

State of Alaska
Department of Labor and Workforce Development

Divisions: Alaska Workforce Investment Board (AWIB) Employment and Training Services (DETS)	Policy: 07-528.2
Subject: Subaward Close-out	Pages: 5
References: Federal Regulations 2 CFR 200.338 ; 20 CFR Chapter V ; State Training and Employment Program, Alaska Administrative Code (AAC) 8 AAC 87.160-220 ; Displaced Homemakers' Program 8 AAC 88 ; Alaska Technical and Vocational Education Program 8 AAC 86 ; Alaska Audit Requirements 2 AAC 45.010-090	Effective: 2/3/2016 Revised: 4/30/2024
Approved:  Dirk Craft, Executive Director, AWIB	<u>4/30/2024</u> Date
Approved:  Paloma Harbour, Director, DETS	<u>4/30/2024</u> Date

1. Parties Affected

This policy applies to recipients of public funds from the Alaska Workforce Investment Board (AWIB) and the Division of Employment and Training Services (DETS), and to AWIB and DETS staff.

2. Background

The Department of Labor and Workforce Development annually issues state and federal funds to organizations for workforce development projects. These funds are distributed through a subaward and are managed by AWIB and DETS. The State of Alaska requires subawards to be closed out at the end of each fiscal year.

3. Policy

AWIB and DETS staff are responsible for ensuring subawards are closed in a timely, proper, and complete manner by receiving, reviewing, and approving a subrecipient's complete and correct close-out documents and remittances, and by ensuring subrecipients take all necessary actions to close the subaward.

Subrecipients are responsible for completing all activities necessary to properly close a subaward, including the timely completion and submission of subaward close-out documents and forms and

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 Auxiliary aids and services are available upon request to individuals with disabilities

fulfilling their continuing responsibilities after the subaward close-out activities have been completed (see below). All program activities related to the subaward must cease by the end date of the agreement. No new obligation of funds may occur after the end date.

To close a subaward, a subrecipient must conduct all of the following activities and provide the necessary documents within the timeframe specified:

- a) Prepare final payroll for the pay period covering the end date of the subaward. No personal services expenses may be incurred for dates beyond the subaward end date. All applicable payroll tax payments or deposits must be made in a timely manner and any payroll-related liabilities must be resolved.
- b) Identify all accrued expenditures and ensure invoices are received from, and payments are issued to, vendors and contractors in a timely manner.
- c) Identify all obligations remaining at the subaward's end date and liquidate or release any balance of obligated funds remaining after payment for goods and services.
- d) If a bank account was established for the subaward, the subrecipient must close the account after all financial activity pertaining to the subaward is complete. Any balance of funds remaining in the account after all financial obligations have been paid must be returned to AWIB/DETS.
- e) Complete a **Property Inventory Certification** form to account for all property, equipment, or supplies purchased with subaward funds. Attach a **Property Inventory Listing** to account for property or equipment with a per-unit fair market value of \$5,000 or more and a remaining useful life of one year or more, any unused supplies with an aggregate fair market value of \$5,000 or more, or any intangible personal property. These documents must be submitted to AWIB/DETS **not later than 15 calendar days** after the subaward end date. AWIB/DETS will provide direction regarding the disposition of the property in accordance with AWIB/DETS [*Property Management Policy 07-511*](#).
- f) Compare final expenditures with the budgeted amounts to determine if any budget line-item amount has been over-expended and requires an amendment to the budget. Should the budget require an amendment, the subrecipient must contact AWIB/DETS as soon as possible. The AWIB/DETS [*Subaward Amendment Policy 07-526*](#) requires that amendments are requested no later than 45 days prior to the end date of the subaward. Failure to comply with this requirement may result in the budget amendment not being approved and the subrecipient assuming responsibility for any amounts expended greater than those budgeted.
- g) Complete a cash analysis by comparing the funds received under the subaward with the amount expended on program activities. In this analysis, the subrecipient must complete an **Assignment of Refunds, Rebates, and Credits** form and report any program income, refunds, rebates, credits, or other amounts that reduced expenditures or increased receipts. If the amount received under the award is less than the amount expended, the subrecipient must prepare and submit a final reimbursement request as soon as possible but **not later than 15 calendar days** following the subaward end date. If the amount received exceeds the amount expended, the subrecipient must return the excess amount to AWIB/DETS as soon as possible, but **not later than 15 calendar days** following the subaward end date.

- h) After completion of all subaward financial activity, the subrecipient must prepare a **Final Quarterly Financial Report**, which should show no accrued expenditures or obligations. The Final Quarterly Report must be submitted to AWIB/DETS as soon as possible, but **not later than 15 calendar days** following the subaward end date.
- i) If applicable, the subrecipient must prepare a **Final Quarterly Program Income Report**. The report must be submitted as soon as possible, but **not later than 15 calendar days** following the subaward end date.
- j) Complete a Tax Certification and Federal and State Single Audit Requirement Certification.
- k) Submit a Final Narrative Report of program activity in accordance with the requirements specified in the subaward agreement.

