



Pennsylvania  
Department of Education

# ARP ESSER Program Closeout

January 22, 2025



# ARP ESSER Closeout Overview

## Introduction:

The American Rescue Plan (ARP) Elementary and Secondary School Emergency Relief (ESSER) Fund's period of performance **ended on September 30, 2024**. Subrecipients are now focused on completing the ARP ESSER closeout process in full compliance with **2 CFR Part 200 requirements**. Obligations must be completed by the grant end date. Funds must be liquidated (final payments made) within 90 days after the grant period ends, unless late liquidation applies. The **90-day liquidation grace period** applies only to previously applicable obligated funds.

## Objectives:

### 1 ARP ESSER Fundamentals

- ❑ **Funding Categories:** Review the breakdown of funding categories and their specific purposes.
- ❑ **Set-Aside Requirements:** Understand the detailed requirements for the 20% and 5% set-asides to address learning loss.

### 2 Program Closeout

- ❑ **Key Dates:** Highlight key dates for the period of performance, obligation, and liquidation deadlines.
- ❑ **Compliance Steps:** Review the steps to confirm compliance, including expense tracking, budget revisions, and final reporting.
- ❑ **Final Expenditure Report:** Provide a structured process for preparing and submitting the Final Expenditure Report (FER).
- ❑ **Documentation:** Confirm expenditures are properly documented and compliant with federal guidelines.

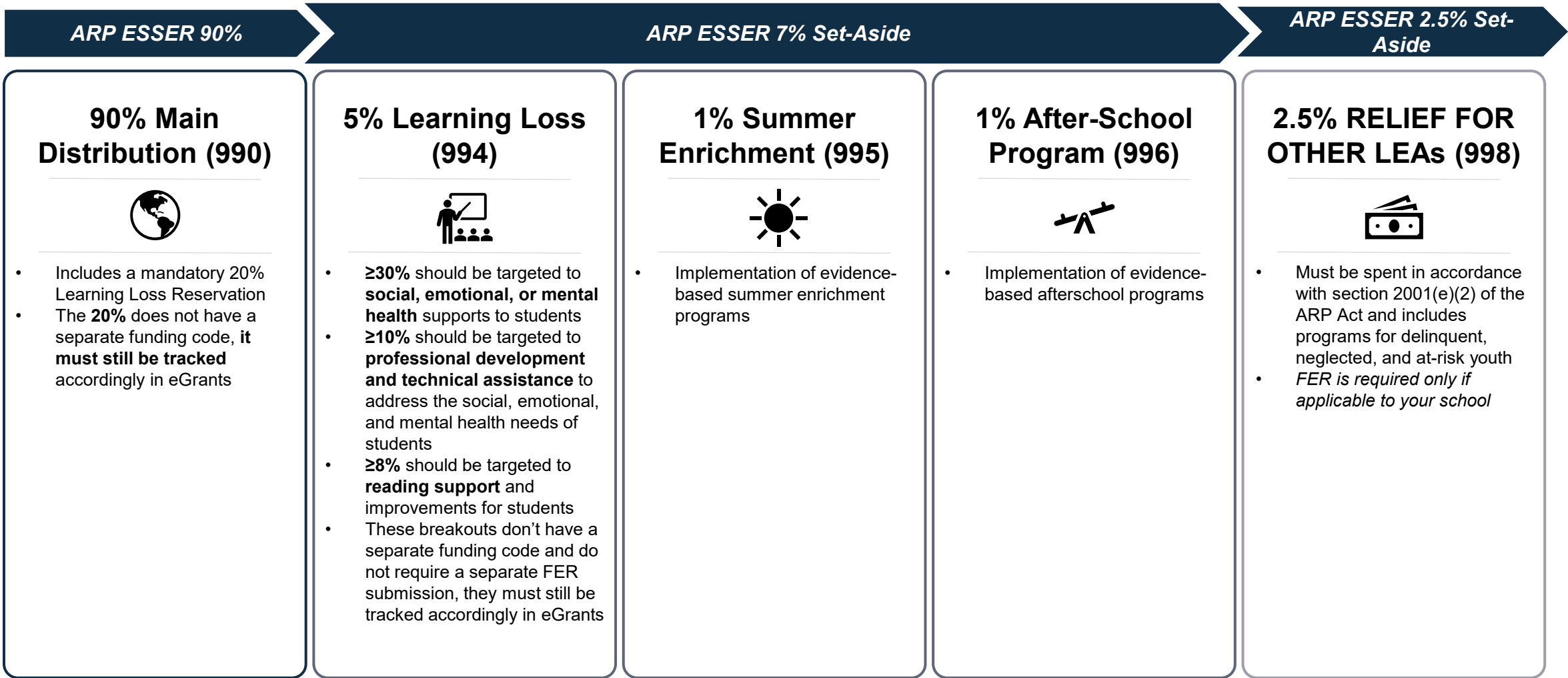
## Outcomes:

