

## Implementation Period Reconciliation and Grant Closure

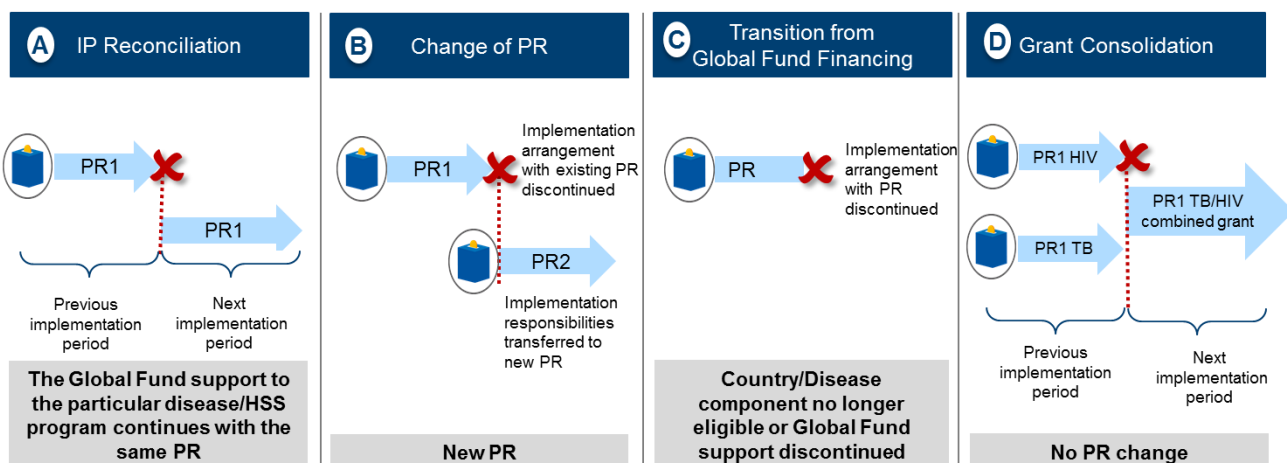
**Approved on:** 4 September 2018  
**Approved by:** Executive Grant Management Committee  
**Process Owner:** Grant Portfolio Solutions  
**Sub-process Owner:** Program Finance

### Relevant Operational Policies:

- *OPN on IP Reconciliation and Grant Closure*
- *OPN on Recovery of Grant Funds<sup>1</sup>*
- *OPN on Annual Funding Decision and Disbursements*
- [Guidelines for Grant Budgeting](#)
- [Guidelines for Annual Audits of Global Fund Grants](#)
- [Guidelines on Asset Management](#)

1. This document provides procedural guidance on Implementation Period (“IP”) Reconciliation and Grant Closures, for grants financed under the 2014-2016 allocation period and thereafter. The OPN on Grant Closures issued on 18 December 2014 applies to grants financed prior to the 2014-2016 allocation period.
2. Depending on the applicable closure type, Country Teams should refer to the relevant section of this Operational Procedures below:
  - **IP Reconciliation** – Section A
  - **Grant Closure**
    - *Change of the Principal Recipient* – Section B
    - *Transition from Global Fund Financing* – Section C
    - *Grant Consolidation* – Section D

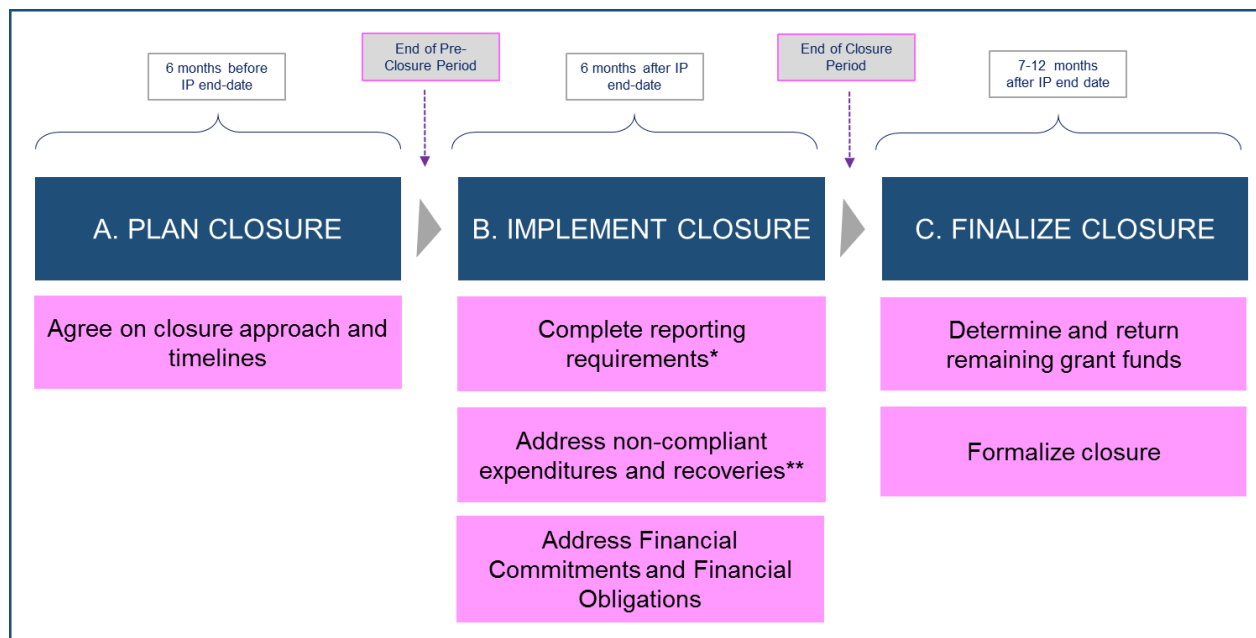
3. Overview of the IP Reconciliation and Grant Closure types:



