



**ADMINISTRATIVE
COMMUNICATIONS SYSTEM
U.S. DEPARTMENT OF EDUCATION**

DEPARTMENTAL DIRECTIVE

OFCO: 2-110

**Page 1 of 22 (04/11/2011) (Original Date)
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Distribution:
All Department of Education
Employees

Signed by: Winona H. Varnon
Principal Deputy Assistant
Secretary for Management
Delegated the Authority to Perform
the Functions and Duties of the
Assistant Secretary for Management

Late Liquidations of State-Administered Formula Grants

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Updates OCFO: 2-110 “Late Liquidations of State-Administered Formula Grants” dated 04/11/2011. Re-certified by PO.

For technical questions concerning information found in this ACS document, please contact Blanca Rodriguez, 202-245-8153 or via email at blanca.rodriguez@ed.gov.

I. Purpose

This Directive provides internal U.S. Department of Education (ED) guidance for resolving recipient requests for late liquidation of state-administered formula grants. It is designed to create consistent policies, standards and procedures for ED's grant programs to ensure that ED administers Federal funds across every program in a fair and equitable manner. It is also intended to encourage timely liquidations and the approval of requests for late liquidations in only limited circumstances to help ensure proper accountability for the benefit of the beneficiaries of these grant programs.

Each Principal Office (PO) must follow the policies and procedures established in this Directive. In the extremely limited case, in which there may be a need for an exception to the process in considering a particular matter, the PO proposing the exception must discuss it with, and have it approved by, the Office of the Chief Financial Officer (OCFO) and the Office of the General Counsel (OGC). Nothing in this Directive is intended to give grant applicants or grantees any rights not already provided by statutes, regulations, or published program priorities.

II. Policy

A. Background

The basic requirements for liquidation of obligations in state-administered formula grant programs are set forth in 2 C.F.R. § 200.343(b). This provision requires that valid liquidations of all obligations in an ED grant program be made within ninety days after the end of the period for obligating funds. The provision also allows ED to grant extensions of the liquidation period, upon request from the grantee.

B. History

1. ED first published a standard policy on consideration and resolution of late liquidation requests on January 28, 2005, in a memorandum and attachment from the [Deputy Secretary to Chief State School Officers](#). A copy of the memorandum and the attachment, *which remains applicable to late liquidation requests made before October 1, 2007*, is on ED's web site at the following address: <http://www.ed.gov/policy/gen/guid/secletter/050128.html>.
2. Based on subsequent experience and practice, ED (through the Chief Financial Officer) issued a revision of that [guidance on June 5, 2007](#) that further limited the circumstances under which late liquidation requests would be approved by ED. This guidance is available on ED's web site at

the following address: <http://www.ed.gov/policy/fund/guid/lateliquidation.doc>.

C. Procedures

This Directive establishes internal procedures to further assist POs in implementing the 2007 policy. This Directive aims to maximize the consistency of documentation needed to support requests and to help ensure the fair and uniform disposition of late liquidation requests across POs.

III. Authorization

Generally, grantees and subgrantees are required to liquidate obligations with 90 days after the end of the period for which funds are available for obligation. However, ED has authority under 2 C.F.R. § 200.343(b) to permit late liquidations in some circumstances. Based on this authority, ED has issued late liquidation policies as noted under Section II. Policy.

IV. Applicability

This Directive applies only to state-administered formula grant programs subject to Part 76 of the Education Department General Administrative Regulations (34 C.F.R. Part 76). Liquidations of discretionary grants are addressed in ED's Handbook for the Discretionary Grant Process.

V. Definitions

- A. **Allowable Cost** – A cost incurred by a grantee that is necessary and reasonable for the performance of the award, in accordance with any limitations or exclusions set forth in the Federal cost principles applicable to the grantee and in accordance with the program statute and regulations. See 2 CFR Part 200 Subpart E and 2 C.F.R. Part 3474 for specific allowable cost requirements.
- B. **Drawdown** – Awarded funds available to grantees, or their authorized agents, which are deposited into the grantee's designated bank account at the request of the grantee.
- C. **FIFO (First In, First Out)** – An asset management and valuation method in which the assets produced or acquired first are sold, used or disposed of first. An entity using a FIFO accounting method draws funds from the oldest fiscal year account for a grant before drawing funds from subsequent fiscal year accounts for the same grant under the same program, ensuring that prior fiscal year funds are expended prior to current fiscal year funds.

