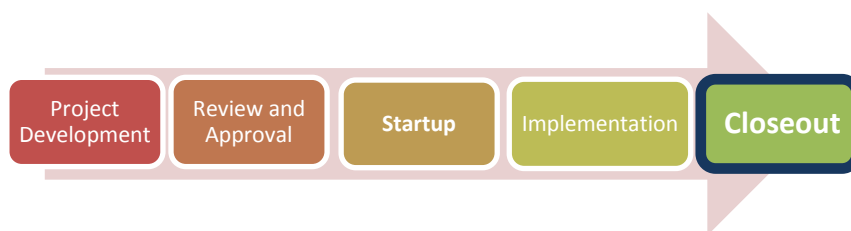


Grant Closeouts

Objectives

- Partner and Country Program Coordinator will have a better understanding of the Grant Closeout process
- Partner will be better prepared to communicate closeout process with the grantee
- Grant Closeouts will be conducted more efficiently
- Project impact and lessons learned are better captured



Course Content

1. What is a Grant Closeout?

Grant Closeout is the process for ending a grant. It refers to the steps taken in the final months of the grant to ensure that activities are completed, ADF grant funds are fully reconciled, outcomes of the project are recorded, and the grantee has planned for sustainability.

2. Why do a Closeout?

- Planning helps the grantee make the most of the grant and position themselves for sustainability.
- It is an opportunity for the grantee to reflect on the project and incorporate lessons learned into their future plans.
- It documents and recognizes the impact and success of the project.
- Lessons learned are documented for ADF and partners to apply to future projects.
- Provides a final confirmation that grant funds were fully accounted for and used for approved project purposes.
- It provides the support ADF needs to justify requests to Congress to expand our grant program in Africa.

3. What are the steps to Grant Closeout?

CLOSEOUT STEP	RESPONSIBLE ORGANIZATION	WHEN
1 Pre-Closeout Site Visit	Partner	6 months prior
2 Create Project Closeout Work Plan	Grantee with Partner support	6 months prior
3 Request Final Disbursement	Grantee with Partner review	1 month prior
4 Complete Final Grant Activities	Grantee	Prior to grant expiration
Grant Expiration		
5 Submit Project Closeout Report	Grantee with Partner review	30 days after
6 Submit End of Project Memo	Partner	30 days after
7 Reconcile Grant Funds	CPC	30 days after
8 Closeout Site Visit	CPC	After closeout report is received
9 Collect Outstanding Funds	ADFW with CPC assistance	After financial reconciliation
10 Close the Grant	ADFW	After all funds are accounted for

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4. Pre-Closeout Site Visit

- A. **Who?** Partner meets with the grantee
- B. **When?** 6 months before a grant expires
- C. **What?** The partner should visit the grantee to check on the status of the project and make plans for the final months of the grant.
- D. **Output?** The grantee must submit a **Project Closeout Work Plan** that explains the schedule of tasks they will complete in the final months of the grant. The Project Closeout Work Plan should be submitted to ADFW as an attachment to the partner's site visit report.
- E. **Critical Questions?** During the site visit, the grantee and partner should consider the following questions and include solutions in the Project Closeout Work Plan:

1) Is the project on schedule? If not, options include:

- (a) **Establish a revised, very specific schedule** to complete the grant. This is the best option, but it is important to consider the grantee's capacity to carry out the remaining activities and what the causes of delay have been and if they can realistically be resolved in the final 6 months
- (b) **Request a time amendment** to extend the grant. It is expected that grant activities can be completed in the original period of the grant. Grant extension increases the workload for the Grantee, Partner, and ADF through additional reporting, monitoring, and processing of grant actions. For this reason, extensions should be utilized in rare cases where the problems that delayed the grant plan have been resolved and the grantee, partner, and ADF are confident that the grant activities

will be completed before the revised grant expiration date.

For more information see: *Amendments course* 

(c) **Request a language amendment to reduce the scope of the grant.**

This option is only rarely approved, but is available when circumstances outside the control of the grantee have changed such that the grant can no longer be completed as originally designed. Language amendments of this sort should be rare and are more appropriate earlier in the grant when conditions first change.

2) Have all of the grant funds been used?

