

UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF SPECIAL EDUCATION AND
REHABILITATIVE SERVICES
REHABILITATION SERVICES ADMINISTRATION
WASHINGTON, DC 20202

POLICY DIRECTIVE

RSA-PD-05-01

DATE: March 8, 2005

TO : STATE VOCATIONAL REHABILITATION AGENCIES (GENERAL)
STATE VOCATIONAL REHABILITATION AGENCIES (BLIND)
CLIENT ASSISTANCE PROGRAMS
PROTECTION AND ADVOCACY OF INDIVIDUAL RIGHTS
PROGRAMS
PROTECTION AND ADVOCACY FOR ASSISTIVE TECHNOLOGY
PROGRAMS
STATEWIDE ASSISTIVE TECHNOLOGY GRANT PROGRAMS
REGIONAL REHABILITATION CONTINUING EDUCATION
PROGRAMS
CONSUMER ADVOCACY ORGANIZATIONS
RSA SENIOR MANAGEMENT TEAM

SUBJECT : LIQUIDATION OF OBLIGATIONS UNDER RSA'S
FORMULA GRANTS

BACKGROUND: This Policy Directive (PD) supersedes Information Memorandum
01-06, dated October 26, 2000.

RSA-IM-01-06 is being replaced by this Policy Directive because the
Department of Education issued a new policy memorandum on January
28, 2005 which supersedes the Rehabilitation Services Administration's
(RSA) guidance contained in IM-01-06. The PD also provides procedural
information not contained in the Department's new policy.

The Department's new policy memorandum is attached and referenced in
this PD. It is entitled: Extension of Liquidation Periods and Related
Accounting Adjustments for Grantees under Department of Education
State-Administered Programs.

POLICY
STATEMENT : This policy directive sets forth the procedures to be followed in requesting
extensions of time to liquidate grant obligations. This PD is applicable to
the following formula grant programs established under the Rehabilitation
Act of 1973, as amended:

- State Vocational Rehabilitation (VR) Services Program -- Section 110;
- Client Assistance Program (CAP) -- Section 112;
- Protection and Advocacy of Individual Rights Program (PAIR) -- Section 509;
- Supported Employment (SE) Program -- Section 622;
- Independent Living (IL) Services Program, Part B -- Section 711;
- Independent Living (IL), Part C, Centers for Independent Living (CIL) Program -- Section 721, if administered by a State agency pursuant to Section 723¹; and
- Independent Living, Chapter 2, Independent Living Services for Older Individuals Who are Blind -- Section 752.

This PD is also applicable to the following formula grant programs established under the Assistive Technology Act of 1998, as amended:

- Statewide Assistive Technology Grant Program; and
- Protection and Advocacy for Assistive Technology (PAAT) Program.

As required by 34 CFR 80.23(b) for governmental recipients and 34 CFR 74.52(a)(iv)² for nonprofit recipients, the time limit for liquidation of all obligations under a formula grant, as well as any subgrants awarded (where authorized) thereunder, is 90 days after the end of the grant's funding period, or the termination of the grant.

Grantees of the programs mentioned above that cannot meet the 90-day liquidation requirement must request an extension in order to liquidate their obligations past this time limit. The new Department policy allows each principal operating component (POC) within the Department to "consider and approve or disapprove late liquidation requests for up to 12 months after the end of the Tydings period (i.e. 9 months after the end of normal liquidation period) consistent with the principles outlined below. For late liquidation requests made after that time, only the Chief Financial Officer (CFO) has the authority to approve or disapprove the request in

¹The Rehabilitation Act provides that if State funding for the general operations of CILs in the State for a preceding fiscal year equals or exceeds the Federal funds allotted under the Part C program, the State, if it so chooses, may administer the Part C program as a formula grant program in accordance with Section 723.

²34 CFR 74.52(a)(iv) requires a grantee subject to Part 74 to submit a final financial report 90 days after the end of the grant's funding period. A financial report, however, is not considered final until all unliquidated obligations are zero. Consequently, in order to comply with this final report submission requirement, the grantee must liquidate its obligations within 90 days of the close of the grant's funding period.

conjunction with the Office of the Deputy Secretary, the Office of the Under Secretary, and the Office of the General Counsel.” (The Tydings period is the carryover year.)