- D. **G5** – The “end-to-end” grants management system used by ED.
- E. **Grantee** – The entity within the State government that is designated under the program statute and regulations to receive a formula grant.
- F. **High-Risk Grantee** – a grantee with one or more of its ED grants designated by ED pursuant to provisions of C.F.R. § 2 CFR 3470.10 and subject to special conditions or restrictions, including those specified in 2 C.F.R. § 200.207(4)(b).
- G. **Late Liquidation** – The liquidation of any portion of a grant more than 90 days after the end of the legal obligation period for the grant, or an authorized extension of that 90-day period, but before grant funds are canceled from ED accounts under 31 U.S.C. § 1552.
- H. **Liquidation** – The drawing down and expenditure of funds by a grantee for obligations incurred during the grant’s legal obligation period. Timely liquidation occurs during the legal obligation period and through the first 90 days after the final day of that period or an extension of that period authorized by ED, pursuant to 2 C.F.R. § 200.343(b).
- I. **Obligation** – The act that binds a grantee or sub-grantee to pay for personal or other services, real or personal property by purchase or rental, travel, utilities and other contract benefits. In order to charge an obligation to a grant or sub-grant, the recipient must perform the act of obligation during the period that the funds are available for obligation. See 34 C.F.R. § 76.707 for more specific information on when an obligation is made.
- J. Obligation Period – The period of time during which funds are legally available for obligation by the grant recipient. For state-administered formula grants subject to Section 421(b) of the General Education Provisions Act (20 U.S.C. § 1225(b) (the “Tydings period” or the period permitted by the Tydings Amendment), this period lasts for either 24 or 27 months depending upon whether the program is funded by a current appropriation or forward-funded appropriation.
- K. **Phase 1 Request** – This is a request to liquidate an obligation shortly after the normal 90-day period for liquidations under 2 C.F.R. § 200.343(b) has ended. This type of request is made no more than 15 months after the end of the grant’s normal liquidation period (18 months after the end of the obligation period).
- L. **Phase 2 Request** – This is a request to liquidate an obligation long after the 90-day period under 2 C.F.R. § 200.343(b) has ended. This type of request is made more than 15 months after the end of the grant’s normal liquidation

- period (18 months after the end of the obligation period) and no later than September 30 of the fiscal year in which the grant funds are canceled pursuant to 31 U.S.C. § 1552 (five years after the last day that ED could have obligated funds to a grant). Requests made during this time period may only be approved if construction contracts or extraordinary circumstances are at issue. Canceled funds are no longer available for expenditure or obligation (or liquidation) by the grantee or ED.
- M. **Principal Office (PO)** – A major organizational unit of ED, usually headed by an Assistant Secretary, which has delegated responsibility to administer specific programs.
- N. **Principal Office Liaison** – An individual designated by the Senior Officer of his/her PO to coordinate responses to late liquidation requests for grants in programs directed by that office.
- O. **Program Office** – An office within a principal office with delegated responsibility for carrying out a program or group of programs.
- P. **Senior Officer** – An Assistant Secretary or equivalent officer who is the official to whom functions have been delegated for administration of the programs for which the PO is responsible.
- Q. **Single Audit** – An organization-wide independent audit or examination required by the Single Audit Act Amendments of 1996 of an entity that expends \$750,000 or more in a fiscal year of federal assistance. Usually performed annually, single audits help provide accountability to the federal government as to the management and use of such funds by different recipients, such as states, cities, universities, and non-profit organizations. The audit is performed by an independent auditor in compliance with Generally Accepted Government Auditing Standards and encompasses both financial and compliance components. Single audits of grantees are available in the [Federal Audit Clearinghouse](http://harvester.census.gov/sac/) at: <http://harvester.census.gov/sac/>.
- R. **State-Administered Programs** – Any program subject to Part 76 of the Education Department General Administrative Regulations (34 C.F.R. Part 76). Only these programs are subject to the conditions of this Directive.

VI. Responsibilities

A. POs with Program Responsibilities

1. The PO shall establish a PO liaison who shall be a career employee designated by his/her Senior Officer and shall work in the immediate office or executive office. The liaison shall receive directly all late liquidation

requests from grantees, prepare the late liquidation request file upon receipt, maintain a central repository of pending and completed late liquidation requests in grant programs carried out by that office, and coordinate the timely resolution of requests.

