

# Implementation Tips for USAID Partners

Sharing Resources and Knowledge Among the Global CSO Community

Program Management 9 | 2018

## Definitions

### Incurring Close-out Costs—

An Agreement Officer (AO) may approve an organization's request to incur close-out-related expenses during the 90 days between the award end date and the submission of the final report. These expenses may only cover close-out-related costs. No implementation or other costs are covered. No additional funds are granted. Therefore, an organization must have sufficient funds remaining in its award to cover these costs.

*Some organizations choose to close out with their subrecipients 90 days before the end of the award. This ensures that no costs are incurred by the subrecipient after the award end date.*

## References

Review your Cooperative Agreement for specific award close-out requirements.

- For general guidance consult [22 CFR 226.71](#)
- Close out procedures or [2 CFR 200.343](#)

## Project Close Out: Required Reports and Actions

**Q.** What are the final reports, required actions and other key considerations related to project close out?

**A.** There are numerous tasks related to close out that cover every aspect of your organization's management, including finances and accounting human resources, inventory and property management, program management, record keeping, subrecipient management, and other administrative issues. What follows covers the reports, required actions and other key considerations related to each of these management areas.

Each of the items below applies to most, but not necessarily all, recipients and their subrecipients. Be sure to review the terms of your agreement to confirm which requirements apply to your award.

### Finances and Accounting

#### Reports and Forms

- **Final invoice or request for advance.** Submit a final invoice or advance payment request to the USG according to the arrangements laid out by USAID's Financial Management Office.
- **Final SF-425.** Submit 90 days after award end date. Your final SF-425 may be subject to NICRA adjustments based on either your own or a Federal audit. (For tips on completing the final SF-425, see the sidebar on the following page.)
- **Final VAT (Foreign Tax) report.** Submit a report to your Agreement Officer's Representative (AOR) summarizing all foreign taxes paid to and reimbursed by the host government since the last tax reporting cycle. If you receive reimbursements at a later date, you must submit these funds to USAID.

#### Required Actions

- **Reimburse remaining funds.** Reimburse the USG any remaining unspent funds within 90 days of the award end date.
- **Conduct audit.** Conduct and submit the results of your annual audit as you normally would, but ensure the auditor also reviews the close out of your award.

## Items to Consider

### Final SF-425

Your final Federal Financial Report includes the final quarter of activity, all final transactions and expenditures and the cumulative totals for your entire award. This report is submitted using the same SF-425 you use to submit your quarterly Federal Financial Report.

The regular and final reports are identical with the following exceptions:

- The final report is due 90 days after the end of the award.
- Block 6 indicates that this is a “Final Report.”
- Block 9, “Reporting Period Covered,” will include the dates for the entire award.

The calculations in the main body of the report, however, are the same. The calculations for the “current period” will include the final quarter of the award and the “cumulative totals” should equal the cumulative totals spent during the entire life of the award.

Please note that the *RECIPIENT SHARE OF OUTLAYS* section is where the USG will determine whether you have met your cost-share obligation, if applicable. Ensure that this section includes both your in-kind and cash contributions toward the program.

## Key Considerations

- **Track accruals.** If your accounting system is cash based rather than accruals based, set up a special spreadsheet to track accruals during the last three months of your award to closely monitor remaining funds and outstanding costs.
- **Document cost-share contribution.** To ensure the cost-share requirement is met, document both in-kind and cash contributions. Some organizations attach a memo to their final SF-425 that summarizes their cost-share contribution, stating whether it was or was not met and why.
- **Finalize indirect cost rate.** If your organization has been granted a provisional indirect cost rate, it must be finalized before you submit your final invoice. Address this issue early with your AO. If the finalized cost rate is different from the provisional rate, you may have to reimburse USAID for overcharges.
- **Do not incur expenses.** You are not allowed to incur any expenses after the award end date. You can request prior approval from your AO if you foresee the need to incur expenses after the award ends.
- **Liquidate funds.** Though you cannot incur expenses after the award end date, you may still have outstanding obligations to pay invoices to vendors for costs incurred prior to the end date. You must pay all these expenses and reimburse the USG any remaining funds within 90 days of the award end date.
- **Reconcile advances.** If advances have been given to any staff or subs, be sure to have them submit final expense reports and reimburse you if there are any remaining funds.
- **Close bank accounts.** Close bank accounts that were set up specifically for this program when they are no longer needed.