<sup>1</sup> This is an internal Global Fund document

## SECTION A: IMPLEMENTATION PERIOD RECONCILIATION

4. **Triggers.** IP Reconciliation is triggered when the Global Fund’s support for a particular disease/HSS program continues from one IP to the next, with the same Principal Recipient. In such cases, there are requirements that need to be fulfilled as per the Grant Agreement to ensure the closure of the earlier IP.
5. **IP Reconciliation Activities.** The list of steps and requirements with which the Principal Recipient needs to comply to ensure an orderly reconciliation of the IP are presented below:



\* Except for the Financial Closure Report, and in specific cases the audit report, which are submitted during the ‘Finalize Closure’ stage.

\*\* Non-compliant expenditures and recoveries must be addressed as soon as possible during the ‘Implement Closure’ stage. Depending on timelines agreed with the Global Fund, this activity may extend to the ‘Finalize Closure’ stage.

Requirements	Timeline	Review and Approval <sup>2</sup>
<b>A. Plan Closure (6 months before the IP end date)</b>		
The Country Team prepares and shares with the Principal Recipient the Guidance Letter on IP Reconciliation to ensure the IP is closed in a timely and orderly manner	6 months before the IP end date	Fund Portfolio Manager
<b>B. Implement Closure (within 6 months from the IP end date)</b>		
<b>Complete Reporting Requirements</b>		
<p><b>Final Progress Update for the IP</b> which includes:</p> <ul style="list-style-type: none"> <li>the programmatic and financial progress report for the period from the last progress update to the IP end date (including any extensions), and</li> <li>the Annual Financial Report (AFR) for the period from the last AFR to the IP end date (including any extensions)</li> </ul> <p>See <a href="#">PU/DR Guidelines</a></p>	Principal Recipient submission due date: within 2 months from the IP end date	<p>Review by the Local Fund Agent (LFA)</p> <p>Review by the Country Team:</p> <ul style="list-style-type: none"> <li>Finance Specialist/Portfolio Services Team (PST), who validates the financial data based on the LFA review</li> <li>Public Health and Monitoring and Evaluation (PHME) Specialist, who validates the programmatic data based on the LFA review</li> <li>Health Product Management (HPM) Specialist, who validates the procurement data based on the LFA review</li> </ul> <p>Approval by:</p> <ul style="list-style-type: none"> <li>Fund Portfolio Manager, who approves the overall report based on the above</li> </ul>
<p><b>Final Tax Report for the IP</b> covering the last year of the IP (including any extensions)</p> <p>See <a href="#">PU/DR Guidelines</a></p>	Principal Recipient submission due date: 31 July	<p>Review by the LFA (if applicable)</p> <p>Review by:</p> <ul style="list-style-type: none"> <li>Finance Specialist/PST, who validates the tax report based on the LFA review (if applicable)</li> </ul> <p>Approval by:</p> <ul style="list-style-type: none"> <li>Fund Portfolio Manager, who approves based on the above</li> </ul>
<p><b>Audit Report</b> for the last year of the IP (including any extensions)</p>	Principal Recipient submission due date: within 6 months from the IP end date	<p>Review by the LFA (if applicable)</p> <p>Review by:</p> <ul style="list-style-type: none"> <li>Finance Specialist/PST, who validates the audit report based on the LFA review (if applicable)</li> </ul> <p>Approval by:</p> <ul style="list-style-type: none"> <li>Fund Portfolio Manager, who approves based on the above</li> </ul>