2. The liaison shall consult with program office staff familiar with the grant and shall ensure adherence to response deadlines. The liaison shall also coordinate consultation with other PO liaisons as necessary to expedite comprehensive review and final disposition of the request.
3. Program staff shall serve as primary advisers for review of the request and recommendation of final action to the Senior Officer (Phase 1) or the Senior Officer's recommendation to the Chief Financial Officer whether to approve the request (Phase 2). Program staff shall also recommend to their PO liaison (when optional) appropriate consultation with the OCFO, the OGC, and/or the Risk Management Service in the resolution of the request.
4. The Senior Officer of the PO directing the grant program for which a grantee requests late liquidation decides whether to approve Phase 1 late liquidation requests. He or she is also responsible for signing the final action letter to the requesting entity for all Phase 1 requests. The Senior Officer also recommends to the Chief Financial Officer whether to approve Phase 2 late liquidation requests.

B. Office of the Chief Financial Officer (OCFO)

1. The Chief Financial Officer in consultation with the Office of the General Counsel decides whether to approve Phase 2 requests.
2. OCFO shall establish a liaison who directs consultation requests to appropriate staff and the Chief Financial Officer and ensures timely OCFO review and/or decision making.
3. OCFO shall maintain a repository of sample late liquidation requests and associated documents, including requests that have been approved and those that have been rejected, for use by program offices in considering late liquidation requests.
4. The PO shall consult OCFO as described under section Paragraph VII. Procedures.

C. Office of the General Counsel

1. OGC shall establish a liaison who directs consultation requests to the appropriate program attorney and ensures timely OGC review.
2. OGC shall provide advice to other offices as described under Paragraph VII. Procedures.

D. Risk Management Service, Office of the Secretary (RMS)

1. RMS shall establish a liaison who directs consultation requests to the appropriate staff and ensures timely RMS review.
2. The PO shall consult RMS as described under Paragraph VII. Procedures.

E. Office of the Deputy Secretary (ODS) and Office of the Under Secretary (OUS)

1. ODS and OUS each shall establish a liaison who directs consultation requests to the appropriate staff and ensures timely staff review.
2. If a PO under its oversight is resolving a Phase 2 late liquidation request, the PO shall consult ODS or OUS, as applicable, as described under Paragraph VII Procedures.

VII. Procedures

- A. ED is working to help State Education Agencies and other grantees manage their fund balances in ED's G5 grants management system. These efforts have been designed: (1) to help SEAs and their subgrantees in obligating funds within the extended obligation period authorized under the Tydings Amendment for State-administered programs; and (2) to ensure that funds that have been obligated are properly liquidated or expended before they are cancelled five years after their availability for Federal obligation ends as required by account closing legislation.

By June 30 of each year OCFO shall transmit a letter to the Chief State School Officers including at least the following items: the approaching end of the obligation period for grants of the appropriate fiscal year, the liquidation deadline for grants of another appropriate fiscal year, and a link to ED late liquidation procedures stated in the public guidance. The letter shall also remind States of the time frames by which ED must make final decisions on requests and shall provide States with the most current listing of PO contacts for receipt of late liquidation requests. A copy of the most recent letter shall always be available at [ED's homepage](http://www.ed.gov) at: www.ed.gov.

