

# STATE OF OHIO OVERVIEW

## CLOSEOUT PROCESS AND PROCEDURES

*This overview serves as a supportive document to the Closeout Plan and Closeout Package. It provides instructions and materials required for the closeout of WIA programs as a result of re-designation. Closeouts are required when the complete subgrant is being closed out and when an entity is no longer providing Workforce Investment Act funded services.*

- The Area/Sub-Area(s) will first complete the Closeout Plan and submit it for review (deadline is March 29, 2004). These will be reviewed and the Area/Sub-Area(s) will be notified whether the plan is accepted or not (deadline is May 17, 2004).
  - The Closeout Plan should be submitted to:  
John Weber, Bureau Chief  
Bureau of Workforce Services  
145 South Front Street, 4<sup>th</sup> Floor  
Columbus, OH 43215-4156
  
- The State will ensure that each Area/Sub-Area has received a Closeout Package to complete (by June 1, 2004). The Area/Sub-Area(s) must submit the completed Closeout Package to the State (deadline is August 20, 2004).

All documents requiring a signature must be signed by the designated signatory authority approved to sign the subgrant.

  - Two copies of the Closeout Package, should be sent to:  
Steve Clayborn, Section Chief  
Grants and Audits  
145 South Front Street, 6<sup>th</sup> Floor  
Columbus, OH 43215-4156

The State will review the Closeout Packages and notify the Area/Sub-Area(s) of acceptance (by October 4, 2004).

## **DEFINITIONS:**

### **Accrual Basis of Accounting:**

The accounting basis wherein revenue and expenses are recorded in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period. This is the accounting basis that subgrantees must use in order to conform to generally accepted accounting principles (GAAP) as required by WIA.

### **Accrued Expenditures:**

Accrued expenditures are defined as the sum of cash expenditures through the end of the report period plus amounts owed for goods and services received but not yet paid. Expenditures accrue regardless of when cash payments are made. The key factor is performance by the subrecipient or contractor by the end of the grant period; or, in the case of advance payments which are liquidated (become expenditures) when they are earned (again based on performance), as evidenced by reports of progress or costs from the payee.

### **Appropriation Year:**

This year identifies a particular allocation of funds for a specific time frame.

### **Books of Original Entry:**

The process in which various transactions are formally recorded for the first time, such as the cash journal, check register, or general journal. In instances where the WIA financial transactions are processed by a separate entity (e.g., County Auditor, Controller, etc.) “books of original entry” are the records, ledgers, and journals maintained by the outside entity. Work papers are developed and maintained by the WIA entity which provides linkages between costs reported on an accrual basis and the “books of original entry.” In those instances when the WIA entity processes and pays all the disbursements internally, the “books of original entry” are those books and records maintained by the WIA organization.

### **CFDA Number:**

The number assigned to a federal program in the Catalog of Federal Domestic Assistance (CFDA). The WIA funds are cataloged under the Employment and Training Assistance – WIA Grants, number 17.258 (Adult Program), 17.259 (Youth Program), and 17.260 (Dislocated Worker Program).

### **Closeout, Subgrant:**

Closeout of a subgrant occurs when all operational dates of the subgrant expire or when the funds are fully expended.

### **Interagency Agreement:**

The agreement between two State agencies or universities. Interagency agreements may not be used for contracts with campus foundations, the federal government, local entities, or other states.

### **Line Item:**

During a program year, a subgrantee may receive funds allocated from different sources, which are all included within a single subgrant. Each fund source is tracked separately and is shown as a separate line item. Each line item is identified by its own unique grant code and funding amount in the subgrant. Each line item is independent and can have different operational dates. Therefore, a line item must be closed out once the term has expired or the funds have been fully expended.

### **Obligation:**

The amount of order placed, contracts and subgrants awarded, goods and services received, and similar transactions during a funding period that will require payment by the recipient or subrecipient during the same or future period.

### **Stand-In Costs:**

Stand-in costs are nonfederal funds that a recipient proposes to substitute for federal costs (such as WIA) that have been disallowed as a result of an audit or other review. Funding must come from nonfederal sources (or in-kind services) specifically utilized for the same program. The costs must be in the same category as the disallowed costs and must be reported as uncharged costs under the WIA. In order to use stand-in funds, they must be reported in the same year as the disallowed costs occur.

### **Subgrant:**

The subgrant is a vehicle by which the WIA funds are conveyed. Each program year, subgrants are established to distribute the annual allocation of the WIA formula funds to the LWIAs. This initial allocation is the first item listed, to which other line items may be added later.

### **Unliquidated Obligations:**

Unliquidated obligations are the total dollar amount of orders placed or contracts and subgrants awarded that are to be paid at a future date. For reports prepared on a cash basis, this is the amount of obligations incurred by the subgrantee that has not been paid. For reports prepared on an accrued expenditure basis, this is the amount of obligations incurred by the subgrantee for which an outlay has not been recorded.