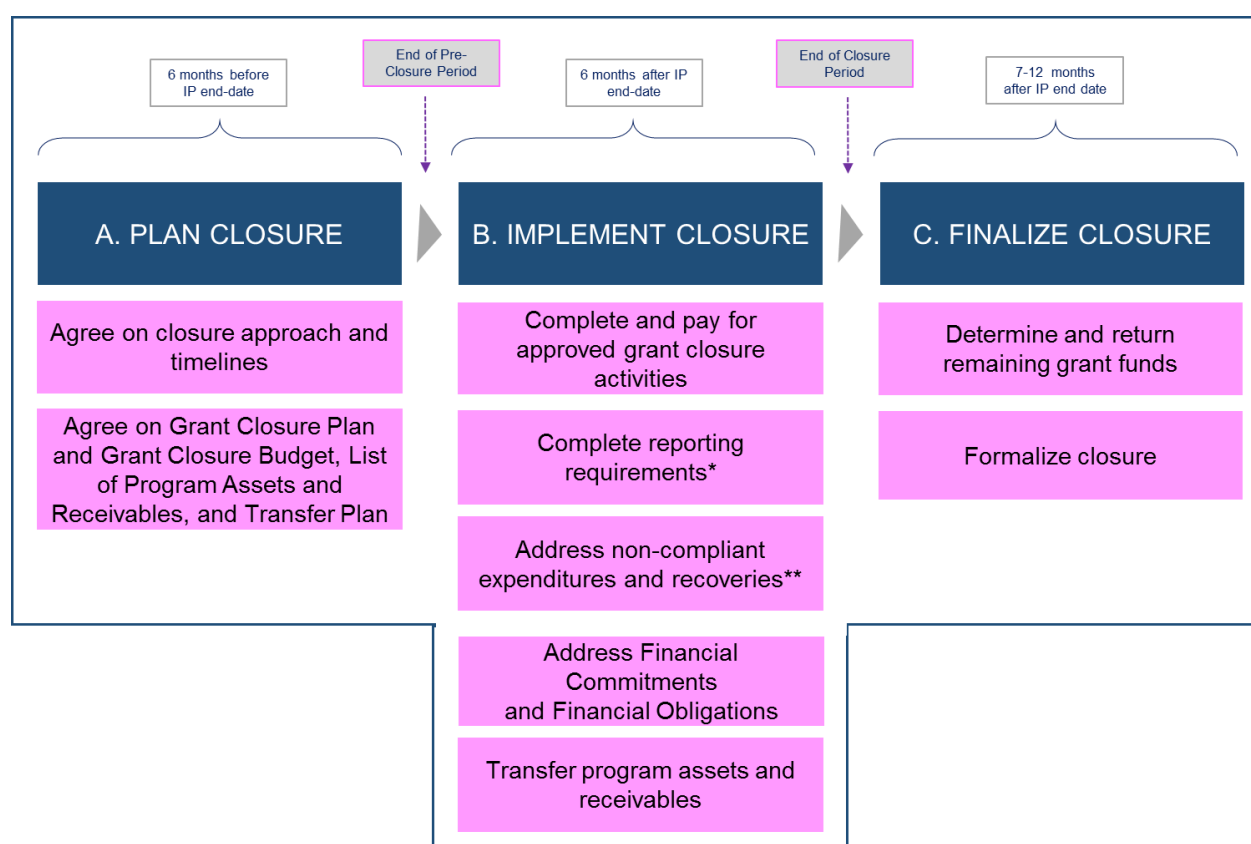
<sup>2</sup> Review and approval processes may vary depending on the portfolio categorization. Where appropriate in this table, please refer to the Signature Authority Procedure (as amended from time to time). The Signature Authority Procedure is a Global Fund internal document.

<b>Address Financial Commitments and Obligations</b>		
Pay outstanding Financial Commitments under the expiring IP and transfer approved Financial Obligations to the next IP in line with the Guidance on Transition Between Allocation Utilization Periods	Within 6 months from the IP end date	<p>Financial commitments outstanding after 6 months are reviewed by:</p> <ul style="list-style-type: none"> <li>• Finance Specialist/PST; and</li> <li>• Fund Portfolio Manager.</li> </ul> <p>The related Annual Funding Decision and Disbursement will be processed as an exception based on the <a href="#">OPN on Annual Funding Decision and Disbursements</a> and upon the signature of a Final Payment Letter by:</p> <ul style="list-style-type: none"> <li>• Regional Manager or Department Head; and</li> <li>• Regional Finance Manager.</li> </ul>
<b>Address Non-Compliant Expenditures and Recoveries</b>		
Address non-compliant expenditures under expiring IP.	Within 6 months from the IP end date	Review and approval follows the <a href="#">Guidelines for Grant Budgeting</a> and OPN on Recovery of Grant Funds <sup>3</sup> .
<b>C. Finalize Closure (within 7 – 12 months from the IP end date)</b>		
<b>Determine and Take Into Account Remaining Grant Funds</b>		
<p>Submission and validation of the <b>Financial Closure Report</b> which includes the:</p> <ul style="list-style-type: none"> <li>• financial reconciliation of the cash balance as at the end of the IP (including any extensions);</li> <li>• expenditure report covering the period from the last submitted expenditure report up to the end of the Closure Period; and</li> <li>• updated Financial Commitments and Obligations as at the end of the IP</li> </ul> <p>See <a href="#">Financial Closure Report Guidelines</a></p>	Principal Recipient submission due date: 7.5 months from the IP end date	<p>Review by the LFA</p> <p>Review by:</p> <ul style="list-style-type: none"> <li>• Finance Specialist/PST, who validates the Financial Closure Report, based on the LFA review</li> </ul> <p>Approval by:</p> <ul style="list-style-type: none"> <li>• Fund Portfolio Manager, who approves based on the above</li> </ul>
Based on the Financial Closure Report, determine final in-country cash balance under the expiring IP to be deducted from the grant amount for the next IP	Within 9-12 months from the IP end date	A reduction of the grant amount for the new IP will entail a revision of the Grant Confirmation table through issuance of an Implementation Letter.
<b>Formalize the Closure</b>		
The IP is financially closed when all the closure activities as described above have been considered fulfilled or waived by the Global Fund	Within 12 months from the IP end date	This does not mean that the Principal Recipient's legal obligations under the Grant Agreement ends. Please refer to the section 25 of the OPN on IP Reconciliation and Grant Closures.

