### **CLOSEOUT TIMEFRAME AND RECOMMENDED ACTION STEPS:**

The following are recommended actions that subrecipients should take in preparation of closing out contracts. And, as a special caution to subrecipients, Workforce Innovation and Opportunity Act (WIOA) funds are not authorized to be used, and accordingly cannot be expended after the contract's end date.

Three months prior to the contract's end date, the subrecipient should:

1. Review the contract budget and compare it with expenditures, by line item and in total. If any line item has exceeded or is likely to exceed the budget line amount (these are line item limits), the subrecipient must submit a request for line item modifications to the budget.
2. If the budget is expected to be fully used before the end of the project's term date, the subrecipient should inform work2future that the project may end early as soon as this realization is known.
3. Review all program income, and if any has been realized, assure plans are in place to fully expended those amounts on project efforts and/or outcomes.
4. Inform staff that the contract or project is closing, and that no staff time or expenditures can be charged after the project funding has lapsed or the contract term date, whichever comes first.
5. If the subrecipient has subcontractor relationships, inform those contractors that all final invoices must be submitted by a specific date and that failure to do so may result in non-payment.

After the term end date occurs:

1. Subrecipients must submit a final invoice for all allowable expenses incurred within the contract period, by line item, not to exceed the total allowable contract amount(s).
2. No costs can be charged if they are incurred outside the timeframe of the contract.
3. Subrecipients should attempt to pay all invoices. Unfortunately, the state has declared that all expenditures must be paid and all cash to cover payments must be drawn down. So, unpaid accruals, even though they benefitted the program may not be included in the closeout or funded. Subrecipients should either pay these amounts or swap them out with any stand-in cost reported to the grant. work2future will recognize unpaid accruals as stand in.
4. Completed closeout reports must be submitted within 15 days after work2future remits the final payment.
5. The subrecipient must sign and mail completed close out reports to the address provided below.

Attention: work2future Fiscal Unit  
5730 Chambertin Drive,  
San Jose, CA 95118

Work2future recommends the mailings be made certified and return receipt requested so subrecipients can show they met the responsibility to submit the invoice on time.

### **POLICY AND PROCEDURES:**

All subrecipients are responsible for ensuring compliance with WIOA requirements as well as all requirements of the contract. It is also their responsibility to issue closeout instructions to each of their subrecipient contractors to provide these lower tier subrecipient agencies sufficient time to conduct an orderly closeout of their financial responsibility. This compliance includes:

- Complete a Close Out Summary of WIOA Expenditures (attaching a final invoice submitted for payment, and an In-kind (Match) Schedule.
- Complete a Subrecipient Release Form
- Complete a Subrecipient Assignment of Refunds, Rebates, and Credits Form
- Complete a Property Certification Form
- Complete a Property Inventory Listing

Note: A subrecipient would submit the “Property Certification” form only if they do not anticipate continuing WIOA funding from work2future.

### **Disposition of Supplies** (for subrecipients required to file a property certification):

Supplies are defined as tangible personal property items other than equipment. Supplies can include items (or multiple item and/or systems) that do not exceed the \$5,000 per unit cost or the capitalization threshold for a non-federal agency. Included in this definition are, but not limited to computers, telephones, calculators, furniture, copy machines, fax machines and other supplies such as pens, paper.

Unused supplies for the purpose of this policy are defined as supplies that were never opened or material items that have been used but are no longer needed.

Supplies are necessary and reasonable items that are used during the execution of the program or project. work2future understands that existing supplies on hand at the beginning of the project will be used and should be replenished by the grant funds. However, work2future does not expect that the agreements will be used to stock up supply items not needed or intended for the project.

When reporting supplies on the work2future Closeout Inventory worksheet, all similar supplies should be grouped together by category for inventory and fair market value purposes (e.g., computers, furniture, etc.).

The determination of a supply versus an equipment item per WIOA is the acquisition value. So, subrecipients might have acquired multiple “supply” items that are all individually qualifying as supply items. If the aggregate inventory of unused supplies at the end of a project is \$5,000 or more in total aggregate “fair market” value, and the subrecipient intends to use the supplies for another federal program, then the subrecipient may retain the supplies for that program.

If the subrecipient does not anticipate using the supplies for another federal program, they can retain the supplies for use on non-federally sponsored activities or sell them. However, in both instances, they must remit the value of those retained/sold supplies to the State through work2future.