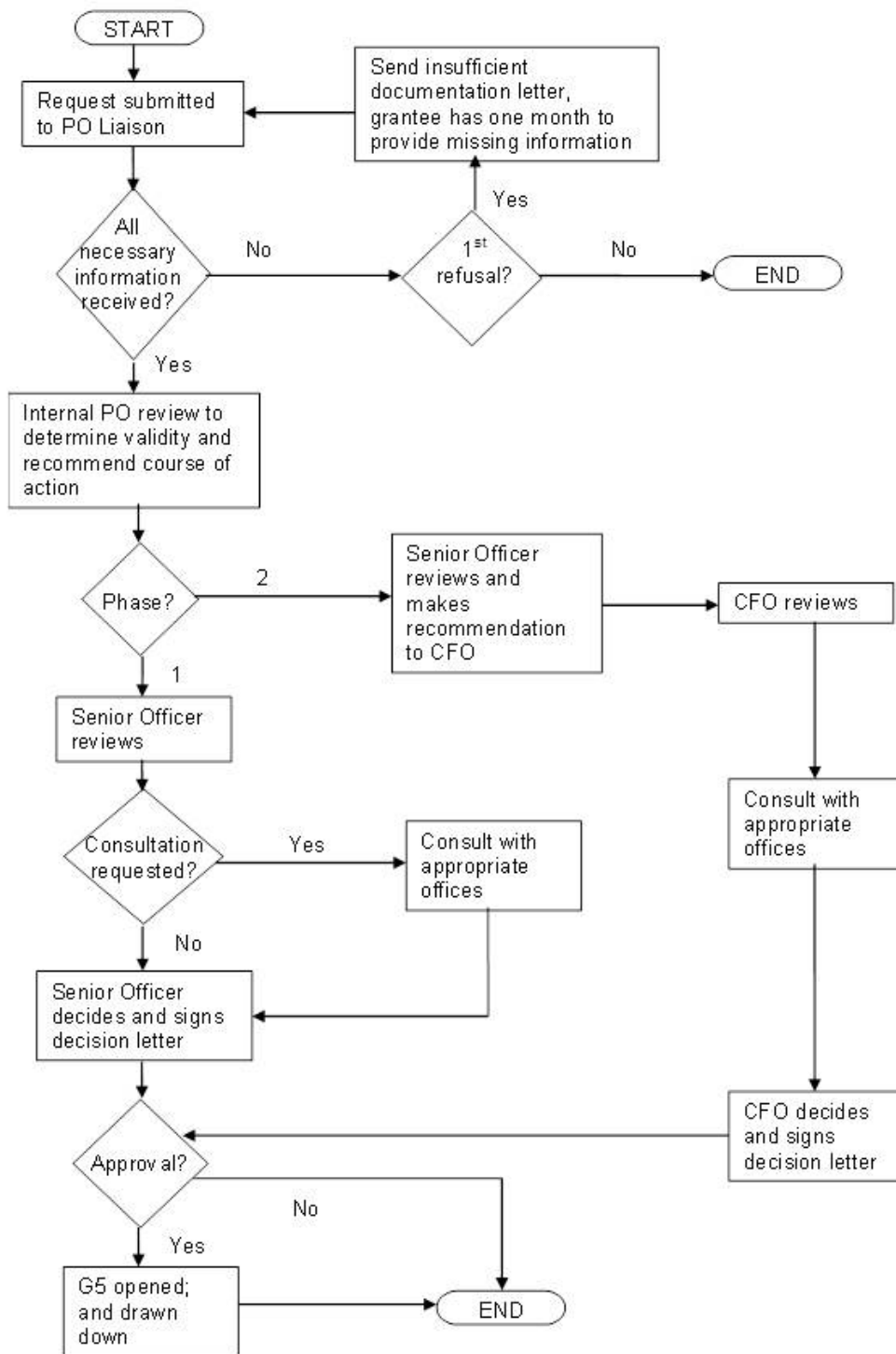
- B. Request Disposition

1. File maintenance procedures are as follows:
 - a. Upon receipt of a late liquidation request from a grantee, regardless of its phase, the PO liaison will create the late liquidation file for that request. The file must contain, as available, the contents listed in Section VII.B. of this Directive. During the period of its consideration, the request file is maintained by the PO liaison, except that, with respect to Phase 2 liquidations, it is transferred with recommendation by the PO to OCFO for review and final decision and then returned to the PO liaison when a final decision is made. The PO liaison shall retain a temporary copy of all information submitted to OCFO pending a final decision on the request.
 - b. The PO liaison shall include in the file and date stamp upon receipt all documents regarding the requested late liquidation, whether generated by ED, provided by a requesting entity or by other outside entities, if the document is not otherwise electronically dated, e.g. an e-mail.
 - c. To ensure that the late liquidation file contains all relevant documentation, all employees involved in considering a request shall provide a courtesy copy of all relevant communications and attached documents to the PO liaison who shall include all communications and documents in the late liquidation file. If a communication or document is provided by the requestor or other non-ED person and the PO liaison is not a recipient of the communication or document, those persons who receive the communication or document shall coordinate to ensure that the PO liaison receives a copy for inclusion in the late liquidation file.
2. Any request of less than \$10,000 may be denied consideration by the PO during Phase 1. All Phase 2 requests must exceed this threshold to be considered by ED.
3. Any Phase 2 request shall not be considered if not demonstrated as supporting a construction project or an extraordinary circumstance.
4. Due to the lead time required to make funds available to a requester, the PO cannot assure consideration of a Phase 2 request received by the PO after June 30 in the fiscal year in which the requested grant's funds are canceled. However, to the extent possible, the PO shall make every effort to process the request in a timely manner.
5. The following time frames apply for late liquidation requests:

- a. In all instances, a grantee that submits insufficient documentation, i.e., not all items required by the Transmittal Form described in Section VII.C. of this Directive, the Senior Officer shall give the grantee one additional opportunity to provide the necessary items required for ED consideration. The Senior Officer shall send the grantee a letter indicating that there is insufficient documentation to approve the request, using the format provided in Appendix A and giving the grantee one month from the date of that letter to provide the required items. If the required items are not provided within that time frame, the PO should deny the request. For Phase 1 requests, upon verification that all required documentation has been provided by the grantee, the Senior Officer of the PO shall decide whether to approve the request within six weeks after the date the late liquidation file is complete and shall issue a decision within that time period.
 - i. Within this time frame, the PO liaison shall secure a written recommendation for approval or disapproval from the program staff in the format of the memorandum in Appendix B that includes all applicable rationales from the late liquidation guidance posted on ED.gov. This recommendation shall be presented to the Senior Officer, who will make the final decision on approval or disapproval of the request.
 - ii. To ensure consistency across programs, appropriate representatives of OGC, OCFO and RMS shall be consulted, if the request involves funds made available by more than one PO or involves a grantee that is on high-risk status or has special conditions imposed on its grant(s). The consultation request shall occur within three weeks after the date of receipt of all required documentation. A copy of the proposed recommendation to the senior officer must accompany the request for consultation. POs are advised to consult the repository mentioned in Section VII.A.8. to ensure consistency with past ED decisions. Each office consulted must provide a recommendation to the PO liaison within two weeks of the consultation request.
- b. For Phase 2 requests, upon verification that all required documentation has been provided by the grantee, the Senior Officer must recommend approval or disapproval of the request in writing to the Chief Financial Officer within three weeks after the verification date.
 - i. Consultation on Phase 2 requests must be initiated simultaneously and include a copy of the written recommendation. OGC must be consulted on all Phase 2 requests and comment thereon before

final decision is made by the Chief Financial Officer. Additionally, RMS must comment in any case involving a high-risk grantee or a grantee with special conditions. Depending on the PO involved, either ODS or OUS must also comment. Each office consulted must provide a final response to OCFO within two weeks after receipt of the consultation request, and the Chief Financial Officer must make his/her final decision within three weeks after receipt of the Senior Officer's recommendation. The PO may informally consult with any of these offices prior to its Senior Officer making his/her written recommendation to the Chief Financial Officer.

- ii. All Phase 2 requests MUST be transferred to OCFO for final decision, even when the PO recommends disapproval. Upon decision, OCFO returns the completed file to the PO liaison, keeping a copy for its own records.
 - c. The PO liaison prepares, and that office's senior official signs, the final decision letter provided in Appendix C of this Directive to the state or entity for Phase 1 requests. The OCFO liaison prepares, and the Chief Financial Officer signs, the final decision letter to the State or entity for Phase 2 requests.
6. If the request is approved, the Office of the Chief Information Officer (OCIO) will re-open the obligation function in the G5 system for a grantee to draw down the approved amount within a specified timeframe agreed to by the PO directing the applicable program. OCIO shall not re-open the obligation function without 1) a copy of the ED decision letter indicating approval of the request, which shall be maintained with other similar letters in a record file, and 2) concurrence from Budget Service for the upward readjustment of the grant obligation pursuant to OPEPD: 1-102.
7. Once action is completed on the request, the request file is placed within the official grant file. The PO liaison shall retain a summary file containing copies of the request, any correspondence with the State or entity, internal comments and communications resulting from various consultations, any documents received from the State or entity in support of the request, and the final decision. The liaison shall maintain a list of all late liquidation requests received by grant year and the final action taken, including the grant award number, the state or entity, the amounts requested and approved, and the date of final action.



C. Official Late Liquidation Request File

All documentation included in this section is required for all late liquidation requests. The following items must be included in each late liquidation request file:

1. Transmittal Form outlined in Section VII.D.
2. All documentation received from the State or entity to support the request and any other documents provided by other outside entities consistent with the Transmittal Form.
3. Copies of all letters/e-mails within ED or between ED and any outside entity regarding the request.
4. Original request letter from the requesting entity including a signed attestation regarding the accuracy and representations of the request, as well as the justification that the request meets the criteria in Appendix C (Phase 1 or 2) and extraordinary circumstances (Phase 2). The signed attestation must be provided by the appropriate official of the State or entity, either the State program manager or equivalent for Phase 1 requests or the Chief State School Officer or agency CFO (or comparable officials, in the case of grantees that are not State educational agencies) for Phase 2 requests.
5. Recommendation memo outlined in Appendix B containing: justification (or lack thereof) of decision criteria on which the Senior Officer makes his/her decision (Phase 1) or recommends action to the CFO (Phase 2); and justification (or lack thereof) of unusual circumstances by which the Senior Officer recommends action to the CFO (Phase 2).
6. OGC and RMS comments on the request, as applicable.
7. ODS or OUS comments on the request, as applicable (Phase 2 only).
8. OCFO comments on the request, as applicable (Phase 1 only).
9. Chief Financial Officer's final decision (Phase 2 only).
10. Final letter signed by the Senior Officer (Phase 1) or the Chief Financial Officer (Phase 2) to the requesting state or entity indicating the final decision and reasons for that decision in accordance with the public guidance.