<sup>3</sup> This is an internal Global Fund document.

## SECTION B: GRANT CLOSURE DUE TO A CHANGE OF PRINCIPAL RECIPIENT

6. **Triggers.** This occurs when the CCM and/or the Global Fund decides to transfer implementation responsibilities of an approved program from one Principal Recipient to another, for example where the Grant Agreement with the current Principal Recipient is being terminated or suspended. This might occur during the IP or at the end of the IP. Under this scenario, the Global Fund support to the disease/HSS program continues but the implementation by the existing Principal Recipient is discontinued.
7. When this happens, the grant with the outgoing Principal Recipient is closed and a new grant is signed with the new Principal Recipient. The change in the Principal Recipient is approved by the Regional Manager or Department Head. The Country Team prepares a new Grant Confirmation. The Grant Confirmation is reviewed and signed by the Global Fund and the new Principal Recipient.
8. **Grant Closure Activities.** When the Principal Recipient changes, grant closure activities must focus on the swift and orderly transfer of the program implementation from the outgoing Principal Recipient to the new Principal Recipient to facilitate the continuity of the program.



\* Except for the Financial Closure Report, and in specific cases<sup>4</sup> the audit report, which are submitted during the 'Finalize Closure' stage.

\*\* Non-compliant expenditures and recoveries must be addressed as soon as possible during the 'Implement Closure' stage. Depending on timelines agreed with the Global Fund, this activity may extend to the 'Finalize Closure' stage.

Requirements	Timeline	Review and Approval <sup>5</sup>
<b>A. Plan Closure (within 6 months before the IP end date)</b>		
The Country Team prepares and shares with the	As soon as the decision to change	Fund Portfolio Manager

<sup>4</sup> The audit report must also cover the 'Closure Period' in the following cases: (a) the financial risk level is documented and validated (by the Regional Finance Manager) in the Integrated Risk Module as high or very high; (b) the Grant Closure Budget is more than 10% of the grant budget or more than US\$ 1 million whichever is lower; and/or (c) the previous audit report had a qualified opinion.

<sup>5</sup> Review and approval processes may vary depending on the portfolio categorization. Where appropriate in this table, please refer to the Signature Authority Procedure (as amended from time to time). The Signature Authority Procedure is a Global Fund internal document.

Requirements	Timeline	Review and Approval <sup>5</sup>
<p>outgoing Principal Recipient, the Guidance Letter on grant closure due to the change of the Principal Recipient. If the change of the Principal Recipient happens in the middle of the IP, the guidance letter must clearly indicate the end date of the grant with the outgoing Principal Recipient. The guidance letter will include the requirements to ensure an orderly closure of the grant</p>	<p>the Principal Recipient is made and communicated in writing to the Principal Recipient</p>	
<p><b>Agree on Grant Closure Plan, Grant Closure Budget, List of Program Assets and Receivables, and Transfer Plan (within 6 months before the IP end date)</b></p>		
<p><b>Grant Closure Plan and Budget:</b> which includes:</p> <ul style="list-style-type: none"> <li>Grant closure activities to be implemented during the Closure Period and the required budget to conduct such activities</li> </ul>	<p>Principal Recipient submission due date: No later than 3 months before the IP end date</p>	<p>Review by the LFA (if applicable)</p> <p>Review and recommendation by:</p> <ul style="list-style-type: none"> <li>Fund Portfolio Manager</li> <li>Finance Specialist/PST</li> <li>PHME and HPM Specialists, if programmatic activities will be completed during Closure Period</li> </ul> <p>Approval by:</p> <ul style="list-style-type: none"> <li>Regional Manager or Department Head<sup>6</sup> and Regional Finance Manager<sup>7</sup> through the sign-off of the Implementation Letter approving the Grant Closure Plan and Grant Closure Budget</li> </ul>
<p><b>List of Program Assets and Receivables and Transfer Plan:</b> which includes the:</p> <ul style="list-style-type: none"> <li>list of all goods or other tangible or intangible property acquired wholly or partly using grant funds</li> <li>list of receivables owed to the Principal Recipient by third parties</li> <li>plan of how the Program Assets are going to be transferred to the incoming Principal Recipient</li> </ul> <p>Submitted together with the Grant Closure Plan and Grant Closure Budget</p>	<p>Principal Recipient submission due date: No later than 3 months before the IP end date</p>	<p>Review by the LFA (if applicable).</p> <p>Review by:</p> <ul style="list-style-type: none"> <li>Fund Portfolio Manager</li> <li>Finance Specialist/PST, who validates the List of Program Assets and Receivables and Transfer Plan, based on the LFA review (if applicable)</li> <li>HPM Specialist, who validates the List of Program Assets and Receivables and Transfer Plan, based on the LFA review (if applicable)</li> </ul> <p>Approval by:</p> <ul style="list-style-type: none"> <li>Regional Manager or Department Head and Regional Finance Manager through the sign-off of the Implementation Letter approving the Grant Closure Plan and Budget</li> </ul>
<p><b>B. Implement Closure (within 6 months from the IP end date)</b></p>		
<p><b>Complete Reporting Requirements</b></p>		