## **SUMMARY OF ACCRUED EXPENDITURES**

Consider all unpaid costs (outstanding accruals) as of the end of the program operations. Accounting records must be maintained on an accrual basis and the accrued expenditures information should be developed through an analysis of the records on hand, or, on the basis of best estimates. All cash must be drawn down through the system to liquidate any outstanding unpaid costs upon submittal of closeout reports.

All accrued expenditures (see definition) against the subgrant must be included. **No additional claims will be honored after the closeout package has been submitted** (per the subrecipient's Release Form). The subrecipient is advised to estimate accrued costs with consideration and precision. Inflated costs reported on the closeout as a precautionary measure against any unexpected late charges are not acceptable. The closeout package will be reviewed for its reasonableness and accepted only if all closeout requirements are met.

When completing the Closeout Package, consider outstanding accrued costs as of the final closeout disbursement date. Document the sources and methods of determining the accrued costs as of the closeout package date. Supporting documents and methods should include:

1. Total unpaid invoices from vendors and suppliers for shipments received and services provided;
2. Computed (or estimated) amounts to be billed on receiving reports showing quantities requested for which invoices have not been received.
3. Total vouchers for travel, payroll, etc., which have been prepared but not paid. Claims prepared and sent for payment, but not yet paid by the closeout date, must be included as an accrual.
4. Estimated salaries and benefits based on the amount of the most recent complete payroll, for the days from the end of the last payroll period to the end of the closeout report period (only if still unpaid); and
5. Amounts reported (or estimated amounts) for subcontractors and contractor services for the period not yet received or paid.

## **SUMMARY OF RECONCILIATION OF CASH DISBURSEMENTS**

As part of the grant agreement closeout process, a reconciliation of cash expenditures with the "books of original entry" (as of the ending date of the grant) must be completed. Cumulative cash disbursements, as reported on your most current Status of Cash Report, Summary of Expenditures, and the reported disbursements on the "books of original entry" must be reconciled. The LWIAs and other subgrantees need to identify all variances, analyze the discrepancies, and make the necessary adjustments to their cash reports or to the "books of original entry," as necessary, to bring them into agreement. Any adjustment(s) must be fully documented and leave a clear audit trail.

1. **Unclaimed or Outstanding Checks**

- Copies of all unclaimed funds documentation shall be included as part of the Closeout Package, this includes:
  1. A copy of the completed forms which will be submitted to the Ohio Department of Commerce. The Workforce Investment Area is responsible for submitting these forms to the Department of Commerce, and a copy is to be submitted to the State.
  2. A copy of the check in the amount of total unclaimed funds, made payable to the Ohio Department of Commerce, should be submitted to the State.
- Further, any unclaimed funds which have not been submitted with the closeouts of previous years must be addressed immediately according to these instructions.
- Check one of the following:

\_\_\_\_\_ This WIA has no unclaimed funds to report.  
\_\_\_\_\_ This WIA has reported **all** unclaimed funds on the appropriate forms and copies of this documentation and check(s) are attached to this closeout.

➤ Also Include (where appropriate):

A list shall be prepared of all possible claimants of the unclaimed funds and attached to the check. The list will include the following pertinent data:

Claimant’s name, last known address, amount of money due, and social security number (where appropriate) for each individual to whom checks for wages (or other outstanding checks) were due.

The appropriate cost category originally reported for each amount of unclaimed funds.

Name, address, and telephone number of any person who may be contacted in connection with any claim which may arise. Normally this would be the individual who has control of the subrecipient’s financial records.

**Any unclaimed funds due creditors should remain in the accrued expenditures reported within the closeout package.**

➤ All WIA subgrantees should hold unclaimed checks or deposit them into an “unclaimed trust account” until such time as the subrecipient is reasonably sure that the check will not be claimed (such as when an employer or training institution goes out of business). When the subrecipient has determined that the funds will not be claimed, the funds should be sent to the Department of Commerce using the same process as outlined above.

**2. Worker’s Compensation Refunds**

The WIA entity shall return these funds to the State address listed below with complete documentation. If the refund check is being submitted with the closeout package, send to:

Steve Clayborn, Section Chief  
ODJFS/Grants and Audits  
145 South Front Street, 6th Floor  
Columbus, Ohio 43215-4156

If the refund check is being submitted after the closeout package, send to:

Steve Boudinot, Bureau of Accounting  
State of Ohio, ODJFS  
P.O. Box 182367  
Columbus, Ohio 43218-2367

**3. Credits and other Adjustments**

Applicable credits, such as rebates, discounts, refunds, and overpayment adjustments, as well as interest earned on any of these shall be credited as a reduction of costs if received during the same funding period that the cost was initially charged. Credits received after the funding period shall be returned to the State as provided for above.