U.S. Agency for International Development

Bureau of Democracy, Conflict, and Humanitarian Assistance

Office of Food for Peace

Close-Out Guidance

I. Background and Purpose

This close-out guidance provides basic steps and references for the close-out process of all United States Agency for International Development (USAID) Office of Food for Peace (FFP) awards, emergency and non-emergency, made to U.S. and non-U.S. non-governmental organizations. This guidance does not apply to public international organizations. The guide also provides information regarding the responsibilities of FFP/Washington (FFP/W) and FFP/Missions and/or Regional Office (FFP/M/R), as appropriate. The close-out guidance is not intended to replace any of the regulations or policies associated with specific funding sources.

The close-out of an award is described in Automated Directives System (ADS) 302sat, as the process by which USAID determines that all applicable administrative actions and required work of the award have been completed by the awardee and USAID. If the awardee has appropriately planned for close-out throughout the life of award and has adhered to USAID regulations and award provisions, the close-out process is not overly complicated.

II. General Guidance

To ensure the timely and orderly close-out of awards, awardees should:

1. Familiarize themselves with close-out-related references and key provisions cited below in Section IV, Close-out References for Awards;
2. Re-familiarize themselves with the specific provisions and reporting requirements of the award;
3. Ensure that the interventions associated with close-out are implemented in a timely manner and completed upon the expiration date of the award;
4. Ensure that any financial or performance report submissions, as well as liquidation of obligations, happen 90 days after the end date of award;
5. Coordinate regularly with FFP/W and FFP/M/R throughout the close-out period; and
6. Prepare in advance if an extension will be requested. Per section A.2 of the award, a request for an unfunded extension (which does not raise the total award cost) must be received by the Agreement Officer's Representative (AOR) at least 10 days in advance of the award's expiration. The partner should talk with their AOR as early as possible about a funded extension (raises the total award cost).

III. Responsibilities within USAID

Agreement Officer and Agreement Officer's Representative

The Agreement Officer (AO) for FFP awards is ultimately responsible for ensuring that close-out is accomplished. However, the AOR will be the awardee's primary point of contact throughout the close-out process.

FFP/W and FFP/M/R Coordination

The AOR in FFP/W and FFP/M/R will coordinate to answer questions that may arise during the partner's close out process, as well as complete any necessary approvals.

IV. Close-out References for Awards

USAID awards contain and/or reference existing regulations and policy guidance that explain close-out requirements (see reference links below). FFP awards may receive more than one type of funding; it is therefore recommended that the awardee follow the close-out regulations and provisions associated with each of these resources (and as stipulated in the award). When closing-out FFP awards, in addition to the actual awards provisions, awardees should consult the U.S. Code of Federal Regulations (CFR) and the ADS chapters listed below.

1. 22 CFR 211 (Reg 11), *Transfer of Food Commodities for Food Use in Disaster Relief, Economic Development and Other Assistance*; contains information on the use and disposition of FFP resources (including food assistance commodities for monetized proceeds and program income generated from such proceeds) and provides overarching guidance for awardees when an award is suspended, terminated or expired. Reg 11 does not, however, contain specific award language for close-out of internal transport, storage and handling (ITSH) or Section 202(e) funds.

2. 2 CFR 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; establishes uniform administrative requirements for awards bestowed by USAID to non-profit organizations; to U.S. commercial organizations; and to sub-awards there under. 2 CFR 200.343 specifies closeout procedures.

3. USAID ADS Chapter 303, *Awards and Cooperative Agreements to Non-Governmental Organizations*; contains internal guidance, policies and standards for the award and administration of USAID awards to non-profit, non-governmental organizations and commercial organizations. The Standard Provisions noted in this ADS chapter are the most useful for close-out references; non-U.S. based non-governmental organizations should note differences as applicable in their Standard Provisions.

4. USAID ADS Chapter 591, *Financial Audits of USAID Contractors, Grantees, and Host Government Entities*; is to provide the policy directives and required procedures for planning and conducting financial audits of USAID-funded awardees, including host country governments.

5. 22 CFR 226 (for awards signed before December 2014, and not updated), *Administration of Assistance Awards to U.S. Non-Governmental Organizations*
   a) Subpart C, Post-award Requirements, Sections 226.31 through 226.37.
   b) Subpart D, After-The-Award Requirements, Sections 226.70 through 226.73.

For awards under 22 CFR 226, the following guidance is also applicable.

- 2 CFR 215, *Uniform Administrative Requirements for Awards and Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations*; sets forth standards for obtaining consistency and uniformity among federal agencies in the administration of awards to and agreements with institutions of higher education, hospitals and other non-profit organizations;
- 2 CFR 230, *Cost Principles for Non-Profit Organizations*; establishes principles for determining costs of awards, contracts and other agreements with non-profit organizations; and
- OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, sets forth standards for obtaining consistency and uniformity among federal agencies for the audit of states, local governments and non-profit organizations implementing federal awards.

V. Final Close-out of the Award

The final close-out is complete once:
1. The awardee has submitted all required financial, performance or other reports;
2. The awardee has confirmed the proper disposition of all property;
3. The awardee has settled all claims and financial obligations associated with the award; and
4. The final Negotiated Indirect Cost Rate Agreement (NICRA) rate has been determined and the federal government's share of the cost of the award has been adjusted accordingly.

