Grant Closeouts and Unobligated Balances

Glenna Davis: Hello, everyone, and welcome to the Grant Closeouts and Unobligated Balances webcast. It is now my pleasure to turn the floor over to Heather Wanderski. Heather, the floor is yours.

Heather Wanderski: Great. Thank you so much, and hello and welcome, Head Start. We are really, really happy that you're going to be joining us today for our webinar on grant closeouts and what happens when you have unobligated balances. Just to note, I think the department has reprioritized timely closeout of grants. We've received a lot of questions from grant recipients asking about the process and what this means for them. Really, the purpose of our webinar today is meant to shed light on what happens during that closeout process.

Well, our webinar is focused primarily on what happens in situations when a recipient reports unobligated balances on their Federal Financial Report. We also want to highlight that programs really should be revisiting their budgets regularly. When you anticipate cost savings in certain areas of your budget, you should be planning ahead and preparing to make necessary adjustments to support programming. If changes require prior approval, you should be submitting a budget revision application accordingly. But ultimately, you're going to want to plan ahead, be conscious of timely spending of your grant funds.

Now, I want to introduce the folks who are going to be joining me today. Let's see who they are. Okay. First, there is me. As Glenna mentioned, my name is Heather Wanderski. I am with the Office of Head Start. I am the Operations Division director, supporting all of our regional offices. And the Office of Head Start today is thrilled to be partnering again with the Office of Grants Management for this webinar. Joining me is Stefanie Gordon. She's the director of school readiness within the Office of Grants Management, and we also have Lizette Lopez. She is a supervisory fiscal specialist with the Office of Head Start. Both of these women bring together a wealth of knowledge and understanding of our Federal Financial Regulations and will be sharing their experiences with us today.

Let's take a look at what we have planned for on our agenda. This is great. We're going to be actually starting off by talking about budget period and closeouts and project-period closeouts. And, yes, those are actually two different processes. Did you know that? And if you didn't, that's okay because we're going to be breaking that down. Stefanie is going to take care of addressing those differences for us and talking through what's required for each of them. And then we're going to talk about what happens when unobligated funds are reported on Federal Financial Reports at the end of both those budget and those project periods. There's a few different options that include deobligation, offsets, carryovers, and Lizette is going to be taking some time to talk about each of those options and when they would be applied.

Finally, at the end of the agenda and at the end of our time today, we're going to address some of your questions. And while we won't be offering live Q&A, we do have panel monitors available. And they are going to be available to help answer your questions that you add in the Q&A section of the webinar today. And as mentioned at the top, please, direct your questions to the Q&A section and not the chat. While we don't anticipate being able to get to all of your questions, if there are common questions that arise, just as mentioned, we're going to be able to use those to see if there's any common things that we could help recap important information today.

Now, onward, I think we can get started. I'm going to turn things over now to Stefanie Gordon. Stefanie, why don't you go ahead and get us started today? Thanks!

Stefanie Gordon: Thanks, Heather, and I'm glad to be back. Thank you for welcoming me back. Always great to partner with Head Start, and especially you and Lizette. We're going to start by talking about budget period closeouts. Budget period isn't defined in 45 CFR Part 75, but it is defined in 2 CFR 200, and it means the time interval from the start date of a funded portion of an award to the end date of the funded portion, during which recipients are authorized to expend the fund in that award. This includes any funds also carried forward and any other budget revisions, which we'll talk about later.

At ACF, you can find your project period listed in Box 19 of your Notice of Award, or NOA – I might say that throughout this presentation. Budget period closeout, as Heather mentioned earlier, does rely on a lot of departmental directives, and I do want to let folks know that they are still important this year as they were last year, and we are going to be held to very strict standards. Also, what we can find too, if you want any kind of support, is you can go the Grants Oversight and New Efficiency, or the GONE Act, and that outlines where the grant closeouts are being monitored through, and it said it's within an agency's cash-Payment Management System. And for us at OHS, that is the document numbers available in the Payment Management System.