<sup>6</sup> For High Impact Department portfolios.

<sup>7</sup> In accordance with the Global Fund Signature Authority Procedure (as amended from time to time) ("SAP").

Requirements	Timeline	Review and Approval <sup>5</sup>
<p><b>Final Progress Update for the grant</b> covering the last year of the IP (including any extensions)</p> <p>Includes the:</p> <ul style="list-style-type: none"> <li>• programmatic and financial progress report for the period from the last progress update to the IP end date</li> <li>• Annual Financial Report (AFR) for the period from the last AFR to the IP end date (including any extensions)</li> </ul> <p>See <a href="#">PU/DR Guidelines</a></p>	<p>Principal Recipient submission due date: Within 2 months from the IP end date</p>	<p>Review by the LFA</p> <p>Review by the Country Team:</p> <ul style="list-style-type: none"> <li>• Finance Specialist/Portfolio Services Team (PST), who validates the financial data based on the LFA review</li> <li>• Public Health and Monitoring and Evaluation (PHME) Specialist, who validates the programmatic data based on the LFA review</li> <li>• Health Product Management (HPM) Specialist, who validates the procurement data based on the LFA review</li> </ul> <p>Approval by:</p> <ul style="list-style-type: none"> <li>• Fund Portfolio Manager, who approves based on the above</li> </ul>
<p><b>Final Tax Report for the grant</b> covering the last year of the IP (including any extensions)</p> <p>See <a href="#">PU/DR Guidelines</a></p>	<p>Principal Recipient submission due date: 31 July</p>	<p>Review by the LFA (if applicable)</p> <p>Review by:</p> <ul style="list-style-type: none"> <li>• Finance Specialist/PST, who validates the tax report based on the LFA review (if applicable)</li> </ul> <p>Approval by:</p> <ul style="list-style-type: none"> <li>• Fund Portfolio Manager, who approves based on the above</li> </ul>
<p><b>Audit Report</b> covering the last year of the IP (including any extensions).</p> <p>The Closure Period must be covered in the audit <u>only</u> in the following cases:</p> <ol style="list-style-type: none"> <li>the financial risk level is documented and validated (by the Regional Finance Manager) in the Integrated Risk Module as high or very high;</li> <li>the Grant Closure Budget is more than 10% of the grant budget or more than US\$ 1 million whichever is lower; and/or</li> <li>the previous audit report has a qualified opinion</li> </ol>	<p>Principal Recipient submission due date: Within 6 months from the IP end date or the Closure Period end date, if the Closure Period is covered in the audit</p>	<p>Review by the LFA (if applicable).</p> <p>Review by:</p> <ul style="list-style-type: none"> <li>• Finance Specialist/PST, who validates the audit report based on the LFA review (if applicable)</li> </ul> <p>Approval by:</p> <ul style="list-style-type: none"> <li>• Fund Portfolio Manager, who approves based on the above</li> </ul>
<p><b>Address Financial Commitments and Financial Obligations (within 6 months from the IP end date)</b></p>		



