

CITY OF LOS ANGELES
CALIFORNIA

CAROLYN M. HULL
GENERAL MANAGER

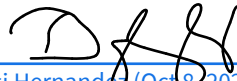


KAREN BASS
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ECONOMIC AND WORKFORCE
DEVELOPMENT DEPARTMENT

444 S. FLOWER ST, 14TH FLOOR
LOS ANGELES, CA 90071

DATE: Oct 8, 2024
TO: Economic Development Division Subrecipients
FROM: Daysi Hernandez, Chief Grants Administrator
Economic Development Division


[Daysi Hernandez](#) (Oct 8, 2024 10:56 PDT)

SUBJECT: Directive No. 25-01
FINANCIAL CLOSEOUT INSTRUCTIONS FOR FISCAL YEAR 2023-24

EFFECTIVE DATE:

This directive is effective on date of issue.

PURPOSE:

The purpose of this directive is to provide financial closeout instructions for all City of Los Angeles (City) service providers and contractors (professional services) for City contracts expiring on November 30, 2024. These instructions are applicable to all federal and non-federal grants/programs directly from or passing-thru the City of Los Angeles-EWDD.

BACKGROUND:

City contracts provide that the final financial closeout package must be submitted to the Economic and Workforce Development Department (EWDD) Financial Management Division (FMD) within a set number of days following the period being closed or expiration of the contract. However, these deadlines may change as the City receives reporting instructions from Federal, state, and local grantors.

This directive sets forth the official deadlines for the submission of the final financial closeout report and other required related schedules and supporting documentation for the period ended November 30, 2024 and supersedes the closeout deadline provided for in City contracts, if different.

POLICIES AND PROCEDURES

A. CLOSEOUT TIMEFRAMES/DEADLINES:

November 30, 2024	Last day to incur expenditures. Expenditures beyond this date are not allowable.
For FINAL CLOSEOUT PACKAGES:	
January 15, 2025	Deadline for submission of Final Closeout package.
Other Deadlines:	
December 31, 2024	Last day to liquidate or pay all expenditure accruals.

These deadlines were established to allow FMD to meet financial reporting deadlines. **Therefore, no extensions will be granted.**

In the event the Subrecipient does not submit a final closeout or other required documentation within the prescribed time frame, EWDD reserves the right to unilaterally closeout the Agreement and use the last invoices on file for determination of Subrecipient’s final allowable expenditures.

B. REQUIRED REPORTS AND DOCUMENTATION

1. Final Closeout Package

A complete final closeout package must be submitted on or before the deadline stated in Section A above. This package must include the following:

- Cover Letter,
- Cash Request (CR),
- Expenditure Report (ER),
- Support Documentation to the ER including monthly General Ledger (GL),
- Schedule of Personnel Costs,
- Schedule of Expenditure Accruals (*see Attachment #1*),
- Cumulative GL for the Program Year
- GL vs ER Reconciliation Report (*see Attachment #2*),
- Bank and Cash Account Reconciliation (*for accounts used for City funds*),
- Refund Check payable to "City of Los Angeles - EWDD" (*if applicable*),
- Closeout Forms: (*see Attachment #3*)
 - Subrecipient Release Form,
 - Subrecipient's Assignment of Refunds, Rebates, and Credits,
 - Contract Closeout Certification, and
 - Program Outcomes Documentation.

An incomplete closeout package will not be processed. If a Final Closeout package is not submitted by the deadline, the last CR and ER submitted will be used to unilaterally closeout the City contract.

2. **Submission Instructions**

An electronic copy must be emailed to nyssa.buck@lacity.org.

C. **EXPENDITURES:**

1. **Final Expenditures:**

The Final Closeout reports must reflect the cumulative and final expenditures for the period. These are used by FMD as basis to close grants or to determine unexpended savings reprogrammed for the subsequent program year. Therefore, since funds may no longer be available, **no additional expenditures will be allowed after the Final Closeout report is submitted to and accepted by FMD.**

The total final expenditures reported must reflect **both** cash and accrued expenditures incurred during the contract period. Expenditures incurred by November 30, 2024 but not paid as of November 30, 2024 are considered “accruals” and must be included in the Expenditure Report and listed in the **Schedule of Expenditure Accruals**. These accruals must be liquidated (i.e., paid) by December 31, 2024.

2. **Unliquidated Obligations**

Unliquidated obligations are funds obligated, but for which goods or services have not been received or an accrued expenditure has not been recorded. Therefore, any unliquidated obligations as of November 30, 2024 are **not** accruals and must not be reported in the final closeout report as such. These unliquidated obligations are considered unexpended balances or savings.

D. **UNEARNED GRANT**

Any remaining unexpended cash received from the City that is in excess of the total final expenditures is considered unearned grant and must be returned promptly to the City.

