



Department of Energy
Washington, DC 20585

EECBG PROGRAM NOTICE 10-020B
EFFECTIVE DATE (Revised): JANUARY 8, 2013
ORIGINALLY ISSUED: DECEMBER 21, 2010

**SUBJECT: GUIDANCE FOR ENERGY EFFICIENCY AND CONSERVATION
BLOCK GRANT RECIPIENTS ON CLOSEOUT PROCEDURES**

PURPOSE

To provide an overview to the Department of Energy's (DOE) Energy Efficiency and Conservation Block Grant (EECBG) Program prime recipients (hereafter referred to as grantees) on procedures for closing out grant awards and treatment of conditions at the end of the funding period of performance or project period. It is not the intent of this guidance to create new requirements or new requirements for grantees that have already closed out their EECBG grants. This guidance supersedes EECBG Program Notice 10-020 and Program Notice 10-020a, which were issued on December 21, 2010, and October 3, 2011, respectively.

SCOPE

The provisions of this guidance apply to grantees (i.e., States, units of local government, Indian Tribes, and other nonprofit organizations receiving Federal grants) named in a Financial Assistance Agreement as the recipients of financial assistance under the DOE EECBG Program.

LEGAL AUTHORITY

Title V, Subtitle E of the Energy Independence and Security Act of 2007, as amended, (42 U.S.C. § 17151 et seq.) authorizes DOE to administer the EECBG Program. All awards made under this Program shall comply with applicable law, including the American Recovery and Reinvestment Act of 2009 (ARRA or Recovery Act; Pub. L. No. 111-5) and other authorities applicable to this program.

GUIDANCE

This guidance is intended to provide grantees with a broad overview of responsibilities and procedural components related to closing out EECBG awards. The closeout process is initiated once a grantee has completed all administrative actions and required work related to the grant or the project period for the Recovery Act grant ends, whichever comes first. The project period for EECBG awards is set forth in the individual grantee's Financial Assistance Agreement and the terms and conditions of the award.

Regulatory Background

Under the DOE Financial Assistance Regulations applicable to State, local, and Tribal governments receiving Federal grants, DOE will close out an award when it determines that all applicable administrative actions and all required work of the grant has been completed. *See* 10 C.F.R. § 600.250(a).

Other nonprofit organizations receiving Federal grants shall be subject to the DOE Financial Assistance Regulations close out procedures set forth in 10 C.F.R. § 600.171.

Expenditures and Grant Closeout Procedures

All EECBG Recovery Act funds for grant project activities must be expended by the project period end date specified in the Financial Assistance Agreement terms and conditions. No further project work occurring *after* the grant project period has ended can be paid for from grant funds; all non-administrative grantee or sub-grantee work activities must cease by close of business on the last day of the grant project period. If grantees anticipate the need to extend the period of availability of funds, including requests for a no-cost availability of funds extension, then grantees must obtain the prior approval of DOE.

Carryover of unobligated balances is not anticipated for the EECBG Program. The liquidation of obligations, including but not limited to, invoices, purchase orders, and vouchers for work completed by the end of the grant project period can be paid for with grant funds within 90 days of the end of the grant project period. If grantees have specific questions about the carryover of unobligated balances or the liquidation of obligations, they should consult with their Project Officer, Contracting Officer and/or designated Grant or Contract Specialist. *See* 10 C.F.R. § 600.171(a)-(b) and 10 C.F.R. § 600.223, as applicable.

Although the EECBG Program does not mandate it, many grantees require their sub-recipients/vendors to close out their awards one to two months in advance of the end of their project period in order to prevent unforeseen delays in project schedules from affecting the grant. EECBG encourages grantees to build in sufficient time to avoid scheduling constraints associated with the project period. Grantees should consult with their Project Officer, Contracting Officer and/or designated Grant or Contract Specialist, if invoices cannot be paid within 90 days of the end of the grant project period.

As noted in EECBG Program Notice 09-002D, for revolving loan funds (RLFs) and loan loss reserves administered by a third party, grantee funds are considered expended (outlaid) when the funds are transferred to the third party for operation of the RLF.

For self-administered RLFs, funds are considered fully expended (outlaid) when the RLF has loaned to specific borrowers for an amount equal to or greater than the EECBG funds that initially capitalized the fund. For self-administered loan loss reserves, funds are considered expended after the grantee has drawn down funds from the ASAP system to fund the loan loss reserve account and committed them to support (a) individual loans or (b) a portfolio of loans that a third-party commits to issue.