Requirements	Timeline	Review and Approval <sup>5</sup>
Pay outstanding Financial Commitments and Financial Obligations under the expiring grant	Within 6 months from the IP end date	Financial commitments outstanding after 6 months are reviewed by: <ul style="list-style-type: none"> <li>• Finance Specialist/PST</li> <li>• Fund Portfolio Manager.</li> </ul> <p>The related Annual Funding Decision and Disbursement will be processed as an exception based on the <a href="#">OPN on Annual Funding Decision and Disbursements</a> and upon the signature of a Final Payment Letter by:</p> <ul style="list-style-type: none"> <li>• Regional Manager or Department Head; and</li> <li>• Regional Finance Manager.</li> </ul>
<b>Address Non-compliant Expenditures and Recoveries (within 9 months from the IP end date)</b>		
Address non-compliant expenditures and recoveries under the expiring grant	Within 9 months from the IP end date	Review and approval follows the <a href="#">Guidelines for Grant Budgeting</a> and OPN on Recovery of Grant Funds <sup>8</sup> .
<b>Transfer Contracts</b>		
The best approach for managing existing contracts should have been agreed with the incoming Principal Recipient before the end of the IP	As soon as the incoming Principal Recipient is nominated	To be discussed and agreed between the outgoing and incoming Principal Recipient.
<b>Transfer Program Assets</b>		
Transfer Program Assets to incoming Principal Recipient and provide evidence to Global Fund	As soon as possible to be agreed with the incoming Principal Recipient	Review by the LFA (if applicable) Review by : <ul style="list-style-type: none"> <li>• HPM Specialist, who validates the reported information, based on the LFA's review (if applicable)</li> <li>• Finance Specialist/PST, who validates the reported information, based on the LFA's review (if applicable)</li> </ul> Approval by: <ul style="list-style-type: none"> <li>• Fund Portfolio Manager, who approves based on the above</li> </ul>
<b>C. Finalize Closure (within 7-12 months from the IP end date)</b>		
<b>Determine and Return Remaining Grant Funds</b>		
Submit and Validate the <b>Financial Closure Report</b> which includes the: <ul style="list-style-type: none"> <li>• reconciliation report of the cash balances at the end of the IP, including the Closure Period;</li> <li>• expenditures report for the Closure Period</li> </ul>	Principal Recipient submission due date: Within 7.5 months from the IP end date	Review by the LFA Review by: <ul style="list-style-type: none"> <li>• Finance Specialist/PST, who validates the reported information, based on the LFA review</li> </ul> Approval by: <ul style="list-style-type: none"> <li>• Fund Portfolio Manager, who approves based</li> </ul>

<sup>8</sup> This is a Global Fund internal document and is not available publicly.



Requirements	Timeline	Review and Approval <sup>5</sup>
<ul style="list-style-type: none"> <li>updated Financial Commitments and Financial Obligations as at the end of the IP</li> </ul> <p>See <a href="#">Financial Closure Report Guidelines</a></p>		on the above
<p>Based on the Financial Closure Report:</p> <ul style="list-style-type: none"> <li>return the final in-country cash balance under the closing grant to the Global Fund.</li> <li>address non-compliant expenditures from the Closure Period</li> </ul>	Within 12 months from the IP end date	Remaining funds to be returned to the Global Fund are determined through the review and validation of the Financial Closure Report.
<b>Formalize Closure</b>		
<p>The grant is:</p> <ul style="list-style-type: none"> <li>financially closed when all the steps and requirements have been considered fulfilled or waived by the Global Fund.</li> <li>administratively closed when the Closure Notification Letter has been sent to the Principal Recipient.</li> </ul>	Within 12 months from the IP end date	<p>Regional Manager or Department Head and Regional Finance Manager approve closure by signing a Notification Letter to be sent to the Principal Recipient.</p> <p>This does not mean that the Principal Recipient's legal obligations under the Grant Agreement ends. Please refer to section 25 of the OPN on IP Reconciliation and Grant Closures.</p>

9. **Transferring contracts.** It is the responsibility of the outgoing Principal Recipient<sup>9</sup> to take all appropriate and necessary actions to ensure that each Sub-recipient cooperates fully with the new Principal Recipient, the Global Fund and/or the CCM to facilitate any necessary transfers. In addition to the above, the closure process must also determine and implement the best approach for managing existing contracts and agreements with sub-implementers and service providers to ensure continuity of service delivery under the program:

- a. **Contracts for Continuing Services:** The outgoing and incoming Principal Recipients should collaborate to determine if existing contracts for services can be assigned or terminated by the outgoing Principal Recipient and re-negotiated by the new Principal Recipient. Assignment of contracts may be appropriate (if allowed under the terms of the contract) if favorable terms have been negotiated for such contracts. Existing contractual terms and contract termination provisions may be analyzed by the outgoing and new Principal Recipients with their respective legal counsel, as appropriate.<sup>10</sup>
- b. **Contracts with Pending Delivery of Goods:** If the outgoing Principal Recipient has contracts for the procurement of goods, which have not yet been delivered, the Country Team will determine if it is more efficient for the outgoing Principal Recipient to receive and transfer the goods. Factors to be considered include:
  - (i) the termination costs and penalties;

<sup>9</sup> Section 10.1 of the Grant Regulations

<sup>10</sup> The Global Fund and the Global Fund's legal department do not represent the Principal Recipient in legal matters. The Principal Recipient must seek independent legal counsel for any contractual arrangements, as appropriate, and to the extent advisable or necessary by the Principal Recipient.