All required documents must be signed by a representative or official of the subrecipient organization that is authorized to legally bind the subrecipient to the terms and conditions of these documents. The documents must be submitted to AWIB/DETS as soon as possible, but **not later than 15 calendar days** following the subaward end date.

The subrecipient's responsibilities do not end with the completion, submission, and acceptance of the required close-out documents. The subrecipient's responsibilities after close-out are as follows:

- a) Receive refunds, rebates, or credits related to program activities, and remit those amounts, including any associated interest, to AWIB/DETS within **five business days** of receipt. Include documentation of the subaward number, fiscal year, and program to which the remittance is associated.
- b) Undergo a state single audit if applicable per [Alaska Audit Guide and Compliance Supplement](#). Single Audits are required when an organization expends a cumulative total equal to or greater than \$750,000 during the entity's fiscal year. The audit requirements apply to local governments, Native organizations and councils, non-profit entities, and, under some circumstances, for-profit organizations. If an audit is required, the subrecipient is responsible for making all arrangements to have the audit completed within the timeframes specified in the state single audit regulations [2 AAC 45.010-090](#).
- c) Undergo a federal audit if the subrecipient expends financial assistance with a cumulative total specified in [Federal Regulations 2 CFR 200.501](#) or more in a fiscal year in federal funds. The audit requirements apply to local governments, Native organizations and councils, non-profit entities, and, under some circumstances, for-profit organizations. If an audit is required, the subrecipient is responsible for making all arrangements to have the audit completed within the timeframes specified in the federal audit regulations [Federal Regulations 2 CFR 200.504](#).
- d) Take appropriate actions to resolve any findings and questioned costs identified in federal or state single audit reports. This may involve developing a corrective action plan for the findings or the submission of additional documentation or explanation in support of questioned costs. Any failure of the subrecipient to respond to audit findings or questioned costs in an appropriate or timely manner may result in disallowance of costs and the

imposition of sanctions. The subrecipient is responsible for repaying to AWIB/DETS any costs related to the subaward determined to be disallowed.

- e) After the subaward's end date, retain all records and documents pertaining to activities carried out under the subaward. Program records must be retained for six years following the fiscal year of the subaward closeout, or six years following resolution of any subaward audits, litigation, or other unresolved matters, whichever is later. The subrecipient is responsible for making any arrangements necessary to store and retain the records and ensure all confidential records related to the agreement, such as participant information, is retained and destroyed in a manner that ensures confidentiality is maintained. **Failure to maintain the subaward records for the required period of time may result in the subrecipient being required to repay the entire amount of the subaward.**

Forced closure of a subaward

In the event the subrecipient does not submit close-out documents within 30 days of the subaward end date, AWIB/DETS will notify the subrecipient in writing that failure to comply with close-out documents resulted in the forced closure of the subaward. The subrecipient will be responsible for any amounts expended from the date of the last reimbursement received and for any expenditure greater than the budgeted amounts. The forced closure of a subaward will be noted in the subrecipient's subaward performance evaluation.

4. Definitions

- a) **Accrued expenditures** are charges incurred during a reporting period requiring the provision of funds for (1) goods and other tangible property received, (2) services performed by employees, contractors, sub-recipients, sub-contractors, and other payees, and (3) other amounts becoming owed under programs for which no current services or performance is required, such as annuities, insurance claims, and other benefit payments. Typically, an Accrued Expenditure will be for a good or service that has been received during the reporting period which the recipient has not paid at the end of the reporting period. Also included in Accrued Expenditures should be amounts related to employee time worked that has not yet been paid. For example, a subrecipient may have a pay period ending June 30, which will not be paid until July 7. The amount of the June 30 payroll would be an accrued expenditure on the June 30 financial report.
- b) **End date** is the date specified in the subaward by which all program activities must be completed and identified as the end of the period of performance.
- c) **Forced closure** occurs when the subrecipient does not submit close-out certifications to AWIB/DETS.
- d) **Obligations** are commitments of funds by the subrecipient agency that will result in future payments or expenditures. An obligation differs from an accrued expenditure in that the goods or services provided through an obligation have not yet been received by the subrecipient. Funds may be obligated through a variety of documents, such as sub-grants, sub-contracts, inter-governmental agreements, purchase orders, individual training accounts, and others.

- e) **Subaward** is all of the documents included in the contractual agreement between AWIB/DETS and a subrecipient, and includes Reimbursable Services Agreements (RSAs) with other state agencies where funds are provided for services to the public.
- f) **Subrecipient** is an organization or entity receiving funds as specified in a subaward or RSA document.