The final close-out is not complete if any close-out actions detailed above have not been completed.

Note that the final close-out of an award is not the same as the provisional close-out of an award, which happens when everything is finalized with the exception of the final NICRA.

The closeout of an award does not affect any of the following:
1. The right of USAID to disallow costs and recover funds on the basis of a later audit or other review;
2. The obligation of the awardee to return any funds due as a result of later refunds, corrections or other transactions;
3. Audit requirements;
4. Property management requirements; and
5. Records retention for three years from the date of submission of the final expenditure report.

For Development Awards Only

At least by the final fiscal year of the award (this may need to start earlier for awards with a short final fiscal year), and in the final Pipeline and Resource Estimate Proposal (PREP), the awardee should work closely with the AOR to determine a reasonable timeline to wind down the activity. More information can be found in the [PREP Guidance]. This could include conversations about:

- When the award will being transitioning staff;
- Summary of resources that are expected to be leftover, if any;
- Planning for property disposition, and where property will go;
- The possibility of outstanding claims, financial obligations and invoices;
- Any budget reallocations that will be needed to manage the close out of award, such as staffing involved in disposition or final reports.

Things to Consider

Think about describing the close-out process and timing of key close-out actions (personnel, disposition, etc.). Include any potential expected complications, third party disposition acceptances (including the Mission or host government), or any other relevant close-out related information.

Resources tied to the award may include, but are not limited to:
a) Food Assistance Commodities for Direct Distribution: Prior to the expiration date of the award, all food assistance commodities (Title II or Local/Regional Procurement) should be distributed to the intended food assistance beneficiaries. If a balance is anticipated, at least six months before the expiration date of the award or the best used by date of the commodities, whichever comes first, the awardee should list each commodity and metric tonnage and propose an alternative use for the commodities.
b) ITSH Funds: Remaining ITSH funds cannot be carried over or shifted from an expiring FFP award to any other FFP award. These funds will be deobligated from the award by the U.S. Government (USG).
c) Section 202(e) Funds: Remaining Section 202(e) funds cannot be carried over or shifted from an expiring FFP award to any other FFP award. These funds will be deobligated from the award by the USG.
d) Development Assistance (DA) Funds (including CDF and Mission funding): Remaining DA funds cannot be carried over or shifted from an expiring FFP award to any other FFP award. These funds must be returned to the USG.
e) Program Income: If a balance of these funds is anticipated, the awardee should propose an appropriate use for the funds or plan to return the balance to the USG upon the expiration of the award. The AO must approve this action. The mechanism for returning the funds is dependent on the type of agreement (Title II, CDF, or IDA).
f) Food Assistance Commodities for Monetization: Ideally no later than six months prior to the expiration date of the award, all food assistance commodities for monetization should have been sold to the intended buyers and all proceeds received. In the rare instance that

monetization commodities remain unsold, the awardee should propose an alternate use for the commodities.
g) Monetized Proceeds: If a balance of these funds is anticipated, the awardee should propose an appropriate use for the funds or plan to return the balance to the USG upon the expiration of the award. For more information on monetized proceeds and program income, see USAID Regulation 11. The AO must approve this action.

What to do after the period of performance has ended?
Ninety days after the award ends, disposition and final programmatic and financial reports are due. Keep in mind that the partner may still have to submit an Annual Results Report (ARR), depending on the date the award closes. See the ARR guidance on the FFP website for more information.

For the disposition reports:
Property is defined as real property, equipment, supplies, intangible property and debt instruments. While real property, intangible property and debt instruments are rare in FFP awards, awardees should consult the following references if their award includes these assets. Definitions and details on disposition of property are covered in Reg 11, 22 CFR 226.2, 226.30 through 226.37 and 226.71, and 2 CFR 200.310-316. The disposition plan must describe how the awardee proposes to dispose of property procured with funds under the award (including property incorporated from previous awards). Awardees should provide a table that lists each asset, purchase date, current fair market value, purchase funds, and proposed disposition plan. There should be a separate disposition plan for Title II, separate from other funding purchases. Per 22 CFR 200 subpart D, USAID should not impose additional requirements on property disposition unless specifically required by statute. The awardee may use its property management standards and procedures provided that they observe the provisions of these sections.
a) Equipment: Equipment must be included if it has a current fair market value per unit of $5,000 or more and a useful life estimated to exceed one year. The awardee should describe how it proposes to dispose of each unit of equipment (e.g., transfer proceeds to local community organizations, return to USG) and/or how proceeds will be managed if the items are sold.
b) Supplies: Unused supplies should be included if they have a current aggregate value of $5,000 or more. The awardee should describe how it proposes to dispose of aggregate supplies and how proceeds will be managed if the items are sold.
c) Real Property: Land, including land improvements, structures (including warehouses) and appurtenances thereto, but excludes moveable machinery and equipment. More details can be found in 2 CFR 200.311 and 22 CFR 226.32.
d) Intangible Property: Property having no physical existence, such as trademarks, copyrights, patents and patent applications and property, such as loans, notes and other debt instruments,

lease agreements, stock and other instruments of property ownership (whether the property is tangible or intangible).