E. **INDIRECT COST RATE**

Indirect costs may be recovered if an indirect cost rate was approved by the indirect cost federal cognizant agency (for direct federal grant recipients), by EWDD FMD or if the use of a 10% *de minimis* rate had been requested and approved.

If the indirect cost rate was provisional, a final rate must be requested within six months after the end of the fiscal/calendar year used. If the final rate is higher than the provisional rate, please note that funds will not be available to cover the additional indirect costs. On the other hand, if the final rate is lower than the provisional rate, the indirect cost must be recalculated and any overpayment must be returned to the City within thirty days after receipt of the final rate.

F. **PROGRAM INCOME**

Program income is the income received that is directly generated by the City's programs or earned as a result of the City contract during the contract period. If approved by the

City, program and/or interest income may be expended first before using grant funds. Any remaining unexpended program and/or interest income must be returned to the City, together with the Final Closeout package.

G. STAND-IN COSTS

Stand-in costs are costs incurred for the program but paid for with non-federal sources. They may be used to **substitute** disallowed costs if they meet the following criteria:

- Must have been incurred in the same period as the costs that they are proposed to replace;
- Must not cause a violation of the administrative and/or other cost limitations;
- Must be recorded in the official books of accounts; and
- Must be reported in the Expenditure Reports (Section B, Line #6) submitted to the City. **The Final Closeout 2024 report will be the last opportunity to report stand-in costs for FY 23-24.**

The City will not accept stand-in costs that do not meet these criteria.

H. UNCLAIMED OR OUTSTANDING CHECKS:

When one or more checks remain unclaimed or outstanding, the State's escheat law, as currently outlined in the State Controller's Office (SCO) Unclaimed Property Holder Handbook at https://www.sco.ca.gov/Files-UPD/guide_rptg_holderhandbook2.pdf must be followed. However, an unclaimed or uncashed check determined not due to a payee must be voided or canceled and the funds returned to the City within 30 days.

I. CREDITS AND OTHER ADJUSTMENTS:

Applicable credits such as rebates, discounts, refunds, and overpayment adjustments, as well as interest earned on any refund, rebate, dispute or overpayment adjustment applicable to the City must be credited as a reduction of final closeout expenditures reported to the City if received on or before January 15, 2025. Credits and adjustments received after January 15, 2025 must be returned to the City within 30 days after receipt.

J. AUDITS AND FISCAL REVIEWS:

Annual audit cycles must be completed in accordance with 2 CFR 200-Subpart F: Audit Requirements and the City Contract Sec.608. The Single Audit reports are due no later than nine months after the end of the fiscal/calendar year used. Non-completion of the Single Audit automatically puts a subrecipient on "audit sanction" (i.e., no cash will be released), effective the day the Single Audit report is delinquent and until the final, official Single Audit report is filed.

Please resolve any outstanding fiscal review and/or Single Audit findings as soon as possible or by November 30, 2024. The City reserves the right to audit post closeout, require supporting documentation for reported expenditures, disallow costs and recover funds on the basis of these audits or fiscal reviews.

FMD will utilize and implement the required reports, schedules, documentation and all applicable policies under this Closeout Directive **as part of its fiscal review process for FY 23-24.** The FMD Auditor reviewing the Final Closeout report may request additional supporting documentation for selected items of payroll and non- payroll costs --- e.g., payroll time records and registers, invoices, checks, vouchers, cost allocation spreadsheets, and/or other accounting records.

The **Catalog of Federal Domestic Assistance (CFDA)** identification requirement applies to all EWDD subrecipients. Please refer to the FMD Information Bulletin 18-02, dated April 05, 2018 for a listing of the CFDA numbers for federal grants administered by the City.

K. REFUND CHECKS:

Refund checks resulting from excess cash, unearned grant, unliquidated accruals, unexpended program and/or interest income, disallowed costs, tuition refunds, rebates, and other applicable credits must be included in the Final Closeout package. Any refund due to the City received or determined after January 15, 2025 must be sent to the City within 30 days, together with a duly-signed cover letter identifying the appropriate City contract number, grant or funding source, and the reason(s) for the refund.

L. Program Outcomes Documentation

Subrecipient must submit all documentation not previously submitted during monitoring visits. Documentation includes all documents listed in §603 of the contract, completed milestone tracking sheets, job forms, and all other documents to demonstrate the Program Outcomes of the contract are met.

EWDD CONTACTS:

If you have any questions regarding this directive, please email nyssa.buck@lacity.org.