To conduct a budget period closeout, we perform what's called a financial reconciliation. And financial reconciliation is the process ownership ensuring that reported federal cash status and expenditure information are equal. This includes making or requiring recipients to make any necessary adjustments, for example, for an overpayment or addressing an unliquidated obligation. Additionally, based on the requirements of Head Start Program Instruction 17-03, we also ensure that the SF-429A is submitted. Please note that failure to submit the SF-425, the Federal Financial Report where you report your cash expenditures, and the SF-429A, where you report your property, would not prevent a financial reconciliation from occurring. But your agency could face audit or monitoring findings for failing to adhere to the terms and conditions of your Notice of Award.

Most OHS budget periods are for 12 months. That is what this slide refers to. If you have a shorter or a longer budget period, please consult with your regional office on those specific reporting period requirements. And many times your Notice of Award may contain the new reporting requirements. In accordance with Program Instruction 17-04, recipients submit three reports in the Payment Management System through the Federal Financial Reports and the Payment Management System. As per Program Instruction 17-04, these reports are called the semiannual, annual, and final Federal Financial Reports. But in Payment Management System, you probably noticed that Box 6 codes these as semiannual, semiannual, and annual. I know that can be confusing, and we do apologize for that.

But just to kind of break it down a little further: The first two reports are interim reports that are cumulative, so they represent the expenditures for the first 6 months and then the second – and then the 12-month period in the second report. Both reports represent the obligations during those periods but do not include the obligation's liquidation period. It's expected that recipients, whether they're on the cash or the accrual basis of accounting, will report unliquidated obligations on Line 10f of your first two interim Federal Financial Reports. The properly completed final SF-425, titled the Annual in Payment Management System, details all of the financial transactions made for the federal award, and this item is required to process a carryover application. One of the main reasons that the regional office would not be able to approve a recipients' carryover request application is because the Federal Financial Report is not available in Payment Management System or completed improperly.

Final reports for the budget period are cumulative, covering that 12-month period plus the 90-day liquidation period. The final report must show federal cash status – that's Lines 10a and 10b – and the expenditure information – those are Lines 10e and 10g – are all equal. If not equal, grant recipients may be required to make necessary adjustments, as I mentioned earlier, for such is an overpayment or that you're still reporting unliquidated obligations. Please be thoughtful. This is a requirement of Program Instruction 17-04. There are additional requirements for a final report when filling out the remarks section, or Box 12.

Recipients need to ... This is probably one of the most common reasons we would not be able to approve your report is, you haven't reported the total amount of USDA reimbursement. You haven't reported the total development of administrative expenditures. And if there is an unobligated balance of federal funds reported on Line 10h, the recipient must also provide a breakdown of the total federal expenditures by the Common Accounting Number, or CAN number, so be very mindful of your expenditures through those CANs, 22, 20, and 21, and we have some other ones, but you need to be maintaining your financial information at that CAN level and reporting that unobligated balance out of that CAN level for that final report, and again – Lizette will talk about this more – it needs to reconcile to that carryover application if you are requesting a carryover.

I had talked about unliquidated obligations also cannot be recorded on that final report. That would be another reason we could not approve it. If you're completing your final report, and you realize that you need to put anything other than $0 on Line 10f, you would have to reach out to your regional office and probably request an extension to liquidate obligations beyond the standard 90 days. This request is made in the Head Start Enterprise System Correspondence tab. And the Correspondence should be submitted within 30 calendar days before the end of the liquidation period but usually no later than 10 days before the end of the period.

Your request must include the justification for the extension and an explanation of why the extension is needed. The request also requires proof that the obligation was made timely. This would be, for example, the accounting records, showing that the obligation was recorded, maybe even the supporting purchase order, a contract, some sort of source documentation to demonstrate that there is a timely obligation, and it just could not be liquidated in 90 days. An approved liquidation extension is done with a letter signed by the Grants Management Officer.

Now that we've gone through the 425, and the requirements for that during your budget period, I wanted to talk about the Standard Form 429A and those requirements. The requirement comes from 45 CFR 75.343, where it requires that recipients submit reports at least annually on the status of the real property in which the federal government retains an interest. The Office of Head Start had implemented this through Program Instruction 17-03, and they use the Standard Form 429A as a mechanism with which recipients annually report federal interest in their properties. The SF-429A is a combination of a cover page and Attachment A. For recipients without federal interest in a property, there will be one Attachment A, and it's the No Real Property form, stating that there is no federal interest. For recipients with federal interest properties, there will be an Attachment A general reporting form for each property with federal interest.