D. Transmittal Form

In all instances, the prime considerations in collecting documentation are (1) to verify that the expenditures in question occurred during the legal obligation period (the period of availability), and (2) to provide a consistent set of documentation for all files in the event of an information request or audit. When the transmittal form described below is complete, the program director and any appropriate program staff shall sign the form, certifying that the required documentation above has been collected and reviewed based on the principles outlined in ED's late liquidation policy. The transmittal form is then filed in the official request folder, and the review period described in Section VII.A.4. of this guidance starts. Unless otherwise stated, all elements apply to both Phase 1 and Phase 2 requests.

PART A – Basic Identification

1. Grantee name:
2. Grant Award Number:
3. PO overseeing grant:
4. Grant program:
5. Date of original request and date file completed, if different than original submission date:
6. Phase 1 or 2 request:
7. Grant Award amount (via G5):
8. Current expenditures (net draw downs, via G5):
9. Current balance (amount not drawn down, via G5):
10. Percentage of grant award amount not drawn down:
11. Requested amount to be drawn down:
12. Revised expenditures (net draw downs) if request is approved:
13. Revised balance if request is approved:
14. Time period requested to complete draw down (default 3 business days):

PART B – Requirements for Request Consideration

REQUIRED ELEMENTS FOR ALL REQUESTS:

1. Has the grantee submitted a formal request to ED including the hardcopy attestation required under section VII. C. 4. of this Directive, signed by the required official under that paragraph?
2. Has the grantee identified the principle(s) from the June 5, 2007 ED guidance that justify approval of the request?
3. Has the grantee provided a clear explanation of its failure to liquidate the funds timely and a summary of measures taken to preclude its recurrence?

AT THE DISCRETION OF THE ED OFFICIAL REVIEWING THE REQUEST:

4. Has the grantee provided sufficient and reasonable evidence of the allowability of the obligations, including:
 - a. copies of dated purchase orders and invoices of all applicable obligations for direct State educational agency expenses, or
 - b. approved drawdown requests by local educational agencies in the State accounting system for expenses that require reimbursement by the State educational agency and that discretely identify all applicable obligations (including copies of specific purchase orders and invoices from the local educational agency if available)?

(Answers to 1-3 must be YES; answer to either 4a or 4b must be YES if requested by ED official reviewing the request.)

ADDITIONAL FACTORS TO CONSIDER:

5. Has the grantee requested at least one other late liquidation for this program within the past five years?
6. Does the grantee have any material weaknesses in the past five years identified through audit findings required by the Single Audit Act or audit findings issued by the Office of Inspector General (OIG audits)? Have single audits, OIG audits, or program monitoring identified any weaknesses related to late liquidation of funds, such as charging incorrect accounts of either federal or non-federal status, indicating that the entity did not take preventive or corrective action to mitigate the situation?
7. Has the grantee or the governmental entity been flagged "high-risk" in the G5 Grantee High Risk Module?

8. Is the request made on behalf of a subgrantee that has been flagged in G5 as high risk or had special conditions imposed on it by ED or has the subgrantee been designated "high risk" or had special conditions imposed on it by the requesting entity.
9. Has the grantee failed to submit timely its required Single Audit Act audit within the past five years?

(Any YES answer in 5-8 requires ED to review relevant sections of the grantee's most recent Single Audit Act audit before making a final decision.)

Appendix A – Standardized Request for Additional Documentation

The following is an example of a PO seeking additional documentation from a grantee before a late liquidation request can be considered.

[Fill in Date]

[Fill in name of requesting official]

[Fill in title of requesting official]

[Fill in name of requesting entity]

[Fill in address of requesting entity]

Dear [Fill in appropriate salutation, e.g. Mr., Ms., or Dr.] [Fill in name of requesting official]:

I am writing in response to your agency's request for additional time to liquidate obligations for a Fiscal Year (FY) [Fill in FY and name of program, e.g. Special Education Part B program] grant award made to your agency, specifically award number [Fill in PR/Award number].