EECBG Program Notice 09-002D can be found at
http://www1.eere.energy.gov/wip/pdfs/eecbg_financing_guidance_09-002D_signed.pdf

The EECBG Award Closeout Process

This section provides a general description of the EECBG closeout process, outlining responsibilities and obligations of agency personnel and grantees. Closeout procedures shall be subject to the regulations set forth in 10 C.F.R. § 600.171 and 10 C.F.R. § 600.250, as applicable. Once the grantee has determined that all project activities are complete, the grantee may notify the Project Officer to initiate the closeout process prior to or at the end of the project period.

All compliance requirements and specified provisions included in the Financial Assistance Agreement terms and conditions must continue to be adhered to through closeout, including the National Environmental Policy Act (NEPA), National Historic Preservation Act (NHPA), Davis-Bacon Act (DBA), Buy American requirements, and all other relevant terms and conditions. Grantees administering finance programs should refer to EECBG Program Notice 09-002D for additional information regarding applicable compliance requirements.

As part of the closeout process, grantees indicate that they are ready to close out the EECBG award by submitting a Final Federal Financial Report (SF-425) and Quarterly Performance Report (QPR) in the Performance and Accountability for Grants in Energy (PAGE) system. To submit these reports, grantees must mark all activities “Complete” and select the “Grant Complete and Ready for Closeout” checkbox in the quarterly PAGE report, indicating that the Grantee has submitted its final SF-425 and QPR.

Grantees must also submit a final report in FederalReporting.gov to fulfill their reporting obligations under Section 1512 of the Recovery Act. Grantees must ensure that all sub-recipient awards (including those that have already been completed) are reported and marked appropriately. Grantees must select “Yes” in the “Final Report” drop down list box and select “Final Report” in the “Current Project Status” drop down list box to submit a final report in FederalReporting.gov. The DOE Project Officer will review these reports for completeness and reasonableness.

DOE will transmit to grantees all necessary documents, forms, or hyperlinks determined by DOE to be applicable to the grant. All forms contained therein must be completed and returned to DOE no later than 90 calendar days after the project period end date.

Within those 90 calendar days, the grantee must also submit all financial, performance, and other reports or deliverables required per the Federal Assistance Reporting Checklist and Instructions attached to the EECBG award.

These may include, but are not limited to, the following:

- (1) Tangible Personal Property Report (SF-428), as applicable;
- (2) Final Request for Payment (SF-270), or final drawdown of funds through ASAP, as applicable;
- (3) All EECBG Annual, Semi-Annual and Performance Progress Reports, including the final DOE QPR and SF-425 in PAGE, Semi-Annual Davis-Bacon Act Enforcement Report, and Section 1512 of the Recovery Act final report via FederalReporting.gov.¹;
- (4) With the exception of Tribal governments that are not subject to Programmatic Agreements with DOE, State Energy Offices and State Historic Preservation Offices, a Final Disposition of Historic Preservation Consultations by Category Report, covering all activity through the end of the project period. This report is to be submitted via PAGE; and
- (5) Verification/certification that the terms of any DOE Corrective Action Plans related to any formal findings made during the course of monitoring have been fulfilled.

As appropriate, DOE will request from the grantee required financial information pertaining to the award. In particular, DOE may request a copy of the grantee's final voucher/summary settlement statement or financial report describing all grantee expenditures by fiscal year and budget category. DOE reserves the right to request supporting documentation necessary to assess adherence to all terms and conditions of the grant agreement.

Later disallowances and adjustments and collections of amounts due DOE from the grantee shall be subject to the regulations set forth in 10 C.F.R. §§ 600.172-173 and 10 C.F.R. §§ 600.251-252, as applicable. Within 90 days of receiving the closeout package from the grantee, DOE may make upward or downward adjustments to the allowable costs. Closeout of the grant does not preclude DOE's right to disallow costs or recover funds based on later audit or other reviews, in accordance with 10 C.F.R. § 600.172 and 10 C.F.R. § 600.251, as applicable. DOE will make prompt payment to a grantee for allowable reimbursable costs. The Grantee must immediately refund to DOE the balance of any unobligated (unencumbered) cash advanced that is not authorized to be retained for use on other grants. *See* 10 C.F.R. § 600.171(d) and 10 C.F.R. § 600.250(c)-(d), as applicable.