SF-429As contain valuable information about properties with federal interest. Reports are due at the second semiannual SF-425 Federal Financial Report. They're due at the same time. They're due in a separate module called the Online Data Collection System, which you can access through Grant Solutions. Please note that recently, there's been some upgrades to OLDC, and due to those upgrades, the Grants Management Specialist can no longer create and assign OLDC accounts. Should you need access to OLDC, please reach out to the Grants Solutions Help Desk.

That's our budget period reconciliation. I know that was a lot. Simply, it's a 425 and a 429A, but standard forms, we always know can be a little daunting. Now, we do get into the project period, and the project period is actually defined in 45 CFR 75. And that definition says to the see the period of performance. Period of performance is the time during which the nonfederal entity may incur new obligations to carry out the work authorized under the federal award. The federal awarding agency or pass-through entity must include start and end dates of the period of performance on the federal award. And again, we do this on our notice of award, and we do it in Box 26.

The closeout regulations are found in 45 CFR 75.381, and they outline the project period closeout requirements for not only HHS, but for also recipients. Recipients will receive a closeout letter from your Grants Management Officer no later than 30 days before the end of the project period. Please read that letter closely, and if you have any questions, please reach out to your assigned Grants Management Specialist, which you can find in the Head Start Enterprise system. Knowing that you will have to close out, please make sure that you work with your subrecipients and contractors to receive any necessary information from them to support your agency in timely and proper reporting.

While the closeout letter does have additional information, I wanted to highlight the required financial and grant forms that are required for project period closeout. The first two forms probably look pretty familiar to you. They're the 425 and the 429, just because I just talked about them. We do have an additional form that's required at project period closeout, and that ... Well, it's a suite of forms. The Standard Form 428, the 428B, and then the 428FS, if applicable. And these are all submitted as Grant Notes in GrantSolution. I'm sorry. The 428s are all submitted as a Grant Note in GrantSolution. I didn't say that right.

Although there is no additional requirement for the 425 and the 429 as part of your closeout, you should look back to make sure that you have submitted your SF-425s and align it with PI-17-04 and the 429As and align them with PI-17-03. Also, I wanted to mention both of these forms because Lizette will drill into talking about the carryovers, but these forms are just so important to so many of our most pressing and complex situations because they do really relate to the carryovers, and it relates to facility applications. I know that's a really important topic right now, and we really need to make sure that the standard forms are in order and properly submitted so we can process all those types of applications.

The form that I really wanted to drill into right now, since it is unique to project period closeout, is the 428 or the 428B and then the 428S. These reports are required to document the tangible personal property obtained under your OHS grant. The 428 requirement is explained in Program Instruction 17-04, and it is due no later than 90 days after the end of your project period. The 428B and S, if applicable, is required as a Grant Note in GrantSolutions. Please notice that on this slide, we're providing the link to grants.gov, where you can find the most current approved OMB version of the SF-428 that you can complete and upload as a Grant Note.

All grant closeouts are indicated through the issuance of a Notice of Award. To understand what is being closed with that award, please consult Box 30, which is the remarks, for an explanation of what has been closed. Also, you can consult Box 34, which is the accounting classification codes to understand if there have been any deobligations made to certain document numbers.

I hope you all enjoyed learning a little more about budget and project periods. And now, I'm going to turn it over to Lizette Lopez.

Lizette Lopez: Thank you, Stefanie. Hello, everyone. Thanks, Stefanie, for taking us through the budget and project period closeouts. As Stefanie mentioned, any unobligated balances should be reported on the annual final SF-425 report. Now, let's go over unobligated balances. There are three actions that can be taken after the closing of a budget period with unobligated balances. Those three actions are the deobligation of funds, which is initiated by OHS and OGM, the offset of funds, which is also initiated by OHS and OGM, and the carryover of funds, which is initiated by the grant recipient. The next couple of slides, I will talk in detail about the different actions, why they are taken, and when they are applicable.