## Human Resources

### Key Considerations

#### Reassign or Terminate Personnel

Review your staffing needs for programs that will continue to operate after the close of your program and end the employment of staff you cannot retain. Be sure to follow local labor laws when ending an individual’s employment.

*You are required to incorporate your subrecipient's data into your final performance, financial and inventory reports.*

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## Inventory/Property Management

### Reports

- Submit final inventory report with the final report 90 days after the end of the award. Submit a detailed list showing that items have been disposed of in accordance with your disposition plan as approved by USAID.

### Key Considerations

- **Terminate leases (if appropriate).** Terminate leases on rented office space that you do not plan to use after the award.
- **Review USG equipment and property use regulations.** The USG has specific rules about the sale and use of USG-funded equipment and commodities. Be sure to review these restrictions closely to make sure your post-award plans for these items comply with the terms of your agreement.
- **Obtain permission for sale of property.** You must have prior approval from your AO to sell equipment and large stocks of unused commodities purchased with USAID funds.

## Program Management

### Reports

- **Submit final performance report.** Due 90 days after the end of the award. Ensure you submit reports to your AOR and the Development Experience Clearinghouse (DEC) (<http://dec.usaid.gov>) as required.

### Key Considerations

- **End-of-project evaluation.** Consider contracting an end-of-project evaluation to start no later than six months prior to the end of your award.
- **Close out with the community.** Meet with key stakeholders and beneficiaries in the communities where you are implementing programs to share information and gain feedback.

## Record Keeping

### Required Actions

- **Maintain records.** Maintain accounting records for your organization and documents submitted to you by your subs for three years after the submission of the final SF-425. Be aware that the USG may request to audit these records at any time during those three years.

### Key Considerations

- **Subrecipient records.** Be sure your subrecipient(s) also maintain accounting and other award-related records for three years.

## For More Information

For this or other issues of *Implementation Tips*, please visit [www.NGOConnect.net](http://www.NGOConnect.net). The Web site is a dynamic and interactive portal dedicated to connecting and strengthening CSOs, networks and CSO support organizations worldwide.

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**Once close out is complete, send a letter to your AO confirming that key close-out activities have been completed; make sure to keep this letter on file.**

## Subrecipients

### Required Actions

- **Gather final report information.** You are required to incorporate your subrecipient's data into your final performance, financial and inventory reports.

### Key Considerations

- **Close-out letters to subs.** Send a letter to subrecipient(s) to formally end the contractual relationship. This process ends your obligations and releases you from future liability.
- **Close out ahead of award end date.** Some organizations choose to close out with their subrecipient(s) 30–90 days before the end of the award so that financial close out, final invoices, property disposal and final reporting are all completed prior to the award end date. Doing this ensures that no costs are incurred by the subrecipient(s) after the award end date. Confirm that subs know that any costs incurred after the award end date will not be reimbursed.

## Other Administrative Management Issues

### Key Considerations

- **Insurance policies.** Cancel insurance policies no longer needed.
- **Terminate supply contracts, utilities and service provider contracts (if appropriate).** Cancel all ongoing contractual arrangements that will not continue beyond the life of the project. Obtain a receipt from each vendor or provider indicating its acceptance of the notice of termination.
- **Close-out summary letter to funding agency.** Once close out is complete, send a letter to your AO confirming that key close-out actions have been completed, including submission of the final invoice, inventory and all other reports to appropriate parties, as well as closing out all subcontracts and subagreements. Keep this letter on file, since your funding agency may send a letter requesting an update on your close out, and you can resend the original letter.

