State Fiscal Stabilization Fund (SFSF) Closeout and Late Liquidation

August 2011
Agenda

- Closeout procedures
- Late liquidation requests
- SFSF monitoring
- Resources and Q&A
Closeout procedures
Key information for SFSF closeouts

- **Obligation of SFSF funds:**
  - The Department notified States of remaining balances and that all funds must be obligated by **September 30, 2011**
  - Any funds that are not obligated by the deadline will revert to the U.S. Department of the Treasury

- **Liquidation of SFSF funds:**
  - Funds must be liquidated by **January 3, 2012**; ED recommends that all draws from G5 be made by **December 30, 2011**
  - Grantees may request that the Department extend the liquidation period to **March 30, 2013**
When obligations occur

- Obligations (see EDGAR 76.707)

<table>
<thead>
<tr>
<th>If the obligation is for -</th>
<th>The obligation is made -</th>
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<tbody>
<tr>
<td>(a) Acquisition of real or personal property.</td>
<td>On the date on which the State or subgrantee makes a binding written commitment to acquire the property.</td>
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<td>(b) Personal services by an employee of the State or subgrantee.</td>
<td>When the services are performed.</td>
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<td>(c) Personal services by a contractor who is not an employee of the State or subgrantee.</td>
<td>On the date on which the State or subgrantee makes a binding written commitment to obtain the services.</td>
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<td>(d) Performance of work other than personal services.</td>
<td>On the date on which the State or subgrantee makes a binding written commitment to obtain the work.</td>
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<td>(e) Public utility services.</td>
<td>When the State or subgrantee receives the services.</td>
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<td>(f) Travel.</td>
<td>When the travel is taken.</td>
</tr>
<tr>
<td>(g) Rental of real or personal property.</td>
<td>When the State or subgrantee uses the property.</td>
</tr>
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</table>

Please note that subrecipients must also obligate all funds by September 30, 2011.
States must complete the following steps:

- Meet fiscal responsibilities for closeout
- Submit final reports for review
  - Final Annual Performance Report (February 2012)
  - Final 1512 report
Fiscal responsibilities

- Expenditure documentation maintained:
  - Accounting records
  - Source documentation: paid bills, payrolls, contract and subgrant award documents, etc.

Note that GEPA and EDGAR require that grantees maintain grant records for three years after the submission of all required reports, or longer if there are other audit or legal matters pending.
Property and equipment

- Due to the unique characteristics of the SFSF program, the property and equipment disposition provisions of EDGAR do not apply.
- An entity may retain any property or equipment purchased with SFSF funds or dispose of that property or equipment in compliance with State rules and regulations without any further obligation to the Federal government.
Late liquidation requests
States may request a late liquidation request for funds that were obligated by September 30, 2011 but are not going to be liquidated by January 3, 2012.
Late liquidation request process

- A late liquidation request must include:
  - The grant number
  - An explanation for why the liquidation period needs to be extended
  - The dollar amount that the State wants to draw down from the balance (This amount should be based on ACTUAL expenditures, not on the balance in the account)
  - The time period needed to complete the drawdown
  - An explanation for why the funds cannot be liquidated during the established period of availability
  - An attestation signed by an appropriate State official (e.g., State’s Chief Finance Officer) that the SFSF funds to be drawn down would be used only for obligations that occurred during the period of fund availability and for allowable purposes
Late liquidation request process (cont’d)

- Please send late liquidation requests to:
  
  Implementation and Support Unit
  
  U.S. Department of Education, Rm. 7E233
  
  400 Maryland Ave. SW
  
  Washington, DC 20202
  
  Attn: SFSF Late Liquidation Request

- Please also send a digital (scanned) copy to StateFiscalFund@ed.gov

- The Department recommends submitting late liquidation requests by December 16, 2011 for timely processing
Principles for late liquidation request approval

- In all circumstances, including late liquidations, Federal funds may be used only for **obligations that were incurred during the grant period** (including the Tydings period) and **only for allowable costs** under the relevant program. With respect to any late liquidation request, the **grantee has the burden of demonstrating the timeliness of the obligations and the allowability of the costs**. The Department will scrutinize liquidation requests more closely the later that they are made.

- In deciding whether to approve late liquidation requests and related accounting adjustments, the **Department will consider the past performance of the grantee**, including whether the grantee is on high-risk status and whether the grantee has fulfilled its responsibilities under the Single Audit Act on a timely basis.

- In appropriate circumstances, the **Department may require an audit by an independent auditor or other review of the late liquidations and/or accounting adjustments** as a condition of approval of the grantee’s request.
Notification of approval

- The Department will send a letter notifying the State when we have granted approval for the late liquidation request
- States will not receive a new Grant Award Notification (GAN)
SFSF Monitoring
SFSF monitoring for Year 2

- SFSF Year 2 Monitoring
  - Year 2 monitoring will begin in January 2012
  - The focus will be on fiscal oversight, MOE data, restoration calculations, allowability of expenditures, and compliance with the SFSF indicators and descriptors
  - Visit the SFSF website in the fall for more information, including protocols and schedules:
    http://www2.ed.gov/programs/statestabilization/applicant.html
Resources
Resources: SFSF and late liquidation

- SFSF website: http://www2.ed.gov/programs/statestabilization/applicant.html
- With any questions or concerns email StateFiscalFund@ed.gov
Resources: EDGAR citations

- Incurring of obligations: EDGAR 76.707
- Standards for financial management systems: EDGAR 80.20
- Records related to grant funds and compliance: EDGAR 76.730-731
Questions?