A deobligation of funds occurs when unobligated funds are no longer available for new obligations. When funds are no longer available for new obligations, they must be returned to the Department of Treasury. The action of deobligating funds is primarily used at the end of a project period, since any unobligated balances cannot be carried over to a subsequent budget period or a new grant number. These unobligated balances are also not eligible for offsets, since there are no subsequent actions for additional funds to offset funds from. As stated previously, this action is initiated by OHS and OGM. The deobligation of funds is usually used by OGM at the time of project period closeouts. You can find the amount of deobligated funds on your NOA – as Stefanie mentioned, we'll be referencing the Notice of Award as a NOA – on Line 20, which is titled The Total Amount of Federal Funds, obligated by this action. The amount will show as a negative amount on your NOA.

An offset of funds reduces current-year funds and authorizes use of unobligated balances from previous budget periods for use in the current budget year. Offsets are primarily used when there are unobligated funds remaining on a budget period that has ended within this same project period, and a recipient has not requested or initiated to use the funds through a carryover reprogram application. Once again, this action is initiated by OHS and OGM. The unobligated balance on the annual SF-425 report and the Payment Management System balances are used to identify the amount for offset. You can find the fund's offset on your NOA on Line 22, titled Offsets, and also in Box 34, you can check the accounting classification codes, and you can find the fiscal year, account number, and the document number affiliated with the action, and also in the remarks, you can find some information on the offset.

A grant recipient may request to carry an unobligated balance from one budget period to any subsequent budget period within a project period. This action, unlike the previous actions described, is initiated by the grant recipient and should be started at the time the annual SF-425 is submitted and/or and the need for funds is identified. In addition to operation funds, a carryover request can include a reprogramming of TA funds as long as those activities – and TA meaning training dollars, TA 20 or 21 funds – as long as those activities have been previously approved. TA funds cannot be repurposed for general operation needs.

If a budget period remains opened and has not been closed, a carryover request may cover multiple budget periods within a project period. Grant recipients must be mindful that as previously noted, any unobligated balance that is reported on annual SF-425 report is eligible for an offset, so you must keep your Program and Grants Management Specialist informed of your program needs and be diligent in submitting a carryover reprogamming request in a timely manner.

Carryover requests must meet one of two conditions. First, the carryover funds must be used for the purpose/purposes for which they were originally authorized. For example, if funds were awarded for equipment and supply items needed for start-up activities or for facilities, they must be for the same purpose of a generally awarded. Carryover funds can be used for other purpose, purposes, within the scope of the project but must be previously approved through a budget revision application, if needed. You can find the amount of carryover reprogram funds on your NOA on Line 31, Authorized Carryover. This line is cumulative of all carryover of funds within a project period.

To request a carryover of unobligated balances, it is important you follow these steps. You must ensure that costs are for previously approved projects, that they are prospective costs, and are activities that will be incurred and undertaken following the approval of the request. Ensure an annual SF-425 showing an unobligated balance of funds equal to or more than the amount needed has been submitted, reviewed, and approved by OGM. You must submit an application in the Head Start Enterprise System in the budget period in which the funds will be expended, not in the budget period the funds were shown as unobligated balance. Ensure the carryover request for items that are allowable, reasonable, allocable, necessary, and align with your existing budget.

For the carryover application, an amendment in HSES, called Carryover Request Reprogram, must include the following: a completed 424, 424A, and 424B with the amounts the grant recipient is requesting to carry over. A justification narrative explaining the reason the project activity could not be completed within the timeframe originally approved. If for multiple activities, the budget narratives should equal the total amount of the request being carried over. Non-federal match is required for carryover requests, even if the match requirement was waived when the funds were originally awarded. Therefore, the narrative should include the breakdown of non-federal match or should include a new non-federal match waiver if needed.

The narrative should also include supporting ... The application should also include supporting documentation, if applicable. It should include the governing body and Policy Council approvals as needed, including signed statements or meeting minutes, an approved SF-425 reflecting an unobligated balance greater than or equal to the carryover request.

Heather, do you want to lead us now to the questions and answer session?

Heather: I absolutely can do that. Thank you, guys, so much. Lots of good questions coming in, but I think we actually have some questions that we anticipated, and I actually am seeing them in the chat. I think the first one that we would like to ask – and Stefanie, I'm going to direct this one to you – can you help us a little bit around the financial reporting? What are the financial reporting requirements for the project versus budget period closeouts? Can you talk a little bit about those?

Stefanie: Great, thanks, Heather. Yeah. As you can see by the chart, the budget and project period closeout basically have the same standard forms required for them. You see the 425 and then the 429 in both columns. The only additional one is the SF-428, and that was a 428B and, if applicable, F. And I did want to remind folks that 428B is due 90 days at the end of the project period.