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- ❑ **Compliance with Federal Guidelines:** Expenditures appear to be properly documented to meet 2 CFR Part 200 requirements.
- ❑ **Successful Submission of Reports:** The Final Expenditure Report and required documentation is submitted on time.
- ❑ **Financial Reconciliation:** General ledgers are reconciled, confirming that reported expenditures equal recorded costs.
- ❑ **Proper Use of Funds:** Verification that funds have been spent in accordance with the ARP ESSER guidelines, including the specific set-aside requirements for evidence-based learning loss, summer enrichment, and after-school programs.
- ❑ **Transparent Reporting:** Clear reporting builds stakeholder trust and demonstrates responsible financial management.
- ❑ **Record Retention:** Maintain documentation for a minimum of seven years to be prepared for future audits or reviews.
- ❑ **Avoidance of Potential Penalties:** Mitigate risk (e.g., loss of funding or enforcement actions) by maintaining compliance.

# ARP ESSER FER Breakdown

The following ARP ESSER programs require formal closeout with a Final Expenditure Report (FER) submission



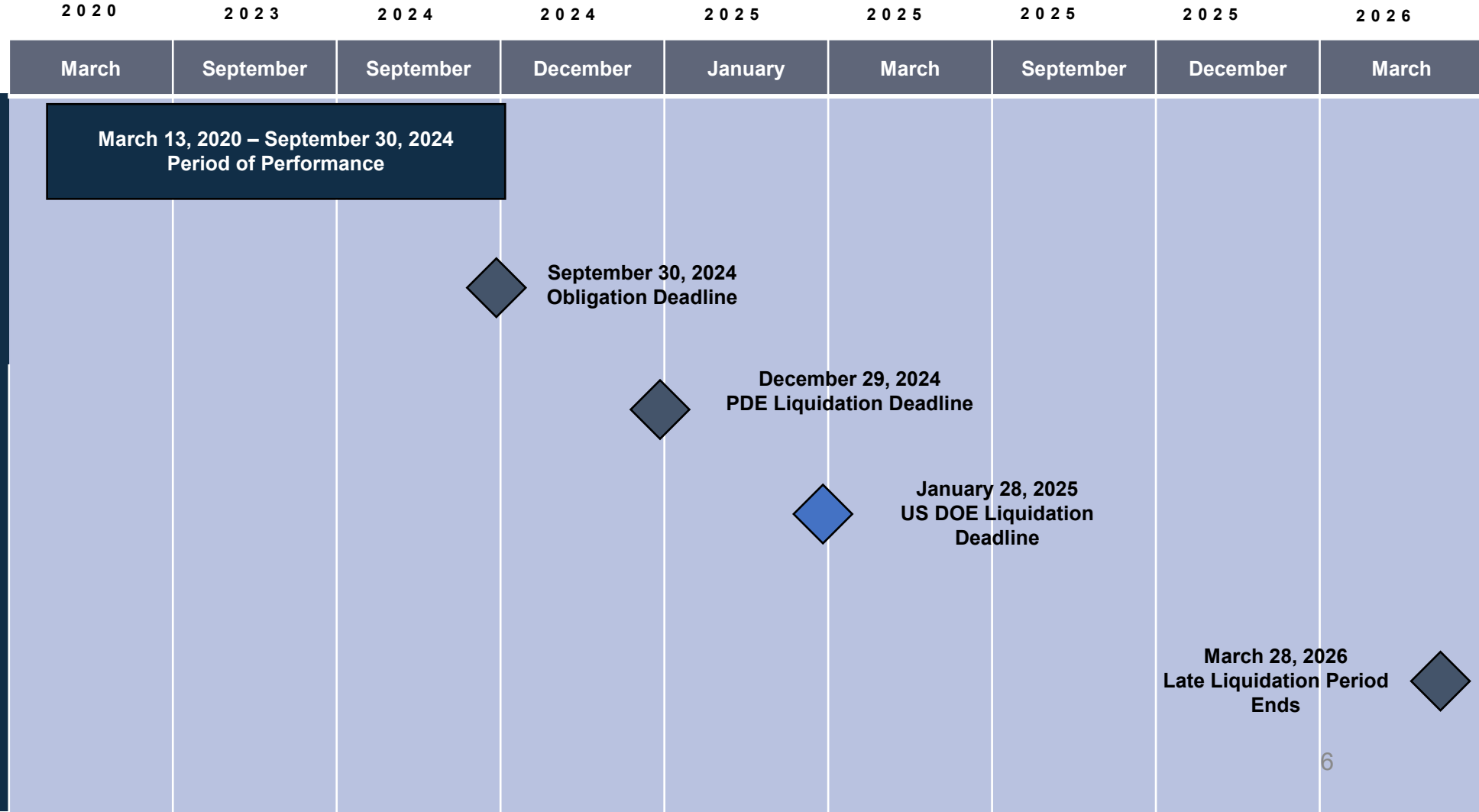
# Closeout: Through the lens of 2 CFR 200