Collections of amounts due to DOE by the grantee shall be subject to the regulations set forth in 10 C.F.R. § 600.173 and 10 C.F.R. § 600.252, as applicable. Questions about specific costs should be referred to the Project Officer, Contracting Officer and/or designated Grant or Contract Specialist.

¹ The last quarterly performance report of the year may be considered to be an annual report as long as the quarterly report is cumulative and provides the status of the development and implementation of the Energy Efficiency and Conservation Strategy and an assessment of the energy efficiency gains.

DOE reserves the right to schedule a monitoring visit prior to closing out the EECBG award. If a grantee has been determined to be “high risk,”² or presents any other causes for concern, DOE may make site visits as warranted by program needs. See 10 C.F.R. § 600.151(g) and 10 C.F.R. § 600.240(e), as applicable.

Property

Real property and equipment acquired by the grantee shall be subject to the regulations set forth in 10 C.F.R. §§ 600.130-137 or 10 C.F.R. §§ 600.231-233, or 10 C.F.R. §§ 600.320-324, as applicable.

Consistent with the goals and objectives of this project, if the fair market value of equipment exceeds \$5,000, the grantee may continue to use property acquired with grant funds beyond the project period of the award subject to each of the following terms: (a) the grantee utilizes such property for the original project or program or other activities currently supported by the Federal Government, first giving priority to programs supported by DOE and then programs supported by other agencies; (b) DOE retains the right to periodically ask for, and the grantee agrees to provide, reasonable information concerning the use and condition of the property; and (c) the grantee follows the real property and equipment disposition regulations set forth in 10 C.F.R. § 600.231(c), 10 C.F.R. § 600.232(e) and 10 C.F.R. §§ 600.130-135.

Per DOE’s Financial Assistance Regulations, all grantees are required to establish an internal property management system for property acquired with award funds. At minimum, the property management system must include the following attributes: It must allow grantees or sub-grantees to keep an inventory of all award property; the inventory must include a serial number or other identification number, the source of the property, including the award number, who holds title, the acquisition date, cost of the property, percentage of Federal participation in the cost of the property, location use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property. Grantees are required to take physical inventory of all award property and reconcile the results with the property records at least once every two years until property disposition or until DOE has no interest in the property.

Once the current per unit fair market value of the property is less than \$5,000, DOE's residual interest in the property shall be extinguished and the grantee shall have no further obligation to DOE with respect to the property.

The regulations as set forth in 10 C.F.R. Part 600 shall also apply to property in the possession of any sub-recipient or other entity where such property was acquired in whole or part with funds provided by DOE under the grant, or where such property was counted as cost-sharing under the grant.

² See 10 C.F.R. § 600.212(b) (4).

The property regulations as set forth in 10 C.F.R. Part 600 are not applicable to any grantee or sub-recipient that acquired property with funds provided by DOE to capitalize a revolving loan fund or through a consumer rebate program for ENERGY STAR[®] or other qualified energy efficiency appliances.

Grantees should consult with their Project Officer, Contracting Officer and/or designated Grant or Contract Specialist for additional guidance pertaining to personal property acquired under the EECBG Program.

Detailed guidance related to transfer of intellectual property is not included in this document as DOE is not aware of any grantees with intellectual property pertaining to the EECBG program. Grantees that have questions regarding intellectual property should speak with their DOE Project Officer, Contracting Officer and/or designated Grant or Contract Specialist for guidance.

Administrative Costs

All administrative costs are subject to the terms and conditions of the original grant. All final reports submitted to DOE or FederalReporting.gov should include all final expenditures and draw downs associated with the grant. If grantees have questions regarding allowable administrative costs, they should consult with their Project Officer, Contracting Officer and/or designated Grant or Contract Specialist, accordingly.

Non-Administrative Costs

Grantees may continue to draw down funds and pay invoices for non-administrative costs during the 90-day closeout period, provided that the costs were incurred during the grant's project period.

Grantees may also make final payment for projects completed within the grant project period of performance if payments were withheld pending receipt of a certificate of completion, validation of performance, and/or a clean release from future indemnity from their sub-grantees, if stipulated in sub-grantee contracts. Any funds subject to retainage or contract holdback must be paid within the 90-day closeout period.³

All final reports submitted to DOE should include all final expenditures and draw downs associated with the grant, including any administrative and non-administrative costs incurred during the grant's project period.