And I was seeing some questions too about, what is recorded in the 428B? It's everything. And I think you really need to look at Section 1 in there because there is an A, B, C, and D. And D can be none of these. There are some times that you will be filling out Section 1D on that 428B box. Please read the form and read those instructions. And somebody else had put that sometimes they struggle to access the forms through grants.gov through some of our links. The way I find them, folks, is you can go to Google, and you can put in grants.gov. It'll bring you there, and it's in the Post-award Reporting section, and you should be able to find the most recent 428s there.

Heather: Great. Thank you so much, Stefanie. This one, I'm telling you, Lizette, there ... We've gotten lots and lots of questions on this. Can you ... I'm directing this one to you, Lizette. Can you tell me, what do I need to submit a carryover application? When, not what, when?

Lizette: When, when.

Heather: When, when. Excuse me, when. Lots and lots of questions on the when.

Lizette: Well, Heather, the grant recipient should initiate a carryover application as soon as the actual unobligated balance is known, and this generally occurs during the submittal of the annual SF-425. The grant recipient should request for reprogramming of carryover balances as soon as they are aware and within the similar timeframe that they're submitting their annual SF-425. I think ...

Heather: Okay.

Lizette: Oh, okay. Go ahead.

Heather: No, no. Basically, just to clarify 100 percent, so everybody is super-duper clear on this, Lizette. You're saying, when I submit that final 425, I know we call it annual, but basically, it is the final 425, once I'm getting ready to report to government, I have unobligated funds, that's the time – and that comes in roughly 90 days after the end of the budget period – that's when I should be submitting my carryover application, right?

Lizette: Yes, correct.

Heather: Okay. Awesome. Phew! Super glad we covered that one. Okay. Stefanie, I think this next one looks like something for you. We're getting a lot of questions about this. Can I submit a carryover application? Somebody may have been told that it was not possible. What scenarios ... Can you advise us on some of this? That seems to be some of the things we keep hearing.

Stefanie: It is. I'll agree with you, Heather. It does come as a question to me or being told me. A recipient might say, "I was told by my regional office that I can't submit a carryover application." There may be some instances where submitting a carryover application, while recipients are free to apply for what they want, where we just won't be able to approve it. Some of those instances are that the funds recipient is proposing to carry over are canceled or close to being canceled. Kind of ... Head Start grants are called end-year grants, which means that funds cancel 5 years following the year of their obligation. That means for this year, funds that are from our FY '18 appropriation will expire on 9/30/2023.

If we're getting really close to that deadline, your Regional Office might say, "There's really no way you can" ... You can submit it, but there's no way you can actually address and complete this project before the fund expiration, and we have no control over that. Those funds are swept through the Payment Management System, straight to the Treasury. Another example might be a recipient cannot carry over funds between different grant numbers. Lizette and Heather both had talked about that earlier. If you have one grant number, you cannot apply for a carryover into maybe one of your other grant numbers.

I think some recipients are sometimes confused because they choose to consolidate their grants and then feel really stuck because they still have a balance of funds in the grant that is no longer active. In that situation, there may be an extension opportunity for that shortened grant, where you can continue to use those funds under that grant, so please speak to your Regional Office, Program and Grants Specialist, so you can really understand how to maximize using your funds. Another example would be if a budget period and a project period are the same length, you wouldn't have a carryover. You would be applying for an extension, so that could just kind of be a language discussion that needs to be had with your regional office. Another reason that a carryover wouldn't be possible is if the project period has already ended.

If you look at the graphic to the right, I think that recipients sometimes find this helpful. In the first two groupings of Box 19 and 26, we see a budget and a project period where a carryover would be possible from that budget period because there would be some subsequent budget periods after the one that is listed in Box 19, and the project period, if you look at 26, does not expire until 2024. That would be a situation where a carryover application probably would be suitable, but if we look at the next two groupings of 19 and 26, we can see that those end dates are both already two factors here. They're the same length, so you wouldn't be able to do a carryover, and, two, they were in April of 2022, so the project period is over. In these situations, you wouldn't be able to continue to access these funds.