We received your agency's [Fill in date initial request was received] request for authority to liquidate obligations in the amount of \$[Fill in amount requested] from FY [Fill in FYyear] funds after the period for liquidations under 2 C.F.R. § 200.243(b) expired. The U.S. Department of Education cannot consider the request in its present form because the following documentation was not included in the request:

(FILL here with documentation needed but not received)

Program offices here at the Department are standardizing the content received from state educational agencies as part of the late liquidation review process. Your agency must provide the missing documentation to us within **one month** after the date of this letter, or your request will not be considered.

We appreciate your efforts to ensure that all federal funds that you administer are used properly to help America's children.

Sincerely,

Lily Sanchez, Director
Office of Special Education Programs
Office of Special Education and Rehabilitative Services

Cc:

Appendix B – Standardized Recommendation Memo

The following is an example of a recommendation memo submitted by program staff to a Senior Officer for recommended action. In this case, a Phase 1 request is being considered; in a Phase 2 request, the letter would be drafted to the Chief Financial Officer through the Senior Officer, who would sign off before transmittal to OCFO.

MEMORANDUM

TO: Steven Wong
Assistant Secretary
Office of Special Education and
Rehabilitative Services

THROUGH: Lily Sanchez
Director
Office of Special Education Programs

FROM: Ralph Smith
Director
Division of Monitoring and State
Improvement Planning

SUBJECT: Phase 1 request for approval for late liquidation for the FY 2005 Individuals with Disabilities Education Act Grants to States and Preschool Grants Programs from East Dakota Department of Education

DATE: July 26, 2008

Background:

This memorandum requests approval for late liquidation of the grant described below. At issue are FY 2005 funds for which the Tydings period expired on September 30, 2007. The liquidation period expired on December 31, 2007. The East Dakota Department of Education is seeking permission for this liquidation to correct obligations that were mistakenly charged, within their existing first in, first out (FIFO) system, to current year funds rather than to available earlier year funds.

Discussion:

The accounting/spending errors were a result of an accounting structure that did not sufficiently identify old money and new money, even within an existing FIFO accounting system. The state's administration and finance agency determined that it required a more detailed system to identify the year that funds were first available and began a

transition across all state agencies to use separate accounting codes for each year in which funds are received. During the two transition years, the East Dakota Department of Education had insufficient documentation to identify the older funds and inadvertently used new funds first.

Since the transition, the state has ensured that the FIFO system accurately identifies older funds and uses them before using newer funds.

FY: CFDA 84.173
FY 2005: \$381,210.14

In its letter, the State indicates that it has carefully reviewed the U.S. Department of Education's June 5, 2007 policy memorandum and assures that:

1. The Federal funds requested will be used only for obligations that were incurred during the relevant grant period;
2. The Federal money is not for late liquidation requests or related accounting adjustments that move Federal funds between programs and subgrantees; and
3. The expenditures are consistent with the underlying accounting system of the grantee for the period in question.

Certification:

The request is made by Andrea Olsen, State Director of Special Education. Ms. Olsen attests in writing that the funds were used for obligations incurred within the period of the grant and for allowable purposes.

Recommendation:

The Office of Special Education Programs believes that the request falls within the guidelines of the Department's most recent policy memorandum for late liquidations, specifically, the example provided that:

A grantee has consistently employed a FIFO accounting system, but for a limited period of time mistakenly charged obligations to current year funds, rather than to available earlier year funds. Because the grantee has employed a FIFO system generally, the Department may approve accounting adjustments and late liquidations that would allow remaining funds to be used for obligations incurred during the relevant Tydings periods for allowable purposes.

Approval/Disapproval:

Assistant Secretary for Special Education and Rehabilitative Services

OFCO: 2-104

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(09/28/2016) (Re-certified Date)

Approve:

Disapprove

Signature:

Comments:

Contact: Ralph W. Smith
PCP 13-070
202-555-7100

Appendix C – Standardized Grantee Response Letter

The following is an example template letter approved by OGC for conveying a final decision on the late liquidation request to the grantee. The format demonstrated is recommended for use by Senior Officers for Phase 1 and by the Chief Financial Officer for Phase 2. The following example is a response to a Phase 1 request.

The middle section is used to provide the rationale either for approving or disapproving the request, consistent with the provisions of the late liquidation guidance posted on ED.gov. Following this letter are possible rationales that may be used by the sender in the decision letter. The sender may provide specific financial or performance information about the request in the middle section that supports the rationale included, but at least one of the rationales must be used.

