

SCDD Obligation and Liquidation FAQs

Corresponds with:

AIDD-IM-19-01 &

AIDD-PI-19-01

1. Is this new policy?

No, this is not new policy but clarification of existing law and regulations. When grantees accept federal funds each year, they are accepting the terms and conditions in the Notice of Award and accepting responsibility for compliance for all applicable laws and regulations.

The Developmental Disabilities Assistance and Bill of Rights Act of 2000 (DD Act) (42 USC 15001 et seq) specifically gives State Councils on Developmental Disabilities and P&As the ability to have the grant year plus one year to obligate funds (42 USC 15022). Previous program regulations, Program Instructions and Information Memorandum were written to previous versions of the DD Act, although AIDD still followed previous program practices that allowed an additional year for liquidation after obligation of funds was complete. The 2015 DD Act regulations continued the policy of allowing the extra liquidation time for grant closeout (42 CFR 1326.3). This has left a third year, often referred to as the “liquidation year” to do closeout of the grant but no grant activities.

Example: Federal Fiscal Year 2020 Grant Award Year/Obligate/Liquidate
 Federal Fiscal Year 2021 Obligate/Liquidate (completion of all grant activities and all sub-award activities by the end of the Federal fiscal year (September 30th)).
 Federal Fiscal Year 2022 Liquidate only (closeout activities only by September 30th)

Closeout activities include: paying invoices; preparing final programmatic and financial reports; reconciliation.

2. Where can I find the policy language that discusses obligation and liquidation?

DD Act 42 USC 15022

DD Act regulations

45 CFR 1326.2 Obligations

45 CFR 1326.3 Liquidations

United States Department of Health & Human Services regulations:

45 CFR 75 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards

3. If grantees have 2 years to obligate and 1 year to liquidate, when must the work on a project be completed? Is this what is called the “period of performance”?

Per the DD Act (42 USC 15022) that allows two year for obligation and the HHS regulations 45 CFR 75 (previously 45 CFR 74) all grant activities must be completed during the obligation period of the grant. This is known as the “project period,” “period of work,” or “period of performance.” This is also when all sub-award work must be completed.

- a. Can the total cost of a sub-award be obligated to a grant award if some of the services will be performed after the project period?

No, all services must be completed by the end of the “project period” including for sub-awards.

4. If work is not completed, or additional tasks arise after the project period (obligation period) has ended, is there a procedure for asking for allowance to conduct the necessary work?

Neither the DD Act nor HHS regulations allow waivers to conduct necessary work. The work should be paid using funds from an active grant, in accordance with the State Plan or amendment to the State Plan. See the Notice of Award for the project period.

- a. Citation from DD Act

Section 122(b) UNOBLIGATED FUNDS.—Any amount paid to a State for a fiscal year and remaining unobligated at the end of such year shall remain available to such State for the next fiscal year for the purposes for which such amount was paid.

5. In a year where there are multiple Continuing Resolutions (CRs) that significantly delay obligation, will an extension or waiver be given to ensure there is adequate time to complete the work?

Neither the DD Act nor HHS regulations allow waivers to extend obligation periods in years when there are multiple CRs.

6. In what circumstances is it allowable for a liquidation waiver?

As stated in 45 CFR 1326.3 there are two reasons for a liquidation waiver:

- i. State law is impeding the liquidation of funds or;
- ii. The amount of funds to be liquidated is in dispute

However, if there is a Presidential declared disaster that prevents a grantee from meeting the liquidation time requirement, the grantee should immediately submit a request for a liquidation waiver to the appropriate ACL Project Officer.

The AIDD-PI-19-01 has liquidation waiver eligibility and application process. If a liquidation waiver is not approved or the conditions for a liquidation waiver are not met, the DSA and DD Council are still responsible for payment of the obligated costs.

7. Do DD Councils and the DSA have 90 days after the liquidation period to close out the grant?

No, it is important to note that the DD Councils 12 month liquidation period replaces the 90 day period that other federal grants without a one-year liquidation periods would have. A liquidation waiver would be required to be submitted by August 1st, of the FFY that follows the process as outlined in AIDD-PI-19-01.

Financial reports are still due by December 31st of the calendar year of liquidation.

8. Will ACL continue to provide TA to ensure Councils receive information and clear guidance on all of these questions?

Yes, there will be additional opportunities for the DD Councils and DSA to receive TA on these topics, as the waiver process goes into effect this fiscal year.

The first liquidation waiver applications are due August 1, 2019.