Heather: Thanks, Stefanie, and just to clarify that piece that you talked about when you're talking about a canceled appropriation expiring, and you said 5 years after obligation. To clarify, you mean 5 years after the government obligates the funds to our recipients, right?

Stefanie: Yeah.

Heather: Not recipient obligation.

Stefanie: Yes, yes. Heather has seen me do it. I get all my fingers out to do it. If we think of FY '18, those are the funds that the government is awarding from its appropriation from fiscal year '18, so those would be funds for your budget period that starts sometime between 10/1/2017 and 9/30/2018, and then you would start counting after that. We'd do '18, and then it's '19, '20, '21, '22, '23, so I know that that expires this year when 2023 ends for us, which is 9/30/2023.

Heather: Thank you, Stefanie, that's super helpful, and thank you for clarifying that. Okay, next question. Stefanie, this looks like you again. I requested to carry over equipment, but my request was rejected because it wasn't previously approved. Does that mean I can't carry over the funds?

Stefanie: This obviously looks like me because it's way overpopulated, the slide, so busy slide is always my slide.

Heather: Yes. It's on the slide.

Stefanie: If there's too much text, it's my slide. The short answer is no. There's still the ability to gain prior approval for an item outside the original scope of the grant. A recipient would have to submit a budget revision application in the year in which the funds originated. Once the budget revision is approved, then the carryover could be considered since the equipment is now previously approved. Although recipients are required to obtain approval before incurring costs or undertaking activities that require ACF prior approval, ACF can entertain a retroactive request and grant prior approval retroactively. In this situation, the recipient is responsible for providing all documentation needed to justify and support the retroactive prior approval request.

And OHS is under no obligation to approve this retroactive prior approval request. Something a little unique in there is that the recipient must explain its failure to request the approval in advance and must indicate what steps it has taken or plans to take to prevent a recurrence as part of the budget revision application. And also, if a recipient has a documented pattern of submitting requests after the fact to request retroactive prior approval, the Regional Office may disapprove a request on that basis or consider taking appropriate enforcement actions or remedies.

Heather: Stefanie, that's a really, really good point, and I want to re-emphasize that that's kind of how I started off at the very top of the webinar, talking about the need to make sure our programs are budgeting and paying attention to, as they get closer to the end of their budget periods, and making sure that if they are interested in purchasing items that require prior approval that they make sure that they submit the prior approval prior to the end of that budget period. Staying on top of that, securing the prior approval, and then moving forward with what they need in order to do that. It's a timely planning.

Stefanie: Of course. Yup.

Heather: Yes. Okay. Perfect. Okay. Next question. Okay. Can I request to carry over unobligated funds from multiple budget periods at the same time? Lizette, this is more like an application-in-the-weeds kind of question. Can you help us unpack that a little bit?

Lizette: Sure, sure, Heather. Although at this time, it's possible to request carryover on unobligated funds from multiple budget periods on one reprogramming request, as indicated throughout our presentation, the availability of funds may change. ACF is moving forward with closing out expired budget periods and deobligating any unobligated balances not requested to be carried over into a subsequent budget period. It's essential that grant recipients inform Program Specialists, Grants Management Specialists, of their intent to use unobligated balances and promptly take action in requesting carryover requests by submitting reprogramming applications in the Head Start Enterprise System, HSES, within a reasonable time after submitting the annual SF-425.

As we mentioned earlier, it's very important that grant recipients submit their applications as soon as they find the need to use a carryover balance.

Heather: Great. Thank you, Lizette. Essentially, again, I think the answer is yes. If there's an opportunity you can do it, but that it may not be possible in the future as we continue to prioritize the timely closing of our grants. You just might not have multiple budget periods for which to submit that application for. That's super helpful.

Lizette: Exactly.

Heather: Thank you. Okay. I've been watching the chat, and I do have some questions that I think would be super helpful to clarify for our general audience that has been submitting questions all along. The first thing I want to make note of, and this is not really a question but more of just an observation: There are so many questions, and I'm wondering if there may be a future opportunity for more technical assistance around our Federal Financial Reforms, in the submission of those. The SF-429s, the SF-428s, the SF-425s. And I'm thinking that in particular, lots of the "When are they due? How do I submit them? Where are they reported at?" all of the nuts and bolts around that.