Prior to this new Department policy memorandum, RSA Regional Commissioners could approve liquidation extension requests past the one-year period after the grant year-end.

The six principles to be used in considering late-liquidation requests contained in the Department’s policy memorandum are:

1. “Federal funds may be used only for obligations that were incurred during the grant period (including the Tydings period) and only for allowable costs under the relevant program.”
2. “The Department generally will not approve late liquidation requests or related accounting adjustments that move Federal funds between programs or subgrantees.”
3. “The Department generally will not approve late liquidation requests or related accounting adjustments that move obligations or expenditures from State or local accounts to Federal programs, but the Department may approve late liquidation requests that reimburse the grantee for payments made initially from non-Federal funds for obligations charged to Federal programs.”
4. “Liquidation requests generally must be consistent with the underlying accounting system of the grantee for the period in question.” (Accounting principles used cannot be changed.)
5. Past performance of the grantee will be considered in approving extension requests (e.g. whether the agency is on high-risk or whether it is complying with the requirements of the Single Audit Act).
6. “The Department will consider requests for late liquidation and related accounting adjustments not specifically addressed by these principles on a case-by-case basis.”

The Department policy concludes with the statement: “Before the Department approves a late liquidation or related accounting adjustments, the grantee must 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, at a minimum, an attestation that under the proposed late liquidation and/or accounting adjustments, Federal funds would only be used for obligations incurred within the periods of availability of those funds and for allowable purposes. For requests made more than 12 months after the end of the Tydings period, that authorized official must be the Chief State School Officer or the state’s Chief Financial Officer (or comparable officials, in the case of grantees that are not State educational agencies). In

appropriate circumstances, the Department may require an audit by an independent auditor or other review of the late liquidations and/or accounting adjustments as a condition of approval of the grantee's request.”

RSA Procedures

In addition to the Department's policy requirements, all requests for the extension of a liquidation period under RSA formula grant programs must be made in the following manner:

1. Requests must be made in writing, signed by the grantee director and sent to the Regional Commissioner before the grant period ends.
2. Requests must include:
 - the grant number and name of the grant;
 - the reason for the request;
 - the time period of the extension;
 - an assurance that the expenditures were made during the grant period; and
 - an assurance that the funds are allowable.
3. Requests in excess of a year after the grant period must include a detailed list of the obligations whose liquidations require an extension.
4. For requests of longer than a year after the grant period ends, the request must be made before June 30 of the extension period to allow for the time required for processing the requests by the Department.

RSA Central Office will forward requests for extensions, with a recommended course of action, through the Office of Special Education and Rehabilitative Services (OSERS) to the CFO. The CFO will approve or disapprove the request and notify the POC. RSA will notify the grantee by letter within 30 days of receipt of the request whether the request for an extension of time to liquidate the obligations has been approved for extensions of a year or less.

If the Department grants an extension, the grantee must continue to submit to the RSA Regional Office all required interim Financial Status Reports for the affected grant (quarterly for the Title I-- State VR Services Program; annually for all the other formula grants). However, after all obligations have been liquidated, the final report will cover the period from the last interim report through the end date of the extension period. The final report will be due thirty days after the close of the extension period.

CITATIONS

IN LAW : Sections 19, 108, 110, 112, and 509; Title VI, Part B and Title VII of the Rehabilitation Act of 1973, as amended. Section 4 and 5 of the Assistive Technology Act of 1998, as amended.

CITATIONS IN

REGULATIONS : 34 CFR 74.52(a)(iv) and 80.23(b)

RELATED POLICY

ISSUANCES : PD-01-01

INQUIRIES : RSA Regional Commissioners

/s/

Troy R. Justesen, Ed.D
Acting Commissioner

cc: Council of State Administrators of Vocational Rehabilitation
National Association of Protection and Advocacy Systems

Attachment