



State of Arizona Accounting Manual

Topic 70 Grants

Issued 11/12/19

Section 35 Closeouts and Records Retention

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When the State is the Grant Recipient

INTRODUCTION

A significant portion of State programs are funded by way of grants; these grants predominantly, but not exclusively, originate with the Federal Government. The receipt of grant monies carries with it certain administrative obligations set forth in grant documents and Federal publications, as well as in State laws, rules, accounting policies, such as SAAM, and other authoritative grant-related publications, such as the *Grants Management Manual*.

From an administrative perspective, grants have two aspects: program and finance. The program aspect involves what is done, while the finance aspect involves how what is done is paid for. This interrelationship is unavoidable and important. The appropriate administration of grants requires cooperation and communication between the program and the finance personnel.

A grant recipient's responsibility includes a significant degree of cooperation and communication to appropriately close out grants, which is discussed in this section of SAAM.

The State is a single entity composed of many agencies. The State, as a whole, is the "prime recipient" of any grant or similar award. Agencies within the State generally receive proceeds directly from the "awarding entity." The agency that receives proceeds directly from the awarding entity is the "administrative agency." The administrative agency may, itself, spend the proceeds on expenses it incurs, in which case it is the "expending agency." The administrative agency may also act as a "pass through agency" when, rather than spending the proceeds itself, it redirects or passes through the proceeds to another agency, which spends the proceeds and becomes the expending agency.

POLICIES

1. As indicated by SAAM 7005, grants received by all State agencies shall be established in the statewide grants system, eCivis.
2. In order to ensure the proper coordination between the program and finance personnel, each grant in eCivis is to be administered by a grant management team comprised of at least one program person and one finance person.
3. Expending agencies are responsible for coordinating with, as applicable, their pass-through or administrative agency in the closeout of grants.

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- 3.1. The administrative agency is responsible for the closeout of its grants.
 - 3.2. Grants should be closed-out in accordance with the requirements of the governing grant agreement.
 4. All grants received by the State must, when they have satisfied one or more conditions for closeout, be closed out in eCivis and AFIS. The conditions for closeout are:
 - 4.1. Regular or Normal. The term of the grant has ended, the objectives of the grant have been met, or grant funds have been fully expended.
 - 4.2. Administrative. The grantee or the project team is no longer available to support or no longer have interest in supporting the objectives of the grant.
 - 4.3. For Cause. The grantor or the grantee has initiated a shift in the programmatic endeavors once funded by the grant.
 5. The following programmatic requirements have been met before a grant is closed out:
 - 5.1. The deliverables specified by the governing grant agreement should have been accomplished.
 - 5.2. The objectives of the program should have, to the extent practicable, been achieved.
 - 5.3. Any outstanding findings from performance-based audits should have been rectified.
 - 5.4. Modifications and de-obligations shall be entered into eCivis
 6. The following financial requirements should have been met before a grant is closed out:
 - 6.1. For grants where the Federal Government is the awarding entity, the final Federal Financial Report (FFR) should have been filed. An equivalent final report, if required, should be filed for grants where the Federal Government is not the awarding entity.
 - 6.2. All final transactions—drawdowns, disbursements, liquidations—should have been completed. When a grant is closed out, all grant revenues that have been received or other grant-related revenues that may have been earned (such as interest earned on deposits) should, in compliance with the governing agreement, have been obligated, spent or returned to the grantor.

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- 6.3. Any expenditure-matching requirements should have been met.
 7. The closeout process should:
 - 7.1. Begin with the programmatic closeout in eCivis.
 - 7.2. End in AFIS with the inactivation of the chart of account structure upon the liquidation of all obligations.
 8. The following final reporting should have been completed before a grant is closed out:
 - 8.1. If required, reports, all identified as “Final,” dealing with programmatic matters:
 - 8.1.1. A narrative or closeout report.
 - 8.1.2. A sustainability report.
 - 8.2. If required, reports, all marked as “Final,” dealing with financial matters:
 - 8.2.1. An FFR (or its equivalent if required by the non-Federal awarding entity).
 - 8.2.2. A revised budget.
 - 8.2.3. A cost sharing report.
 - 8.2.4. A sustainability report.
 - 8.2.5. An assertion that all Single Audit requirements have been met.
 - 8.3. If required, reports, all marked as “Final,” dealing with other matters:
 - 8.3.1. Specific Federal standard forms (SFs) submitted in compliance with the terms and conditions of the grant (e.g., SF-428 or the Tangible Personal Property Report).
 - 8.3.2. Relevant subject matter expert reports.
 9. When a grant is closed out, entries to that effect should be made in the statewide automated systems that are involved in the administration of grants.
 - 9.1. In eCivis:
 - 9.1.1. The grant record in eCivis is marked as closed.
 - 9.1.2. It is confirmed by the grantor in writing that all requirements of the award have been met.

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9.2. In AFIS:

9.2.1. A closeout is processed in the Grant Lifecycle Management (GLM) module of AFIS.

9.2.2. Before closeout of the Cost Accounting Structure, all relevant revenues and expenditures must be reconciled.

10. Documents related to the grant, as reflected in or supporting eCivis and AFIS, must be retained for the longer of grant requirements or the retention period prescribed for such records by the Arizona State Library, Archives and Public Records (LAPR).

11. General questions involving grant closeouts or eCivis should be directed to the Office of Grants and Federal Resources.

12. Closeout questions pertaining to the GLM or AFIS should be directed to the agency's GAO liaison.

13. For guidance with respect to matters such as records retention in the event of ongoing litigation, records security and privacy, records imaging, etc., the *Records Officer Handbook*, located at <https://azlibrary.gov/arm/guidance-standards-and-statutes>, is to be consulted.

13.1. An agency must retain records to meet the longer of the general minimum records retention requirements established by LAPR or the specific requirements of any grant agreement or other contract to which the agency is a party.

13.2. With respect to Federal grants, agency grantees must comply with the requirements of 2 CFR § 200.333.