I would refer our participants back to ... There are two Program Instructions that are available out there. And I believe that Stefanie, as part of her presentation and her slides, had both of them noted on there. But I would ask if it's possible for one of our panelists to drop in the chat a link to both of those Program Instructions. The first one is ACF-PI-HS-17-03, and that is the Electronic Submission of Real Property Standard Form SF-429 and all of its attachments. It has the As, the Bs, and the Cs. Making sure that ... And there, Sheri dropped it in for everyone to see. Thank you so much, Sheri.

The second one I want to highlight, really, is ACF-PI-HS-1704, and that is the Federal Reporting of Standard Forms SF-425 and 428. Both of those Program Instructions will really help to unpack a lot of those questions that I've been seeing pop in chat about the when, the how, the where of what you need to know about all of those financial reports. Again, encourage folks to really dive in to them there.

But there was one that, Stefanie, I think is super important. There was a question about explaining ... I think there was a question generally around, what's the closeout process and the period associated with this? Some people are hearing 90. Some people are hearing 120 days, and I think it would be super helpful because I think there's two regulations out there that have two different sets of timeframes for closeouts, and I'm wondering if you could maybe help us unpack the difference between what we're seeing in 2 CFR Part 75 as well as 2 CFR 200, and what's required for our Head Start programs?

Stefanie: Oh, my goodness. That's a lot to unpack, and I'm going to ...

Heather: I know.

Stefanie: ... I'm going to just start babbling, probably, so please feel free to stop me. In Part 75 ... Okay. First, let's just break it down. There's two ... Here, let me get my thoughts in line. The Uniform Administrative Requirements, Cost Principles and Audit Requirements for federal awards are found in Part 200. But then, we have HHS, have codified in its own way, and that is why we talk about 45 CFR 75, and those are Uniform Administrative Requirements, Cost Principles and Audit Requirements for HHS awards. Sometimes, a lot of our recipients are multifunded, and you're accustom to working with Part 200 through your other funding sources. We are unfortunately still on Part 75, but there are certain instances where we are held to or utilize Part 200 when it's informal.

To dig into that a little, in Part 75, it talks about that closeout is due 180 days after the submission and acceptance of all final reports. Final reports are supposed to be due in 90 days in OHS, as Heather mentioned. Program Instruction 17-04 will modify this a little, so you might have yours due 120 or 150 days. It would be 180 days after the submission of that, technically, if we were utilizing Part 75. The departmental directive to the Office of Grants Management in working with its program offices to close out grants timely is using the Part 200 standard, and Part 200 says that they're due 1 year from the end of the expired budget period.

My staff, when they are trying to close out, are trying to stay within that 1 year from the end of the budget period. There's different requirements in Part 75 and Part 200. We are still using Part 75. That is what is the used regulations for HHS grants, but we internally, when meeting our metrics through the departmental directive, it's the 1 year. That's what we're being held to. We will try ... Externally to a recipient, we are needing 75 because those are the requirements, and that's what we're requesting, but we do have a little bit of buffer because that Part 200 our metrics are compared against.

Heather: And what about ... Super helpful for you to provide an understanding of the Part 200 versus the Part 75 and that the 75 is really the HHS regulations. Can you talk about what that means and the difference between the two of them as it relates to the submission of the final 425? Because I think there is a difference between the 90 and 120 days with those regulations as well.

Stefanie: I think when we most commonly hear that from recipient is it's because in Part 200, it utilizes a liquidation period of 120 days. We hear that from a lot of our recipients, that the liquidation period is 120 days. It is for your other funding sources that are adhering to Part 200, but since we adhere to Part 75, it's still only 90 days. And we have talked to our Office of Grants Policy. We talked to our general counsel, and we do not have the ability to just extend it automatically to that 120 days. We need to adhere to the 90. When recipients need more than 90, they still need to come in for the process I mentioned earlier about a liquidation extension.

Heather: Super helpful, I'm really glad that you clarified that because I think that it is ... It can be sometimes confusing, particularly for recipients, as you mentioned, you have multiple grants, multiple funding. Understanding the differences in the regulations is super important. Thank you for clarifying that.

The last question that I want to ask, and, Stefanie, I'm going to direct this back to you again because I think you touched on it a little bit when you were talking about scenarios about when a carryover might not be possible. Can you please explain the difference between a carryover, application, and a no-cost extension? When do you need to file it? What's the difference between the two of those, and when would you need to file an extension request as opposed to submitting a carryover?