If a sender needs to use a rationale not specifically included in the guidance posted on ED.gov as a means for approval or disapproval, OGC must approve the alternate language used in the middle section of the final letter.

Jane Doe, Ph.D.
Program Director
West Dakota Department of Education
500 Main Street
Anytown, West Dakota 57920

Dear Dr. Doe:

I am writing in response to your agency's request for additional time to liquidate obligations for a Fiscal Year (FY) 2004 Educational Enrichment Program grant award made to the West Dakota Department of Education, specifically award number S792A049999.

We received your agency's February 21, 2008 request for authority to liquidate obligations in the amount of \$62,190.48 from FY 2004 funds after the period for liquidations under 2 C.F.R. § 200.243(b) expired. After carefully reviewing your agency's request, in consultation with other Department offices, we conclude that the request does not provide significant justification and documentation, and thus is not approvable for the following specific reasons:

1. The agency did not submit an attestation signed by a high-ranking, authorized official as to the accuracy of the information and representations that form the basis for the request, including an attestation that Federal funds would only be used for obligations incurred within the periods of availability of those funds and for allowable purposes; and

2. Liquidation requests are not consistent with the grantee's underlying accounting system for the period in question.

This decision was made in accordance with applicable laws and with longstanding Department procedures for the handling of such requests. The applicable laws and procedures help ensure good fiscal practices and proper accountability. In general, requests for more time to liquidate obligations are more likely to be approved if they are submitted before the expiration of the original liquidation period; they have a clear statement of why the extra time is needed; and they document adequately that all other related requirements have been met with regard to these funds.

If it would be helpful, we would be glad to provide you with technical assistance to help your agency more efficiently obligate and liquidate Federal funds and to avoid lapsing of expiring funds. Please let me know if you have any questions about this matter.

We appreciate your efforts to ensure that all Federal funds that you administer are used properly to help America's children.

Sincerely,

Sarah Jones
Assistant Secretary

DECISION CRITERIA FOR FINAL LETTER TO GRANTEE

The following decision criteria (with the exception of Item 1) are applicable either to Phase 1 or Phase 2:

1. PHASE 1 ONLY: The grantee [submitted (APPROVAL) or did not submit (DISAPPROVAL)] an attestation signed by a high-ranking, authorized official as to the accuracy of the information and representations that form the basis for the request, including an attestation that Federal funds would only be used for obligations incurred within the periods of availability of those funds and for allowable costs.
2. The documentation submitted in support of the request [demonstrated (in cases of APPROVAL) or did not demonstrate (in cases of DISAPPROVAL)] that the proposed use of Federal funds was only for obligations incurred during the grant period (including the Tydings period) and for allowable costs under the relevant program.

3. The request and/or related accounting adjustments sought to move Federal funds *improperly* between programs or subgrantees (a reason for DISAPPROVAL).
4. The request and/or related accounting adjustments sought to move obligations or expenditures *originally charged to* State or local programs *into* Federal programs (usually, a reason for DISAPPROVAL).
5. The grantee seeks reimbursement for payments made initially from non-Federal funds for obligations *originally* charged to Federal programs (usually, a reason for APPROVAL).
6. Liquidation requests are consistent (APPROVAL) or are not consistent (DISAPPROVAL) with the grantee's underlying accounting system for the period in question.
7. The grantee's current high-risk status and/or untimely fulfillment of its responsibilities under the Single Audit Act give ED concern significant enough to deny the request (a reason for DISAPPROVAL).
8. ED required an audit by an independent auditor or other review of the late liquidations and/or accounting adjustments as a condition of approval of your request, and the audit determined that your request was valid (APPROVAL) or not valid (DISAPPROVAL).
9. The minimum dollar threshold for ED consideration is not reached (a reason for DISAPPROVAL).

The following decision criteria are applicable only to Phase 2:

10. The request was made more than 18 months after the end of the grant's legal obligation period and involves neither a lengthy construction contract nor an extraordinary circumstance (a reason for DISAPPROVAL).
11. The grantee submitted (APPROVAL) or did not submit (DISAPPROVAL) an attestation signed by the Chief State School Officer, the agency's Chief Financial Officer, or a comparable official as to the accuracy of the information and representations that form the basis for the request, including an attestation that Federal funds would only be used for obligations incurred within the periods of availability of those funds and for allowable purposes.
12. ED required an audit by an independent auditor or other review of the late liquidations and/or accounting adjustments as a condition of approval of your request, and the audit determined that your request was valid (APPROVAL) or not valid (DISAPPROVAL).