

**DRAFT DIRECTIVE
COVER PAGE**

Contract Closeout Directive

GENERAL INSTRUCTIONS

The attached directive is being issued in draft to give the Workforce Development Community the opportunity to review and comment prior to final issuance.

Submit any comments by email no later than **Tuesday, August 6, 2019**

All comments received within the comment period will be considered before issuing the final directive. Commenters will not be responded to individually. Rather, a summary of comments will be released with the final directive.

Comments received after the specified due date will not be considered.

Email: dlanderos@tularewib.org
Include "Draft Directive Comment" in the email subject line.

Mail: Workforce Investment Board of Tulare County
Attn: Desiree Landeros
309 W. Main St., Ste. 120
Visalia, CA 93291

If you have any questions, contact Desiree Landeros at 559-713-5215

WORKFORCE INVESTMENT BOARD OF TULARE COUNTY WORKFORCE INNOVATION AND OPPORTUNITY ACT TITLE I	DATE: July 23, 2019
	SUBJECT: CONTRACT CLOSEOUT

WIB DIRECTIVE

TUL 19-05

TO: WIB Subrecipients
 WIB Staff

SUBJECT: CONTRACT CLOSEOUT

EXECUTIVE SUMMARY

This directive provides the guidance and establishes the procedures regarding the closeout of all contracts with the Workforce Investment Board of Tulare County (WIB). This policy is effective on the date of issuance.

This directive supersedes WIB Directive WIBD 01-1 Contract Closeout dated September 17, 2001.

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* (December 19, 2014)
- ETA 9130 *Federal Financial Quarterly Report Instructions*
- Workforce Services Directive WSD14-13, Subject: *Property—Prior Approval, Purchasing, Inventory, and Disposal* (April 29, 2015)
- Workforce Services Directive WSD 16-05, Subject: WIOA Closeout Requirements

BACKGROUND

The WIOA closeout period refers to the 30-day period after a contract has reached its term end date or its funding has been fully utilized. During this period, the subrecipient submits a closeout package to the WIB, and the WIB confirms that all applicable administrative actions and required work of the contract have been completed by the subrecipient.

The closeout period is a critical piece in the cycle of a contract. 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 contract. 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).

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).

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).

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 contracts within 30 calendar days of the term end date.

Local/special grants must be closed out 15 days after the grant term . In these instances, the subrecipient would close out the specific local/special grant by submitting the WIB's Contract-to-Date Financial Report, Financial Back-Up, along with the Cash Request forms to fiscalwib.org and wait to close out the remaining contract at the the term end date.

Example – A contract contains both formula funds and local or special grant funds. The term end dates for these funds are June 30, 2019, and March 31, 2019, respectively.

In this example, the formula funds must be closed out by July 30, 2019. The local or special grant funds must be closed out by April 15, 2019.

Subrecipients must issue closeout instructions and deadlines to each of their subrecipients. These instructions must allow sufficient time for the subrecipient to receive all required documentation and conduct an orderly closeout of the contract.

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 subrecipient's obligation to return any funds as a result of later refunds, corrections, or other transactions. As outline in Title 2 CFR sections 200.343 and 200.345, all such funds should be returned to the WIB within 10 days by mail.

It is not necessary to submit revised closeout documents with each instance. It is necessary, however, for a letter to accompany all returns by mail that include the contract number, program or fiscal year, the source of nature of the refund, and any other pertinent information to assist in properly accounting the refund.

Closeout Package

A closeout package contains all of the forms required for a subrecipient to close out a contract and/or local/special grant. These forms are included as attachments to this directive.

Cash Request

Subrecipients should closely monitor their cash request to ensure the total funds requested do not exceed total cash expenditures. **Subrecipients must include their final cash request, WIOA Contract to Date Financial Report, and WIOA Financial Back-Up Forms in the closeout package.** Failure to do so may result in possible disallowed costs.

Disposition/and or Inventory of Supplies and Equipment

All the rights, title, and interest of the subrecipient in property or supplies purchased under the contract shall be assigned to the WIB in the manner, at the time and to the extent directed by the WIB.

Subrecipients are required to submit in the closeout package a Property Closeout Inventory Certification form.

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 WIB that identifies the disallowance of expenditures for WIOA funds not expended in accordance with WIOA, a debt is established. The WIB 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 30 calendar days after demand (Uniform Guidance Section 200.345).

Disallowed costs, as well as refunds or credits that are received after the funding period ends, must be returned to the WIB. 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, year of allocation and be sent to the following address:

Attention: Adam Peck
Workforce Investment Board of Tulare County
309 W. Main, Suite 120
Visalia, CA 93291

Records Retention

Subrecipients must retain all records pertinent to the contract for a period of three years from the date of their last expenditure report submitted to the WIB. 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

Please bring this directive to the attention of all WIB Subrecipients and WIB Staff.

INQUIRIES

Please direct inquiries about this directive to the WIB at (559) 713-5200.