The amount of remittance is computed by applying the percentage of WIOA funds used to purchase these items to the current sales price or “fair market” value. In consideration for efforts to sale items, the subrecipients may discount up to \$500 or 10 percent of the proceeds, whichever is less.

The remittance must be submitted within 30 days after the sale or decision to retain the supplies to the address provided below. The name of the entity, contract period, and the funding stream must be provided when submitting the funds.

Funds received from the sale of supplies must be sent to:

Attn: work2future Fiscal Unit  
5730 Chambertin Drive  
San Jose, CA 95118

**Disposition of Equipment:**

Equipment is defined as personal property, including information technology systems that has a useful life of more than one year and an acquisition cost that exceeds the per unit capitalization threshold for non-federal agency, or in all cases \$5,000.

If at the time the program has ended, the subrecipient has no further use for the equipment and wishes to dispose of it, they must request disposition instructions from work2future.

For equipment initially acquired using WIOA funding, in part or entirely, and that has a per unit value of \$5,000 or greater (based on the fair market value), subrecipients must take the following steps (Title 29 CFR Part 97.32):

- The subrecipient may use the equipment in the program or project for which it was acquired, whether or not the program or project continues to be supported by federal funds.
- The equipment may be used in other activities currently or previously supported by a federal funds. Priority should be given to federal programs funded by the Employment Training Administration of the Department of Labor (DOL).
- If the subrecipient has no further use for the equipment and wishes to dispose of the equipment, they must request disposition instructions from the work2future.
- If the equipment is no longer needed by the program/project or for other activities currently or previously supported by a federal agency, work2future may instruct the subrecipient to sell the equipment, and reimburse the State through work2future for the WIOA federal funds’ share of that equipment.
- The amount due to the state is determined by multiplying the current “fair market” value or proceeds from sale by the WIOA percentage of funds used in the initial acquisition. Actual selling and handling expenses (up to \$500 or 10 percent of the proceeds of the sale, whichever is less) may be retained by the dispositioning agency. The balance must be submitted to work2future within 30 days.

- In some instances, if and when work2future receives authorization from the state, the subrecipient may be able to retain the equipment. This generally occurs if the equipment is not deemed usable or economically transferable to another agency or program as decided by the state and Federal programs.
- All balances remitted must be accompanied by a transmittal disclosing name of the entity, the equipment involved, the original cost, the duration of use, the contract period from which the funds were used to:

Attn: work2future Fiscal Unit  
5730 Chambertin Drive,  
San Jose, CA 95118

### **Calculation of “Fair Market” Value**

The selling price of an item that is sold through an open and competitive auction, advertisement, or a dealer is for the purpose of this policy the “fair market” value of the item regardless prior appraisals or estimates.

An item that is not sold but retained by the entity has a “fair market” value based on similar items in similar condition that are offered for sale, using the selling price. Methods for determining fair market value include, but are not limited to:

- Auctions (net sale proceeds)
- Classified advertisements for similar used items
- Dealers
- Licensed appraisers
- For automobiles, trucks, and vans, the standard authority on the value of used vehicles is the Kelley Blue Book.

Fair market value is not determined on a cost based or cost less depreciation method.

### **Equipment Records**

Subrecipients must maintain accurate records of all equipment purchased with federal funds in part or in full. This equipment must have an identification tag permanently affixed showing that it was purchased with WIOA federal funds.

A physical inventory of the equipment must be periodically taken, and the results reconciled with the equipment records at least once every two years.

The equipment records shall include the following information:

1. A description of the equipment.
2. Manufacturer’s serial number, model number, Federal Stock number, national stock number, or other identification number.
3. Financial source of the equipment acquisition, including the award number.

4. Whether title vests in the recipient or the federal government. (Title does not obviate the need for subrecipient responsibilities described in this policy. If the funding source to acquire the equipment was WIOA, regardless of vesting, the disposition requirements are relevant.)
5. Acquisition date (or date received, if the equipment was furnished by the federal government).
6. Per unit acquisition cost.
7. Records showing maintenance procedures to keep the equipment in good operating order.
8. Location and condition of the equipment at the date the information was reported.
9. Disposition date, sale price, loss, theft, etc.

### **Records Retention**

All equipment records must be retained from the date of acquisition until three years after final disposition.

### **INQUIRIES:**

Please forward questions about this directive to work2future Finance Manager at (408) 794-1146.

Request: WIOA Closeout Forms