(ii) delays resulting from the termination of the supplier contract, and re-order of goods by the incoming Principal Recipient (which is particularly important for critical health products); and

(iii) tax benefits that may be gained from the outgoing Principal Recipient's tax exemption status.

If the outgoing Principal Recipient continues to serve as the Principal Recipient for receiving an outstanding shipment, arrangements should be put in place with the new Principal Recipient to jointly address non-conforming goods and transfer arrangements.

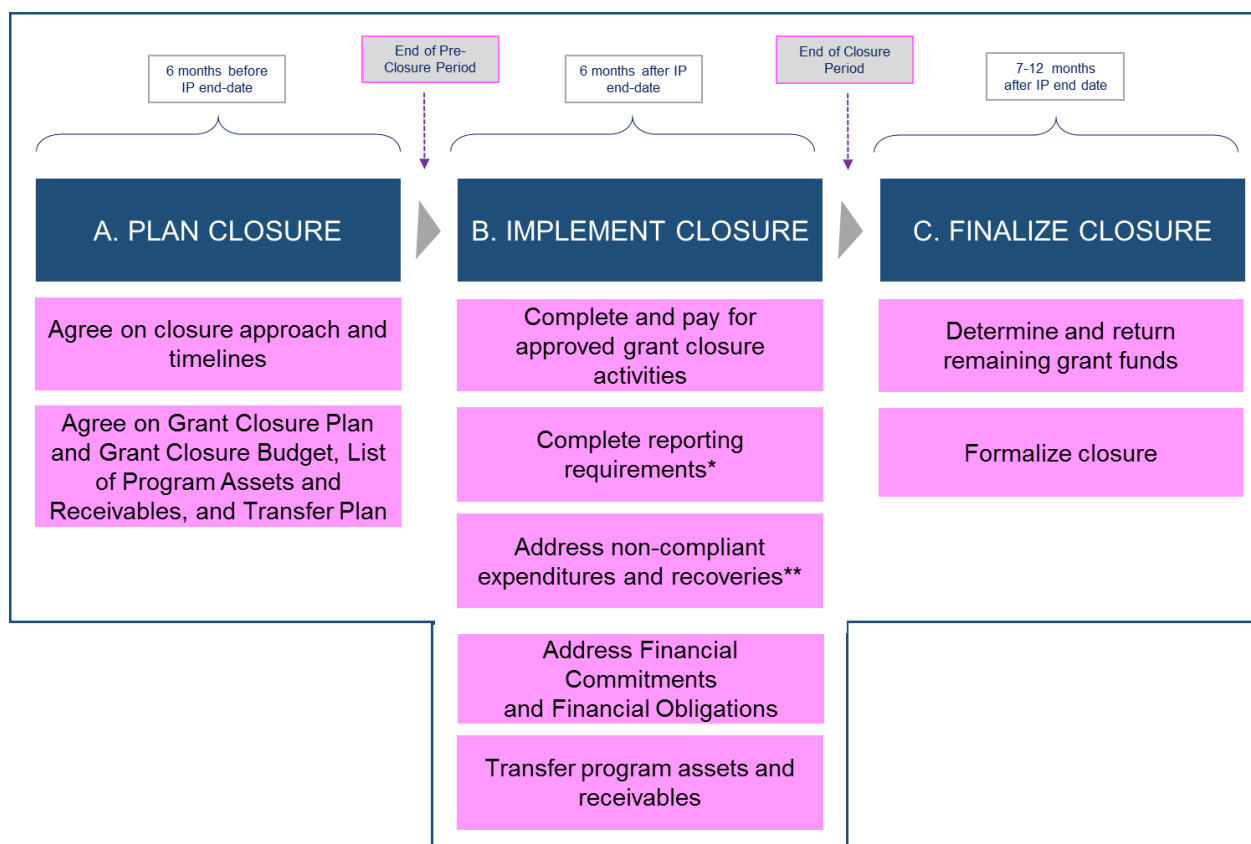
- c. ***Sub-Recipient Agreements:*** Outgoing and incoming Principal Recipients should ensure that Sub-recipients that will continue under the program are maintained under contractual arrangements. This may be through an assignment from the outgoing Principal Recipient to the new Principal Recipient, where this is permitted within the terms of the contract, or a simultaneous termination and execution of Sub-recipient agreements on a set closing date. The transfer of Sub-recipients must be coordinated to ensure that Sub-recipients operate under a contract at all times. The particular terms of transfer will depend on the circumstances of each case. If relevant, cash balances at the Sub-recipient level should be documented in the Grant Closure Plan.
- d. ***Any Pending Activities:*** In limited cases, time-limited, programmatic activities that cannot be transferred to the new Principal Recipient may be approved for continuation by the outgoing Principal Recipient to facilitate the completion of discrete projects that have already been substantially started (for example, the distribution of bed nets already delivered, or delivery of procured drugs, which have faced delays in arriving into the country)<sup>11</sup>.