Adam Peck
Executive Director

Attachments:

1. Assignment of Refunds, Rebates, and Credits
2. Final Property Inventory Certification
3. Subrecipient's Release
4. Tax Certification

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**WORKFORCE INNOVATION AND OPPORTUNITY ACT
ASSIGNMENT OF REFUNDS, REBATES AND CREDITS**

Subrecipient's Name: _____

Contract Number _____

Street Address _____

City, State, & Zip _____

Pursuant to the terms of Contract Number _____, and for the total allocation of (Dollars/Cents) and in consideration of the reimbursement costs and payment of fee, as provided in the said contract and any assignment thereunder the (hereafter called the Subrecipient) does hereby do the following:

Assign, transfer, set over and release to the Workforce Investment Board of Tulare County (WIB) all right, title and interest thereon, arising out of the performance of said contract together with all the rights of action accrued or hereafter accrue thereunder.

Agree to take whatever action may be necessary to effect prompt collection of all such refunds, rebates, credits, or other amounts (including any interest thereon), due or which may become due, and forward check promptly (made payable to the Workforce Investment Board of Tulare County), for all proceeds so collected. The reasonable costs of any such action to effect the collection shall constitute allowable costs when approved by the WIB, as stated in the said contract and may be applied to reduce any amounts otherwise payable to the WIB under the terms thereof.

Agree to cooperate fully with the Workforce Investment Board of Tulare County as to any claims or suit in connection with such refunds, rebates, credits, or other amounts due (including any interest thereon); to execute any protest, pleading, application, power of attorney, or other papers in connection therewith; and to permit the County to represent it at any hearing, trial or other proceeding arising out of such claim or suit.

IN WITNESS WHEREOF, this assignment has been executed on this _____ day of _____, 20____.

Subrecipient's Name

Name (please print)

Signature

Title

Property Closeout Inventory Certification Form

Service Provider:

Contract No.:

A. Contract Without Property

- I hereby certify that no property was furnished or acquired by the terms and conditions of this contract.

B. Contract With Property

- I hereby certify that the below inventory listing is complete, and that it correctly describes all items of materials and equipment furnished or purchased under the terms and conditions of this award.

C. A New Contract Has Been Approved

- The above or attached listing of property will be retained for the period as specified in Contract No. _____.

D. A New Contract Has Not Been Approved

- The above or attached listing property will be returned within ninety (60) days of the release date of this contract.

Signature of Authorized Official

Title

Subrecipients must complete Property Closeout Inventory Certification Form attached with the final closeout reports.

Property Closeout Inventory Certification Form

Subrecipient's Name: _____	Contact Person: _____
Date: _____	Phone Number: _____

We certify that the information provided is correct and accurate. _____

Property Information		Acquisition Information		Condition	Federal Program transferred to (if applicable)	
Description	ID Number	Date Acquired	Cost Basis			

Printed Name	
Signature	

WORKFORCE INNOVATION AND OPPORTUNITY ACT
CLOSEOUT INVENTORY

(Instructions for Completing WIOA Closeout Inventory)

1. Description	Provide a brief description of the equipment, e.g. Dell Computer Optiplex GX1. Dell Trinitron monitor.
2. ID Number	Enter the identification number used to track the equipment for inventory control; e.g., manufacturer's serial number, model number, Federal stock number, national stock number, WIOA Tag number, or other identification number.
3. Date Acquired	Enter the date the equipment was acquired (or date received), if the equipment was furnished by the federal government.
4. Cost Basis	Enter the per unit cost of equipment or the aggregate cost of supplies at the time of procurement.
5. Condition	Enter the condition of the equipment or supplies (good, fair, poor, not working, etc.) at the time of disposal.
6. Fair Market Value	Enter the fair market value of each inventory listing. Use the instructions provided to determine the best way to compute the fair market value.
7. Federal program transferred to	Provide the name of another federal program the inventory will be transferred to (if applicable).

**WORKFORCE INNOVATION AND OPPORTUNITY ACT
SUBRECIPIENT'S RELEASE**

Pursuant to the terms of Subgrant Number _____

with a total allocation amount of \$_____ (dollars/cents),

a total expenditure amount of \$_____ (dollars/cents),

and a total cash paid (drawn) amount of \$_____ (dollars/cents),

(Subrecipient's Name and Address)

hereafter called the Subrecipient or to its assignees, if any, the Subrecipient upon payment of the said sum by the Workforce Investment Board of Tulare County, hereafter called the Awarding Entity, does remit, release, and discharge the Awarding Entity, its officers, agents, and employees, of and from all liabilities, obligations, claims and demand whatsoever under or rising from the said contract.

IN WITNESS WHEREOF, this release has been executed this _____ day of _____, 20_____.

Subrecipient's Authorized Representative

Name (please print)

Signature

Title

**WORKFORCE INNOVATION AND OPPORTUNITY ACT
CLOSEOUT TAX CERTIFICATION**

Subrecipient's Name _____

Employer ID Number _____

In the performance of Contract Number _____,
I certify that I have complied with the requirements of the law, and the Workforce Investment Board of Tulare County, regarding the obtaining of employer identification/account numbers, collection, payment, deposit, and reporting of federal, state and local taxes and the provision of W-2 forms to employees who are not now my employees. For present employees, formerly under the award, W-2 forms will be required as per the California Employers Guide. Information on W-2 form reporting requirements is contained in Internal Revenue Service publication, "Employer's Tax Guide," (Publication 15, Circular E).

IN WITNESS WHEREOF, this certification has been executed this _____ day of _____, 20_____.

Name of Awardee: _____

Address: _____

Subrecipient's Authorized Representative

Name (please print)

Signature

Title