2 CFR 200.344 (a-i) closeout requirement apply to subrecipients using Federal funds. Select relevant Uniform Guidance is listed below, Local Educational Agencies (LEA) are responsible for timely and accurate closeout procedures in accordance with Uniform Guidance and PDE’s closeout procedures.

Reference	Title	What You Need to Know
§ 200.344 (a)	Closeout	The pass-through entity <b>must close out</b> the Federal award when it determines that all administrative actions and required work of the Federal award have been completed.
§ 200.344 (b)	Closeout	A subrecipient must submit all reports (financial, performance, and other reports required by a subaward) to the pass-through entity <b>no later than 90 calendar days</b> after the conclusion of the period of performance of the subaward (or an <b>earlier date</b> as agreed upon by the pass-through entity and subrecipient).
§ 200.344 (c)	Closeout	A subrecipient must <b>liquidate</b> all financial obligations incurred under a subaward no later than <b>90 calendar days</b> after the conclusion of the period of performance of the subaward (or an earlier date as agreed upon by the pass-through entity and subrecipient).
§ 200.344 (d)	Closeout	The Federal agency or pass-through entity must not delay payments to the recipient or subrecipient for costs meeting the requirements of subpart E of this part.
§ 200.344 (e)	Closeout	The recipient or subrecipient must promptly refund any unobligated funds that the Federal agency or pass-through entity paid and that are not authorized to be retained. See OMB Circular A-129 and § 200.346.
§ 200.344 (f)	Closeout	The pass-through entity must <b>make all necessary</b> adjustments to the Federal share of costs after closeout reports are received (for example, to reflect the disallowance of any costs or the deobligation of an unliquidated balance).
§ 200.344 (g)	Closeout	The subrecipient must <b>account for any property</b> acquired with Federal funds or received from the Federal Government in accordance with §§ 200.310 through 200.316 and 200.330.

