



June 14, 2023
DGM Policy Alert # 2023-03

Policies and Procedures for Grant Closeout

MEMORANDUM FOR: All Indian Health Services (IHS) Program Offices and Recipients of Federal financial assistance

FROM: Marsha Brookins
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This Alert provides guidance to the Indian Health Service (IHS) program offices and recipients of Federal financial assistance for closing out IHS awards subject to HHS Grants Policy.

IHS will close out an award at the end of the lifecycle or period of performance, as provided by 45 CFR 75.381 and 2 CFR 200.344. IHS will notify recipients of closeout 30 days prior to the end of the award by providing a closeout letter as a bulk note in GrantSolutions, as well as on the Notice of Award (NOA) for the final budget year. The closeout process includes timely submission of all required reports and adjustments for amounts due to the recipient or IHS.

Required Reports

Recipients must submit a final Federal Financial Report (FFR) SF-425, final progress report, and Final Equipment and Supply Report SF-428 within 120 days of the end of the project period. Failure to submit timely and accurate final reports may affect future funding to the organization.

A final FFR SF-425 is required for any award at the end of the project period. The final FFR must cover the entire project period and reconcile with the Payment Management System (PMS). The final FFR must have no unliquidated obligations and must indicate the exact balance of unobligated funds. PMS will return unobligated funds to the IHS or the US Treasury. Recipients receiving their funds through PMS must submit their final FFRs to PMS. It is the recipient's responsibility to reconcile reports submitted to PMS and IHS.

A final progress report is required for any Federal award at the end of the period of performance and should be submitted via a Grant Note in GrantSolutions.gov. The final progress report must include:

1. Summary of progress toward achievement of activities.
2. List of significant results (both positive and negative).
3. Evaluation of the recipient's accomplishments towards the programmatic goals and objectives for the entire period of performance for which they were funded.

The recipient must account for any real and personal property acquired with Federal funds or received from the Federal Government in accordance with 2 CFR Part 200.310 through

200.316 using Final Equipment and Supply Report SF-428.

Equipment is defined as an article of nonexpendable personal property whose market value is \$5,000 or more. **Supplies** includes all unopened/unused supplies if the total value of such unopened/unused supplies exceeds \$5,000. Recipients shall use the equipment and supplies in the project for which it was acquired for as long as needed, whether or not the project or program continues to be supported by Federal funds. When equipment or supplies are no longer needed for the original program or project, they may be used in other activities supported by HHS with prior approval.

Disposition of property is not required as part of closeout if a recipient continues to use property after closeout, as permitted in 45 CFR 75.318, 75.320, and 75.321. This will not affect the IHS's ability to close out the award. If no equipment was purchased with award funds, and there are no unopened/unused supplies for the project, complete Form SF-428-B "Tangible Personal Property Report" and check line 1d.

The recipient must request disposition instructions from the IHS during the closeout process for any original or replacement equipment/supplies acquired under a Federal award that are no longer needed for the original project or program or for other activities currently or previously supported by the HHS.

Items with a current per unit fair market value of \$5,000 or less may be retained, sold, or otherwise disposed of with no further obligation to the IHS.

Additional reports may be required based on the terms and conditions of the award. Please check your NOA and complete all reports by their deadline. Any reports submitted to other sources must also be uploaded as a Grant Note in GrantSolutions.

Compliance Requirements

Closeout of an award does not automatically cancel any requirements for property accountability, record retentionⁱ, or financial accountability. The recipient remains obligated to return all Federal funds due because of later refunds, corrections, or audits following closeout. The recipient also remains obligated to remedy any award violation(s) and comply with the terms after the closeout of the award. Recipients who fail to submit the required reports by the deadline may be subject to the following actions: withholding of cash payments; disallowance of costs, or use of funds; converting to costs reimbursement method of payment; withholding further Federal awards for the project or program; suspension or termination of an active award; and notification to the Federal Awardee Performance and Integrity Information System (FAPIIS).

ⁱ Recipients must retain records for a minimum of 3 years unless there is an audit disallowance or litigation requiring otherwise.