If not, options include:

(a) **Draft a final Disbursement Request** (DR) during the site visit

for activities to be carried out in the last six months

(b) **Decide on a date for the final DR** at least three months before the end of the grant (If necessary, DRs can be processed later, but it is important to maximize the time to carry out the activities funded by the DR.)

(c) If savings were realized during the grant, consider how remaining funds can be used to further the purpose of the project and **ask for an amendment or revision to the budget narrative** to allow for those expenses

(d) **Alert ADF** if all of the grant funds cannot be used before the end of the grant

3) Is there a large amount of cash on hand in the ADF account? If so:

(a) **Review whether funds can be fully used** before grant expiration

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- (b) **Warn the grantee** that any funds not used for approved project purposes before the end of the grant must be returned to ADF
- 4) Are there any large items still needed to be purchased? If so:
 - (a) Discuss what is delaying the purchase and make a **plan to order, receive and pay for the goods right away**
 - (b) If the goods cannot be purchased and paid for prior to the end of the grant, **ask for a time amendment** to extend the grant period or **ask ADF if the expense will qualify as a commitment** that can be paid after the end of the grant
 - (c) Revise the project plan to **exclude purchase of these items.**
- 5) Will the organization be sustainable after the end of the grant?
 - (a) Discuss whether the organization has sufficient revenue to cover its costs without the support of ADF grant funds
 - (b) Consider what steps may be taken to improve chances of sustainability
 - (c) If needed request a shift or amendment to take needed actions for longer term sustainability
- 5. **Final Disbursements and Expenditures**
 - A. **Who?** Grantee with partner reminders and encouragement
 - B. **When?** **All Funds must be disbursed and expended prior to grant expiration.** Disbursements should be requested as soon as possible and allow for at minimum 1 month to carry out the final grant activities.
 - C. **What?** The grantee should request any remaining grant funds that can be used before the end of the grant. ADF highly encourages grantees to use ALL of their grant budget. We want as much money as possible to reach the groups we fund and be invested in improving their standard of living.
- D. **Output?** Final DR
- E. Disbursement exception: A final disbursement can be issued as part of the closeout process if after reconciling the grant it is determined that ADF owes the grantee. This is rare because ADF pre-funds project activities.
- F. Expenditure exception: If grantees have awarded written contracts for goods or services during the grant period which were intended to be executed during the grant period but for reasons beyond the control of the grantee, were not completed prior to expiration, the grantee can pay for that expense within 90 days of the end of the grant. **NO GRANT EXPENSES ARE PERMITTED AFTER 90 DAYS.**
- 6. **Project Closeout Report**
 - A. **Who?** Grantee with partner assistance as needed
 - B. **When?** Within 30 days of grant expiration
 - C. **Output?** The grantee must submit a Project Closeout Report addressing the project financials and outcomes. The report should have four sections: project progress, financial analysis, project sustainability, and summary.
 - D. **Financial Analysis**
 - 1) Using the QR Part I, the grantee should fill in financial information for any portion of the final quarter that the grant was active.
 - (a) For example: If the grant expires on February 15, 2010 the data from Jan 1 – Feb 15 should be entered in the Column on each page labeled Jan – March and the report submitted by March 15.