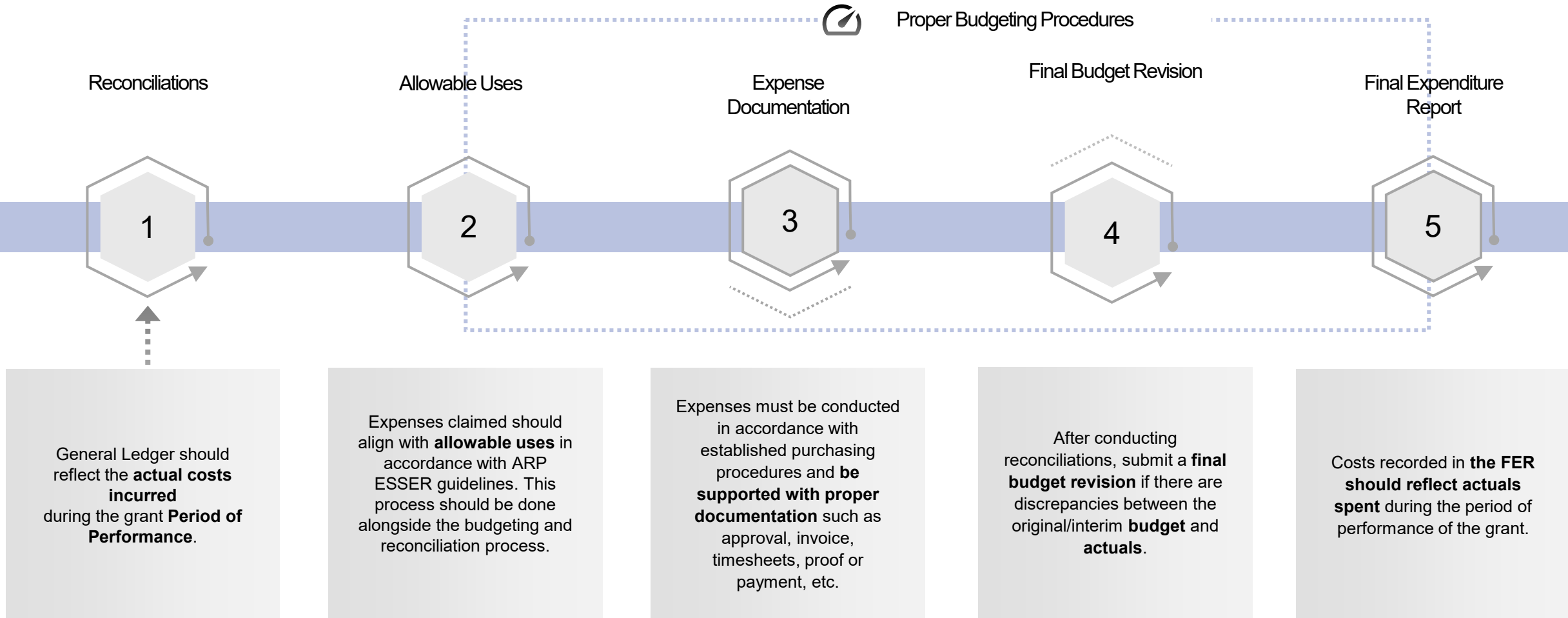
# ARP ESSER Grant Closeout Timeline

The complete timeline of important dates throughout the span of the ESSER grant lifecycle. Submission of a FER within 30 days of liquidation is required for program closeout requirements.



# The Closeout Process

The following processes must be completed for closeout





# Reconciliation Best Practices and Considerations

**Definition:** Book to Bank Reconciliations are used to explain differences between cash balances per bank and per book to arrive at a corrected balance between the two.

## *Book to Bank Reconciliations:*

### General Ledger

- **Compare Balances:** Cash balances and transactions from bank account should reconcile to General Ledgers
- **Adjust Balances:** Adjust balances to account for any discrepancies
- **Record Reconciliation:** Record adjustments as needed.

### Bank Statements

- **Frequency:** Bank Statements should be reconciled regularly for timely detection and correction of errors
- **Deposits in Transit:** Look out for deposits received by bank that are not processed
- **Outstanding Checks:** Look out for checks that have not cleared

### Common Issues

- **Timing Differences:** Occur due to lag in recording transactions in the General Ledgers (GLs) and Bank Statements.
- **Unrecorded Transactions:** Making sure that transactions like interest and bank fees are recorded in cash book.
- **Bank Errors:** Bank could record wrong amount, or checks may be erroneously subtracted.

## *All recorded expenditures should be reviewed for the following:*

- Correct Object and Functions Code per Subgrant Agreement
- All costs items are supported with required documentation
- Expenses were incurred during grant performance period
- All budgeted items are allowable per subgrant agreement

- Correct vendor description
- Correct dollar amount
- Outgoing checks match Invoice Amount
- Invoice =< Purchased Order amount
- Payment was processed, cleared and approved by authorized approver





# Reconciled Subledger(s)



Once funding is **fully** spent, regardless of Period of Performance deadline, **reconcile** the ARP ESSER expense subledger to reflect actual costs incurred.



Confirm that expenses align with the **allowable uses** as outlined in the ARP ESSER Grant Agreement.



Compare reconciled ledger to the Subgrant Agreement as outlined in your Appendix B Budget.