Outstanding Claims, Financial Obligations and Invoices:
FFP awards cannot meet final close-out until all outstanding claims and financial obligations have been resolved by the awardee or waived by FFP/W and/or FFP/M/R. Discuss with your AOR if there are any of the following:
a) Claims: Information on claims and waivers is available in 22 CFR 211. All claims resulting from damage, loss or improper distribution of food aid commodities should be completed or waived prior to the expiration of the award. However, any outstanding claims, including those from award subawardees, should be detailed to the AOR post award, describing whether the awardee has filed a claim, pursued legal action, or requested a waiver from FFP/W/Program Operations Division (FFP/W/POD).
b) Financial Obligations and Invoices: Awardees should provide details of any outstanding financial obligations as well as any invoices that will be submitted to FFP/W/POD for ocean and inland transportation charges applicable to the award.

Key Audit Information:
In most cases, the organizational single audit will be the main audit for the organization and may or may not include the specific award. However, in some cases there may be other audits, in which case awardees should share with the AOR whether there have been (or will be) any audits of the award, the findings of the audit and the status of resolving outstanding audit recommendations. Awardees should provide an expected date for resolution of outstanding audit findings. Once settled, final decisions should be sent to FFP/W and FFP/M/R.

Final Contacts:
Awardees should include contact information (names, official address, phone and fax numbers and email addresses) for staff responsible for pending resolutions of all outstanding issues by the expiration date of the award. Responsible awardee staff should have the ability to access all of the award’s files in the field, at headquarters, in storage or elsewhere, as required.

USAID FFP Close-out Guidance
Frequently Asked Questions (FAQs)

1. What are the differences among an (a) exit or transition strategy, (b) expiration of a food assistance activity, (c) close-out of an award and (d) termination of a food assistance activity?

   a) The goal of an exit strategy is to ensure the sustainability of food assistance activity impacts after the award has ended. "Exit" refers to the withdrawal of all externally provided resources from the implementation area. Exit or transition strategies for food assistance activities require careful analysis of the need to support food and nutrition security and, if so, how. For more information regarding exit strategies, refer to Sustaining Development: A Synthesis of Results from a Four-Country Study of Sustainability and Exit Strategies among Development Food Assistance Projects, published by the Food and Nutrition Technical Assistance III Project of USAID.
   b) Expiration of a food assistance activity is the date on which the award period of performance ends per the award's documentation, regardless of a final close-out or not. While the award may have expired, additional obligations remain the awardee's and USG responsibility before the award's final close-out. For more information on expiration of a food assistance activity, refer to 22 CFR 211.11, Suspension, termination, and expiration of program.
   c) Per 22 CFR 226.2 and 2 CFR 200.343, close-out of an award is the process by which USAID determines that all applicable administrative actions and all required work of the award have been completed by the awardee. There are a number of factors that are not affected by close-out, however, such as retention and access to records; the federal right
   to audit and disallow costs; and accountability for property.
   d) Termination of a food assistance activity is the cancellation of USAID sponsorship, in whole or in part, at any time prior to the date of expiration. Termination of a food assistance activity is a rare occurrence and should not be confused with the close-out of the award, which is a general process. For more information on termination of a food assistance activity, refer to 22 CFR 211.11, Suspension, termination, and expiration of program, 22 CFR 226.61, Suspension and termination, and 2 CFR 200.342 Effects of Suspension and Termination.

2. Which reports are due in the final years of a food assistance activity and when?

   As the award begins to close, the awardee submits:
   a) Final evaluation, as applicable per the award: required for non-emergency awards, usually conducted in the final year. Final evaluations are due as completed or with

submission of the penultimate year's Annual Results Report (ARR), whichever is earlier;
b) Final year PREP: required for non-emergency awards, date to be determined through discussion between awardee and AOR;
c) Penultimate year's ARR;
e) Final year ARR, discuss with your AOR whether a final quarterly report is due, or if the information will be included in the ARR/final programmatic report; and
f) Any other required forms, such as financial forms, due within 90 days after expiration date of the award.

3. What are the differences between the (a) final evaluation and (b) annual results report?

a) A final evaluation is usually an external evaluation assessing the awardee's progress in implementing its FFP activities and meeting its stated objectives. Final evaluations are required for all non-emergency awards and emergency awards that are 10 months or longer and must explain the degree of progress made since the baseline study was completed, as well as underscore challenges and successes for the award, substantiated with quantitative data from a population-based survey. The final evaluation for awards with a duration of four years or longer should be conducted in the penultimate year of the award. Awardees should plan for baseline and final evaluations to be carried out at the same time of year in order to ensure that the conditions are the same. The optimal time for assessing most food security indicators is during the hunger season because that is when an activity's challenges and impact are most detectable.
b) In accordance with the FFP "Annual Results Reports Guidance," awardees submit an ARR in the first quarter of each fiscal year, no later than the first Monday in November. Each ARR should detail and report on the activities implemented in the previous fiscal year only. ARRs chronicle one fiscal year of interventions only.