TO: Service Providers and WID Staff

SUBJECT: Contract Closeout

EXECUTIVE SUMMARY:

Purpose:
This directive provides guidance for the closeout process of contracts with the Tulare County Workforce Investment Board, Inc. (TCWIB).

Scope:
This closeout process applies to Service Providers of the TCWIB.

Effective Date:
This directive is effective on date of issue.

REFERENCES:
- Title 20 CFR Part 645: WtW Grants; Interim Final Rule
- Title 29 CFR Part 95: Grants and Agreements (Sections 95.27, 95.2, 95.71, 95.72, 95.73)
- Title 29 CFR Part 96: Audit Requirements for Grants, Contracts, and Other Agreements (Section 96.54)
- Title 29 CFR Part 97: Uniform Administrative Requirements for Grants and Cooperative Agreements (Sections 97.3, 97.22, 97.31, 97.33, 97.50, 97.51, and 97.52)
- Office of Management and Budget (OMB) Circular A-87, Subject: Cost Principles for State, Local, and Indian Tribal Governments (August 29, 1997)
- Office of Management and Budget (OMB) Circular A-122, Subject: Cost Principles for Non-Profit Organizations
- OMB Circular A-133, Subject: Audits of States, Local Governments, and Non-Profit Organizations
- Department of Labor (DOL) Technical Assistance Guide (TAG), Subject: WtW Financial Management (July 28, 1999)

FILING INSTRUCTIONS:
Retain this directive until further notice.

BACKGROUND:
The TCWIB and its Service Providers are required to meet certain administrative requirements, including financial management standards and closeout requirements of Title 29 CFR Parts 95 and 97. Title 29 CFR Sections 95.27 and 97.22 establish the cost principles for determining costs applicable to grants, contracts, and...
other agreements with federally recognized Indian tribes, non-profit organizations, as well as State and local
governments. These requirements and principles should also be followed for closeout activities, with particular
attention given to the avoidance of cost overrides or deficits. Any cost overrides or deficits realized for
operational and closeout activities must be paid by the Service Provider.

POLICY AND PROCEDURES:

Policy:
Closeout requirements are contained in Title 29 CFR Section 97.50 or Section 95.71. Service Providers are
required to submit a completed closeout package in accordance with the instructions contained in the attached
closeout guide.

Procedures:

Costs Charged to the Grant
All allowable contract costs must be accrued and charged to the contract by the contract ending date. Costs
incurred for participant services after the contract term has expired will be disallowed. The closeout of a
contract does not affect the Service Provider’s obligation to return any funds due as a result of later refunds,
corrections, or other transactions. As outlined at 29 CFR 97.50(c)(2) and 29 CFR 95.73, all such funds should
be returned to the TCWIB immediately by mail. It is not necessary to submit revised closeout documents with
each instance. It is necessary, however, for a letter to accompany all refunds by mail that include the contract
number, program or fiscal year, the source or nature of the refund, and any other pertinent information to assist
in properly accounting for the refund.

Considerations in Calculating Closeout Costs
Closeout costs are the administration costs associated with the closeout of the contract and are subject to the
contract’s administrative cost limit. Necessary and reasonable costs for closeout of the contract may continue to
be incurred through the term of the contract. To the extent allowed by the applicable cost principles, actual
costs incurred for the closeout may include:

- Costs related to staff reductions, such as unemployment insurance, severance pay, terminal leave, and
  miscellaneous costs related to health or life insurance coverage, job search training, and printing.
- Costs related to closing of the office, such as penalties for lease terminations, service contract terminations.
- Staff costs to perform closeout activities, such as processing of invoices, adjustments of expenditures,
  reconciliations, property closeout, and preparation of final reports.
- Audits of grants carried out as part of the regular audit of the Service Provider in accordance with OMB
  Circular A-133.
- Resources on order (unliquidated obligations), which may continue to be liquidated until final reports are
  submitted.
- Service Providers should notify all vendors to submit final invoices so that the expenditures can be adjusted
to actual disbursements within the allowed time for closeout.

Cash Draws
Service Providers should closely monitor their cash draws to ensure the total funds drawn do not exceed total
cash expenditures. Once a closeout package has been submitted, Service Providers will have 30 days to
complete cash draws. Failure to do so may result in possible disallowed costs.

Disposition of Equipment
All the rights, title, and interest of the Service Provider in property purchased under the contract shall be
assigned to the TCWIB in the manner, at the time and to the extent directed by the TCWIB.
Records
At the discretion of the TCWIB, the Service Providers must retain all records pertinent to the contract for a period of three years from the date of their last expenditure report submitted to TCWIB. All equipment records are retained from the date of the disposition, replacement, or transfer. Program income transaction records are retained from the end of the Service Provider’s fiscal year in which the income is earned.

If the Service Provider is not able to retain the participant and financial records, the records shall be transferred to the WIB. Such records shall be transmitted to the WIB for acceptance in an orderly fashion with documents properly labeled and filed and in an acceptable condition for storage.

Transfer of records shall be at the sole discretion of the TCWIB.

Disposition of Disallowed Costs
When a resolution process (such as the Initial and Final Determination process) results in a determination by the TCWIB that contract funds have been misexpended, a debt is usually established. The TCWIB, as the awarding agency, is expected to collect that debt. The preferred corrective action for disallowed costs is non-Federal cash repayment either as a lump sum or as installments. Stand-in costs may also be used to offset disallowed costs (WtW Financial Management TAG, page 17-11). The DOL regulations 29 CFR 97.52 and 95.73 provide the requirements for the collection of any amount due the awarding agency. Thus, the TCWIB must hold Service Providers responsible for funds received through a contract and may ultimately hold Service Providers liable for disallowed costs.

The TCWIB reserves the right to disallow costs and recover funds on the basis of a later audit or other review.

ACTION:
Bring this directive to the attention of all affected staff.

INQUIRIES:
Please direct inquiries about this directive to Bill Cooper, Program Manager, at (559) 713-5200.

JOSEPH H. DANIEL
Administrator

AP:mb
Attachments: Program Closeout Forms