Stefanie: I think the desired outcome of both are the same. It's that you haven't spent all of your funds, but you have some previously approved projects that need to be continued and completed, and that's why you would seek to carry forward funds into, or to extend the last budget period to utilize the funds. Lizette really drilled in to the carryover and putting in the application and the year in which you're going to use them.

For the extension request, as I showed, you would look at Boxes 19 and 26 on your Notice of Award. And when you see that the end date is the same end date, there is nowhere to carry the funds. There's just the option to apply for an extension application, and you can do that in the Head Start Enterprise System. When recipients can submit application types, one of the available applications for you would be a low-cost extension. You submit your extension application. It requires a lot of the same things as the carryover because it is the same concept. You would have fill out ... The system will prompt you to fill out your 424, your 424A. The 424A would be $0, in this case, because you're just continuing up that budget period. There's no new funds being requested.

The 424B, you would need your policy counsel and board approvals and minutes to support those approvals, and you would need a narrative to explain why the funds weren't expended during the period, what previously approved projects that you need to continue to complete during that extension period? The extension, the Regional Office only has the ability – and you can see this in Part 75 – to extend up to 12 months, and there still may even be some more caveats to that because of unique budget periods and project periods, so you always do want to consult with your Regional Office if you are looking to apply for one of those applications.

Heather: That is really, really, really helpful, Stefanie, and I'm really glad because we get that question a lot, just in general communications, where a recipient will think that they should be submitting a carryover when really, they're at the end of their budget, or project period, excuse me, and it's like, "Well, no, you can't because you can't carry it over anywhere." There's no place to carry it to, but we can offer an extension option. Perfect. Thank you so much.

And I thought that was going to be our last question, but I do have one more, and I'm not sure who the best person is to take it, so feel free, either one of you guys, to jump in. I think that there might be or a need to further clarify ... I think in some instances, recipients may have historically been approved for a budget revision and a carryover at the same time, but now, they need to actually go in and submit a budget revision first. And we have to process that request before we can actually entertain a carryover. And I'm not sure if there's any explanation as to why there isn't the ability to do that, and I think the regulations talk a little bit about that and the need for ... that it's clear that it has to be for something that's already been approved before it can be carried over, but I'm wondering if either one of you guys might be able to speak to that.

Stefanie: I'll just jump in first, and, Lizette, you can correct me and modify what I say. But I would say that, as you said, Heather, I think the regulations have always pointed to that. I think we've received policy guidance and clarification that makes it super clear that we need to be following that funds are awarded, and they must be expended within the scope for which they were awarded. And I think we received policy clarification maybe clearly minimizing the scope to a smaller thing than just your Head Start grant. I think at some points, we were like, "Oh, the scope is a Head Start project." We were told that that is too broad, and we need to be focused specifically more on previously approved expenditures. And that's why you need to be able to point to it somewhere in an approved application, in an approved NOA. It needs to have some clear approval that it's tied back to, to show that it's not a change in scope.

Lizette: And also, the budget revision, as you mentioned earlier, Heather, the grant recipients should be revisiting their budget. And any budget revisions to that original budget should happen within that budget period. And that's another point to bring, that that budget modification should happen within the budget period. When you're submitting your final report, that's outside of your budget period, right? Your budget period has already ended.

Heather: Excellent point, excellent point, right? We don't want to be in the habit of doing retroactive prior approvals, right? This should be done timely. Then there would already be an assumption that this would've been taken care of in advance, that we would have already changed the purpose for the funds prior to the carryover. Both excellent points.

Thank you, guys, so much. I think generally, that wraps up for today. And I just want to thank everyone for joining us. We hope you found this to be of benefit, and hopefully, we'll take advantage of the slides when the presentations are made available afterward on the ECLKC. Really appreciate you time today, both Stefanie and Lizette, for talking us through all of this. It's super complicated, but I definitely see another potential opportunity in the future to partner again to talk about that how-to on all those federal financial reports.

Thank you, guys, so much for your time today. And thank you, grantees, for joining us. We look forward to you having a wonderful afternoon, and we'll stay in touch and try to get back on more technical assistance around some of these really complicated conversations. Thanks, everyone. Have a great day.