# Reconciled Subledger(s) (Cont. Part 1)

GL String	Vendor	Date	Amount
10-1110-230-996-12-000	Joe Smith	1/20/2023	\$ 5,000.00
10-1110-230-996-12-000	N/A	2/3/2023	\$ 6,000.00
10-1110-310-996-12-000	KeySolutions	2/3/2023	\$ 7,000.00
10-2600-400-996-12-000	Attem, INC	2/17/2023	\$ 5,000.00
10-4000-700-996-12-000	Govconnection	2/17/2023	\$10,000.00
		<b>Total</b>	<b>\$33,000.00</b>

**Final Budget Revision**  
Fiscal Year 2020-2021

**BUDGET SUMMARY**

	100 salaries	200 Benefits	300 Purchased Professional and Technical Services	400 Purchased Property Service	500 Other Purchased Services	600 Supplies 800 Dues and Fees	700 Property	Total
1100	\$5,000	\$6,000	\$7,000	-	-	-	-	\$18,000
2600	-	-	-	\$5,000	-	-	-	\$5,000
4000	-	-	-	-	-	-	\$10,000	\$10,000
								\$33,000

**Final Expenditure Report**  
Fiscal Year 2020-2021

**BUDGET SUMMARY**

	100 salaries	200 Benefits	300 Purchased Professional and Technical Services	400 Purchased Property Service	500 Other Purchased Services	600 Supplies 800 Dues and Fees	700 Property	Total
1100	\$5,000	\$6,000	\$7,000	-	-	-	-	\$18,000
2600	-	-	-	\$5,000	-	-	-	\$5,000
4000	-	-	-	-	-	-	\$10,000	\$10,000
								\$33,000

## General Ledgers

Track expenditures within the general ledgers to account for actual transactions, with appropriate fields such as funding code, vendor, date, amount, etc.

## Final Budget Revision

Compare the general ledger against the current budget to confirm the dollar amounts align on the function code and object code level. If they do not, conduct a Final Budget Revision.

## Final Expenditure Report

Once all the funds have been used, complete the FER by using the finalized general ledger. At this point, the dollar amounts from the general ledger, budget, and FER should all align.

# Grant Budget Revision



If you have a greater than \$1.00 difference in your 700 Object Code (Property), *a budget revision should be submitted.*

*Budget revisions must be approved before the FER is created.*



If your actual cost by function code is greater or equal to 20% variance when compared to budget amount, a budget revision should be submitted. Please see LEA Budget and Program Revision Procedures instructions.

[Pennsylvania Department of Education Budget Revision Guidelines](#)



# The Three-Pronged Approach

The ARP ESSER Closeout Process involves three core documents. The **Latest Grant Budget Revision**, the LEA's **Reconciled General Ledger**, and the creation and submission of the **FER**.

## ARP ESSER Closeout

1. **Apdx B, Budget Revisions**
2. **Reconciled General Ledger**
3. **Final Expenditure Report**

# PDE Closeout Readiness

**1**

Funding is **fully** spent.

**2**

ARP ESSER expense subledger is **reconciled** to reflect actual costs incurred.

**3**

Expenses align with the **allowable uses** as outlined in the Subgrant Agreement.

**4**

Gather and retain all the relevant **documentation** to support your expenditures as reported in your internal records and FER.




**5**

Address all your **Observations** (if any) from the monitoring visit.

**6**



You have completed and submitted the **FER** in **eGrants**.

# Common Observations and How to Address Them

OBSERVATION	REGULATORY GUIDANCE	RISK	RECOMMENDED ACTION	NEXT STEPS
 <p><b>FER Not Submitted</b></p>	<p><b>2 CFR 200.344</b></p> <p><b>PDE Final Expenditure Report Instructions</b></p> <p><b>PDE ESSER Subaward Appendix C</b></p>	<p>Failure to comply with reporting deadlines outlined in the terms and conditions of the subaward can result in loss of the Subrecipient's ESSER funding.</p>	<p>It is recommended that Subrecipients reconcile their GL's and submit their FER within 30 days of being fully spent for the Federal award.</p>	<p>The Subrecipient should implement procedures for timely and accurate reporting of FER. The financial information reported in the FER must accurately reflect internal reporting information according to the Manual of Accounting and Financial Reporting for Pennsylvania Local Educational Agencies and the PA Chart of Accounts.</p>
 <p><b>No Budget Revision Submitted</b></p>	<p><b>PDE Budget Revision Instructions</b></p> <p><b>PDE LEA Budget and Program Revision procedures</b></p>	<p>Failure to report actual financial expenditure information for Federal grant programs could result in loss of the Subrecipient's ESSER funding.</p>	<p>It is recommended that Subrecipients submit budget revisions for unspent function codes, unbudgeted function codes, and/or function codes with a variance greater than 20 percent for clarity and transparency.</p>	<p>The Subrecipient should implement procedures for timely and accurate reporting of FER, budget modifications, and other reporting requirements. If circumstances require the re-opening of previous reports, please identify and contact the Regional Coordinator or Technical Administrator for your associated Intermediate Unit (IU).</p>
 <p><b>FER Does Not Match GL</b></p>	<p><b>2 CFR 200.403(g)</b></p>	<p>Failure to report actual financial expenditure information for Federal grant programs could result in loss of the Subrecipient's ESSER funding.</p>	<p>It is recommended that Subrecipients submit revisions when their FER does not align with their GL claims for clarity and transparency.</p>	<p>The Subrecipient should implement procedures for timely and accurate reporting of FER consistent with internal accounting ledger information. If differences and/or errors in reporting information exist, please identify and make retroactive corrections for consistent reporting.</p>