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- 2) A bank statement and bank reconciliation should accompany the QR
 - 3) All disbursements should be accounted for by expenditures or remaining cash on hand.
 - 4) If there is an over expenditure on any line item, the grantee should also include a shift request.
 - 5) The grantee should include a check to return any cash on hand to ADF. For cash on hand of \$1,000 or less, the grantee can request to keep the funds to be used for activities that contribute to the project purpose. This request should be noted in the CPC Draft Closeout Action memo and can only be approved by the ADF Finance Department when they close the grant financials.
 - (a) For example, if the grantee has cash on hand of \$1,500 at grant expiration, they should submit a check made out to ADF for \$1,500
- E. Project Progress**
Discuss the following:
- 1) Progress towards the Appendix A goal and purposes
 - 2) Other impacts, qualitative and quantitative, the project had on the lives of participants
 - (a) Examples: ability to pay school fees, food self sufficiency, empowerment of women in the community
 - 3) successes and challenges during the project
- F. Project Sustainability**
Discuss Grantee plans for continued pursuit of the project objectives
- G. Summary**
Discuss the lessons learned that the grantee will apply in future.
- 7. End of Grant Memo**
- A. **Who?** Partner
 - B. **When?** Within 30 days of grant expiration
 - C. **What?** The partner should work with the grantee to ensure they provide a complete and timely Project Closeout Report.
 - D. **Output? End of Project Memo** that summarizes:
 - 1) the Partner's insights into the successes and difficulties the project experienced during implementation
 - 2) the potential for project sustainability and replication
 - 3) the lessons learned that the Partner will use in future work serving grassroots groups as they pursue their development goals
 - E. The Partner should submit the Project Closeout Report with the End of Project Review Memo to the CPC and meet with the CPC to discuss the contents prior to the CPC Closeout Visit. The Partner should also send a copy of the report and memo to ADFW.
- 8. Reconcile Grant Financials**
- A. **Who?** Country Program Coordinator (CPC) with assistance from PA and partner as needed
 - B. **When?** After the CPC has met with the partner to discuss the Project Closeout Report
 - C. **What?** Prior to the closeout visit, the CPC should review the Project Closeout Report against the ADF database and other records to confirm that disbursements and expenses are fully reconciled.
 - D. **Output? Draft Project Closeout Action Memo** and reconciliation notes should be submitted to ADFW as part of the Closeout Packet
 - E. For financial reconciliation the CPC should:
 - 1) Confirm all disbursements are accounted for

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- 2) Confirm disbursements = expenditures + cash on hand (petty cash and bank balance)
 - 3) Confirm expenditures in the grantee QR match the ADF database
 - 4) Investigate any inconsistencies and suggest required corrections to ADFW or resolve with the partner and grantee
 - 5) Confirm amount owed to ADF or Grantee
 - The Comprehensive Financial Report from the database is helpful for this.
 - Some regions may have the Portfolio Analyst in ADFW perform this function instead of the CPC.
 - F. The draft Project Closeout Action Memo summarizes the main financial transactions during the grant and is submitted in a standard format approved by the ADF Finance Department.
 - G. Reconciliation notes should communicate any important details, questions, or findings that result from the financial reconciliation process. These can be communicated in an email or formal memo. They should be submitted to the RPD/PA along with the final closeout packet or at any time that the CPC requests assistance from the PA in reconciliation.
 - For example,
 - (a) if a grant reconciles easily, when the CPC emails the complete grant package they may include a note in the body of the email stating: “The grant is fully reconciled with not
 - (b) if the records do not match, the notes might indicate that the grantee forgot to include a third party disbursement.
 - H. The Comprehensive Financial Report from the database is helpful for reconciliation.
 - I. NOTE: Some regions may have the Portfolio Analyst in ADFW perform the Financial Reconciliation function instead of the CPC.
- 9. Closeout Visit**
- A. **Who?** Country Program Coordinator (CPC) meets with the grantee
 - B. **When?** After the Project Closeout Report is received from the Partner
 - C. **What?** The CPC visits the Grantee to confirm results presented in the Project Closeout Report and gather any final comments from the grantee.
 - D. **Output? Project Closeout Site Visit Report** (aka Project Closeout Transmittal Memo) which includes comments on the following topics discussed with the grantee:
 - 1) Project results achieved
 - (a) The CPC should confirm, to a reasonable degree, the accuracy of the report findings
 - 2) The extent to which the project had the anticipated impact on their lives
 - 3) Lessons learned they plan to apply in the future
 - 4) Grantee views on the extent to which working with the partner was useful
 - 5) Any advice the grantee has for ADF
 - E. The CPC will submit the complete closeout packet to ADFW including Project Closeout Report from the Grantee, End of Project Memo from the Partner, and Project Closeout Site Visit Report.
- 10. Closing the Grant**
- A. The CPC should submit the complete Closeout Packet to the RPD/PA. This should be done as soon as possible after the end of the grant, but no later than 150 days. A complete packet includes:
 - 1) Project Closeout Report
 - 2) End of Project Memo
 - 3) Project Closeout Site Visit Report
 - 4) Draft Project Closeout Action Memo

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- 5) Copy of check from grantee and bank deposit slip
- B. Once ADFW receives the closeout report they will finalize the Project Closeout Action Memo and submit it to the Finance Department recommending the grant financials be closed.
- C. The Finance Department will agree to write-off any remaining cash on hand, close the grant financials, or initiate collections as appropriate.
- D. The PA will send a signed copy of the grant closeout to the partner for their files.