Single Audit Requirements

All grantees, sub-grantees and sub-recipients receiving more than \$500,000 in combined Federal funds during the fiscal year are required to comply with the Single Audit Requirements outlined in OMB Circular A-133. *See* 10 C.F.R. § 600.126(a)-(b) and 10 C.F.R. § 600.226(a)-(b), as applicable. Costs incurred for this audit are allowable as set forth in the applicable regulations of 10 C.F.R § 600.127 (a) and 10 C.F.R § 600.222 (b).

³ For instance, retainage of a certain percentage of contract payment until specific milestones are met.

In accordance with 10 C.F.R. § 600.172 and 10 C.F.R. § 600.251, closeout of the award does not affect DOE's right to disallow costs and recover funds on the basis of a later audit, other review, or under the audit requirements set forth in 10 C.F.R. § 600.126 and 10 C.F.R. § 600.226, as applicable.

Closeout of Financing Programs

Upon the formal closeout of the EECBG grants, grantees having ARRA EECBG funds invested in financing instrument programs that are RLFs or loan loss reserves are required to continue following the statutory requirements of Title V, Subtitle E of the Energy Independence and Security Act of 2007, the Recovery Act and other requirements applicable to this program.

Grantees with Financing Programs should refer to EECBG's Financing Guidance, EECBG Program Notice 09-002D (<http://www1.eere.energy.gov/wip/guidance.html>) and the Frequently Asked Questions (FAQs) sections of the EERE and DOE General Counsel websites, which are located on the Energy.gov web pages at http://www1.eere.energy.gov/eere_faq/detail_search.aspx?IDQuestion=540&pid=10&spid=3 and <http://energy.gov/gc/report-appliance-regulation-violation/faqs-related-recovery-act/appropriations-questions>, respectively.

Interest Income

Please refer to the EECBG Financing Guidance and accompanying FAQs referenced above for details on the handling of interest.

Program Income

All program income paid to grantees is subject to the terms and conditions of the original grant, including ARRA and other Federal requirements. *See* 10 C.F.R. § 600.225(g) and 10 C.F.R. § 600.124, as applicable. Grantees with financing instrument programs should refer to EECBG's Financing Guidance for further detail.

Federal Requirements Applicable to Financing Programs

As stated in EECBG's Financing Guidance, the Federal nature of ARRA funds used for RLFs and loan loss reserves is retained after the project period of the grant, and subsequent funding rounds are still subject to the applicable Federal requirements specified by ARRA. These include the NEPA, NHPA, DBA, Buy American, and Recovery Act reporting requirements. Grantees with financing instrument programs should refer to EECBG's Financing Guidance for further details.

Retention and Access Requirements for Records

Requirements for record retention by the grantee and access to records by DOE shall be subject to the regulations set forth in 10 C.F.R § 600.153 and 10 C.F.R § 600.242, as applicable. Records include financial records, supporting documents, statistical records, and all other records of grantees and sub-grantees, as applicable, pertinent to an award.

In addition to the above requirements, there may be additional record retention and access requirements specified in the grant terms and conditions. If grantees have questions regarding access to records or record retention, they should contact their Project Officer, Contracting Officer and/or designated Grant or Contract Specialist.

National Evaluation

EECBG has contracted with Oak Ridge National Laboratory to conduct a programmatic evaluation of the impact of the programs and projects funded through the Recovery Act. During the grant project period or after the closeout process, grantees may be contacted for an interview by the EECBG National Evaluation team. Participation in this study is strictly voluntary.

Continuing Access to Closeout Guidance

Consideration was given to all recognized or potential areas of Recovery Act closeout foreseen on the effective date of this Program Notice. Recognizing the potential need for additional clarification or guidance not contemplated at this time, DOE will establish a mechanism to collect and publish Frequently Asked Questions (FAQ) on its website. If grantees have remaining questions regarding Recovery Act closeout, they should contact their Project Officer, Contracting Officer and/or designated Grant or Contract Specialist.

CONCLUSION

The DOE Financial Assistance Regulations set forth the framework for the agency's implementation of closeout of all financial assistance awards. DOE's closeout procedures for EECBG awards will conform to those principles and the unique nature of the program and will be implemented by the cognizant DOE contracting office responsible for the grantee's award.

Please refer to specific guidance available on the EECBG website and guidance provided by the cognizant DOE contracting office for additional information on topics discussed in this document. As grantees begin to consider closeout procedures for their respective awards, they are encouraged to review this guidance and consult with their Project Officer, Contracting Officer and/or designated Grant or Contract Specialist if they should have any questions.



AnnaMaria Garcia
Program Manager
Weatherization and Intergovernmental Program
Energy Efficiency and Renewable Energy