# Common Observations and How to Address Them (Cont. Part 1)

OBSERVATION		OBSERVATION	
REGULATORY GUIDANCE	 <b>No Subledger to Support FER</b>	REGULATORY GUIDANCE	 <b>FER Total is Greater/Less than GL Total</b>
RISK	Failure to comply with financial reporting requirements as outlined in the Manual of Accounting and Financial Reporting For Pennsylvania Local Educational Agencies and the PA Chart of Accounts can result in loss of the Subrecipient's ESSER funding.	RISK	Failure to report actual financial expenditure information for Federal grant programs could result in loss of the Subrecipient's ESSER funding.
RECOMMENDED ACTION	The Subrecipient should implement procedures for timely and accurate reporting of Final Expenditure Reports (FER).	RECOMMENDED ACTION	The Subrecipient should implement procedures for timely and accurate reporting of Final Expenditure Reports consistent with internal accounting ledger information.
NEXT STEPS	The financial information reported in the FER must accurately reflect internal reporting information according to the Manual of Accounting and Financial Reporting For Pennsylvania Local Educational Agencies and the PA Chart of Accounts.	NEXT STEPS	If differences and/or errors in reporting information exist, please identify and make retroactive corrections for consistent reporting.



# Common Observations and How to Address Them (Cont. Part 2)

<b>OBSERVATION</b>	 <b>Missing ARP ESSER 20% Learning Loss Breakdown</b>	<b>OBSERVATION</b>	 <b>Missing ARP ESSER 5% Learning Loss Set-Aside Breakdown</b>
<b>REGULATORY GUIDANCE</b>	<b>Section 2001(e)(1) of the ARP Act</b>	<b>REGULATORY GUIDANCE</b>	<b>Pennsylvania Act 24 of 2021</b>
<b>RISK</b>	Failure to meet the minimum expenditure amounts required for ARP ESSER Learning Loss can result in not meeting the terms and conditions of the grant program and/or loss of ARP ESSER funding.	<b>RISK</b>	Failure to meet the minimum expenditure amounts required for ARP ESSER Learning Loss can result in not meeting the terms and conditions of the grant program and/or loss of ESSER funding.
<b>RECOMMENDED ACTION</b>	The LEA should document how actual spending met the definition of outlined requirements including documented breakouts of actual expenditures for each Learning Loss category and reallocation of expenditures as appropriate.	<b>RECOMMENDED ACTION</b>	The LEA should document how actual spending met the definition of outlined requirements including documented breakouts of actual expenditures for each Learning Loss category and reallocation of expenditures as appropriate.
<b>NEXT STEPS</b>	The Subrecipient should use proper budgeting procedures to make sure that mandated expenditure minimum amounts are met.	<b>NEXT STEPS</b>	The Subrecipient should use proper budgeting procedures to make sure that mandated expenditure minimum amounts are met.





# Contact/Mission

For more information on the ARP ESSER Program Closeout please visit PDE's website at [www.education.pa.gov](http://www.education.pa.gov)

*The mission of the Department of Education is to ensure that every learner has access to a world-class education system that academically prepares children and adults to succeed as productive citizens. Further, the Department seeks to establish a culture that is committed to improving opportunities throughout the commonwealth by ensuring that technical support, resources, and optimal learning environments are available for all students, whether children or adults.*