Attachments

Attachment 1 - Schedule of Expenditure Accruals

Attachment 2 - General Ledger and Expenditure Report Reconciliation Report

Attachment 3 - Contract Closeout Forms 2024

**Schedule of Expenditure Accruals
Economic and Workforce Development Department**

Agency Name: _____ City Contract No.: _____
 Grant/Funding Source: _____ Contract Period: _____
 WIOA Funding Stream: _____ For the Period Ended: _____

Ref # (A)	Date Cost Incurred (B)	Vendor Name (C)	General Ledger Account (D)	City Budget Line Item (E)	Accrued Amount (F)	Status as of 8/9/2024			Remarks
						Liquidated		Unliquidated Balance (I) = (F)-(H)	
						Date (G)	Amount (H)		
								-	
								-	
								-	
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								-	
Total					-		-	-	

General Ledger vs. Expenditure Report Reconciliation

Name: _____ Contract #: _____ Qtr End: _____
 Program Year: _____ Grant: _____

GL Account #	Account Name	Approved Budget			General Ledger (D)	Expenditure Report			Difference (H)=(D-G)	Remarks
		Admin (A)	Program (B)	Total (C)=(B+C)		Admin (E)	Program (F)	Total (G)=(E+F)		
INDIRECT COSTS:										
				-				-	-	
				-				-	-	
	Total: Indirect Costs	-	-	-	-	-	-	-	-	
CAPITAL COSTS:										
				-				-	-	
				-				-	-	
	Total: Capital Costs	-	-	-	-	-	-	-	-	
	GRAND TOTAL	-	-	-	-	-	-	-	-	

Prepared By:
 Name: _____ Title: _____ Date: _____

Reviewed and Approved By:
 Name: _____ Title: _____ Date: _____

**Economic and Workforce Development Department
City of Los Angeles**

SUBRECIPIENT RELEASE

Pursuant to the terms of Contract No. _____ and in consideration of the
sum of _____ dollars/cents, \$ _____
(Total accrued expenditures)
(Dollars/Cents)

which has been, or is to be paid under the said Contract to:

(Subrecipient's Name and Address)

hereafter called the Sub recipient or to its assignees, if any, the Subrecipient upon payment of the
said sum by the Economic and Workforce Development Department, City of Los Angeles,
hereafter, called the City, does remit, release, and discharge the City, its officers, agents and
employees, of and from all liabilities, obligations, claims, and demand whatsoever under or rising
from the said Contract.

IN WITNESS WHEREOF, this release has been executed this _____ day of
_____, 2024.

Name of Authorized Representative

Signature

Title

**Economic and Workforce Development Department
City of Los Angeles**

SUBRECIPIENT'S ASSIGNMENT OF REFUNDS, REBATES AND CREDITS

Subrecipient Name: _____

Street Address: _____ Contract No.: _____

City, State & Zip: _____, CA _____.

Pursuant to the terms of Contract No. _____, and in consideration of the reimbursement of costs and payment of fee, as provided in the said agreement and any assignment thereunder, the

(Subrecipient's Name)

(hereafter called the Subrecipient), does hereby:

- X Assign, transfer, set over and release to the Economic and Workforce Development Department, City of Los Angeles (hereafter called the City), all right, title, and interest thereon, arising out of the performance of said Contract together with all the rights of action accrued or hereafter accrue thereunder.

- X Agree to take whatever action may be necessary to effect prompt collection of all such refunds, rebates, credits, or other amounts (including any interest thereon), due or which may become due, and to forward promptly to the City checks (made payable to the City of Los Angeles), for all proceeds so collected. The reasonable cost of any such action to effect collection shall constitute allowable costs when approved by the City, as stated in the said Contract and may be applied to reduce any amounts otherwise payable to the City of Los Angeles under the terms thereof.

- X Agree to cooperate fully with the City of Los Angeles as to any claims or suit in connection with such refunds, rebates, credits, or other amounts due (including any interest thereon); to execute any protest, pleading, application, power of attorney, or other papers in connection therewith; and to permit the City to represent it at any hearing, trial or other proceeding arising out of such claim or suit.

IN WITNESS WHEREOF, this assignment has been executed on this _____ day of _____, 2024.

Name of Authorized Representative

Signature

Title

Employer ID No. _____

CONTRACT CLOSEOUT TAX CERTIFICATION

In the performance of Contract No. _____, I certify that I have complied with the requirements of the law, and the Economic and Workforce Development Department, City of Los Angeles, regarding the obtaining of employer identification/account numbers, collection, payment, deposit, and reporting of Federal, State and local taxes and the provision of W-2 forms to employees/enrollees who are not now my employees. For present employees/enrollees, formerly employed under the award, W-2 forms will be furnished as specified in Circular E of the Employers' Tax Guide.

IN WITNESS WHEREOF, this assignment has been executed this _____ day of _____, 2024.

Subrecipient Name

Subrecipient Address

Name of Authorized Representative

Signature

Title