11. Non-Standard Closeouts

A. Funds due ADF

If the financial reconciliation shows the grantee has not used all project funds disbursed to them, they should provide a check in local currency for the balance. The check should be delivered to the CPC and a receipt issued to the grantee. The CPC will deposit the check into ADF's local bank account. A copy of the check, deposit slip, and bank statement should be submitted to ADFW with the closeout packet. The deposit should be recorded as a disbursement to the Field Office and recorded in the office financial records.

B. Funds Due to the Grantee

In cases where the expenses for approved project activities exceed the disbursements, a DR should be submitted to ADFW for the difference. If a DR did not accompany the Grantee's Project Closeout Report, the CPC should complete the DR with the grantee during the Closeout Visit.

C. Shift Required

If the grant financials reconcile, but the grantee has overspent a line item, the partner, CPC, or PA can initiate the shift on behalf of the grantee. When the need for a shift is recognized, the shift request page of the QR should be completed and submitted with the Closeout Packet.

D. Terminations

Wherever possible, terminated grants should follow the closeout process. Depending on the reason for termination, not all steps will be followed. Work with your RPD to agree on a closeout plan in these cases.

E. Collections Required

The collections process is directed by ADF's Finance Department. After financial reconciliation demonstrates funds are due to ADF and if a check is not included with the Project Closeout Report, ADF will issue a collection letter to be delivered to the grantee by the CPC. The grantee will have the opportunity to respond to the claim. If the issue is not resolved quickly, ADF will send two additional claim letters before considering legal action.

F. Outstanding Grant Commitments

If the grantee has commitments in writing prior to the end of the grant that are not fulfilled before the grant expiration, the grantee has 90 days to finish these activities and pay the contract costs. The Project Closeout Report will be due 30 days after the final payment is made (not to exceed 120 days after grant expiration). The Project Closeout Report must include copies of the written commitments for any expenses paid after grant expiration.

G. Grantee is Receiving a Follow-on Grant

When a grantee is receiving a follow on grant such as an EDI moving to an EEI, they should take steps to make sure that they keep the financials of the two grants separate. The bank account for the original grant can be used for both grants as long as the original grant is fully reconciled before the start of the new grant. Any remaining cash on hand at the end of the original grant should be treated as a first disbursement against the budget of the follow on grant. (This eliminates the extra step of returning the funds to ADF and then

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having ADF send the money back out under the new grant.) In order to carryover the funds, the grantee must submit a DR for the value of the COH.

- For example, if:
EDI Total Disbursements = \$53,000
EDI Ending Cash on Hand = \$3,000
EEI Budget = \$200,000

Then:

EEI DR #1 = \$3,000
EEI Remaining Budget = \$197,000
Final EDI Total Disbursements =
\$50,000

12. Tips from the Experts

- Timely closeouts are very important for the grantee! Delays are disrespectful of the time the grantee put into their final report and can make resolution of any financial reconciliation issues difficult.
- After the end of the grant, the grantee can use the ADF project bank account for other purposes or close it.
- Remind the grantee that although the project is over, they must keep the

financial records for at least 3 years as agreed in the original signed grant terms.

- Final grant activities can be delayed just like any other plans during the grant, so plan accordingly: have the final disbursement submitted as soon as possible and don't over schedule the final months.
- Be realistic with the Project Closeout Work Plan! Planning too much may mean that the grantee can't dedicate sufficient time to the most important tasks. Planning responsibly also prevents the socially awkward and logistically burdensome situation of the grantee having to return a large amount of funds to ADF.
- Partners and CPCs should incorporate closeout site visits into their annual planning. The CPC closeout visit will satisfy the requirement to visit the grant at least once a year.

Handouts

Closeout Course Notes

Sample Project Closeout Work Plan

Sample Project Closeout Report

Sample End of Project Memo

Sample Project Closeout Action Memo

Example Site Visit Report Form for Pre-Closeout Visit

Example Site Visit Report Form for Closeout Visit