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<sup>11</sup> If approved in the Closure Plan and Budget.

## SECTION C: GRANT CLOSURE DUE TO TRANSITION FROM GLOBAL FUND FINANCING

10. **Triggers.** This occurs when the CCM and/or the Global Fund decide:
- a country is not eligible for funding from the Global Fund for a disease component, and transition funding is provided. Following completion of the transition funding period, the Global Fund support to the program and implementation arrangements with the Principal Recipient(s) are discontinued; or
  - the Global Fund decides to no longer support a disease program or a component of the program; or
  - a country decides to no longer access Global Fund support for a specific or all disease components.
11. **Grant Closure Activities.** When a grant is closing due to transition, the grant closure process must focus on the orderly exit of the Global Fund from the program and take into consideration previously agreed transition plans. The activities will include the following:



\* Except for the Financial Closure Report, and in specific cases<sup>12</sup> the audit report, which are submitted during the 'Finalize Closure' stage.

\*\* Non-compliant expenditures and recoveries must be addressed as soon as possible during the 'Implement Closure' stage. Depending on timelines agreed with the Global Fund, this activity may extend to the 'Finalize Closure' stage.

<sup>12</sup> The audit report must also cover the 'Closure Period' in the following cases: (a) the financial risk level is documented and validated (by the Regional Finance Manager) in the Integrated Risk Module as high or very high; (b) the Grant Closure Budget is more than 10% of the grant budget or more than US\$ 1 million whichever is lower; and/or (c) the previous audit report had a qualified opinion.

Requirements	Timeline	Review and Approval <sup>13</sup>
<b>A. Plan Closure (within 6 months before the IP end date)</b>		
The Country Team prepares and shares with the Principal Recipient the Guidance letter on grant closure due to transition from Global Fund financing	6 months before the IP end date	Fund Portfolio Manager
<b>Agree on Grant Closure Plan, Grant Closure Budget, List of Program Assets and Receivables, and Transfer Plan (within 6 months before the IP end date)</b>		
<b>Grant Closure Plan and Grant Closure Budget</b> which includes: Grant closure activities to be implemented during the Closure Period and the required budget to conduct such activities	Principal Recipient submission due date: No later than 3 months before the IP end date	Review by the LFA (if applicable)  Review and recommendation by: <ul style="list-style-type: none"> <li>• Fund Portfolio Manager;</li> <li>• Finance Specialist/PST;</li> <li>• PHME and HPM Specialists, if programmatic activities will be completed during the Closure Period.</li> </ul> Approval by: Regional Manager or Department Head and Regional Finance Manager through the sign-off of the Implementation Letter approving the Grant Closure Plan and Grant Closure Budget.
<b>List of Program Assets and Receivables and Transfer Plan:</b> which includes the: <ul style="list-style-type: none"> <li>• list of all goods or other tangible or intangible property acquired wholly or partly using grant funds</li> <li>• list of receivables owed to the Principal Recipient by third parties</li> <li>• plan of how the Program Assets are going to be transferred to continue to be used for the fight against the three diseases or disposed of</li> </ul> Submitted together with the Grant Closure Plan and Grant Closure Budget	Principal Recipient submission due date: No later than 3 months before the IP end date	Review by the LFA (if applicable)  Review by: <ul style="list-style-type: none"> <li>• Fund Portfolio Manager</li> <li>• Finance Specialist/PST, who validates the List of Program Assets and Receivables and Transfer Plan, based on the LFA review (if applicable)</li> <li>• HPM Specialist, who validates the List of Program Assets and Receivables and Transfer Plan, based on the LFA review (if applicable)</li> </ul> Approval by: Regional Manager or Department Head and Regional Finance Manager through the sign-off of the Implementation Letter approving the Grant Closure Plan and Grant Closure Budget.
<b>B. Implement Closure (within 6 months from the IP end date)</b>		
<b>Complete Reporting Requirements</b>		
<b>Final Progress Update for the Grant</b> covering the last year of the IP (including any extensions) Includes: <ul style="list-style-type: none"> <li>• the programmatic and financial progress report for the period from the last progress report to the IP end date</li> </ul>	Principal Recipient submission due date: Within 2 months from the IP end date	Review by the LFA  Review by: <ul style="list-style-type: none"> <li>• Finance Specialist/PST, who validates the financial data based on the LFA review</li> <li>• PHME Specialist, who validates the programmatic data, based on the LFA review</li> <li>• HPM Specialist, who validates the procurement data, based on the LFA</li> </ul>

<sup>13</sup> Review and approval processes may vary depending on the portfolio categorization. Where appropriate in this table, please refer to the Signature Authority Procedure (as amended from time to time). The Signature Authority Procedure is a Global Fund internal document.

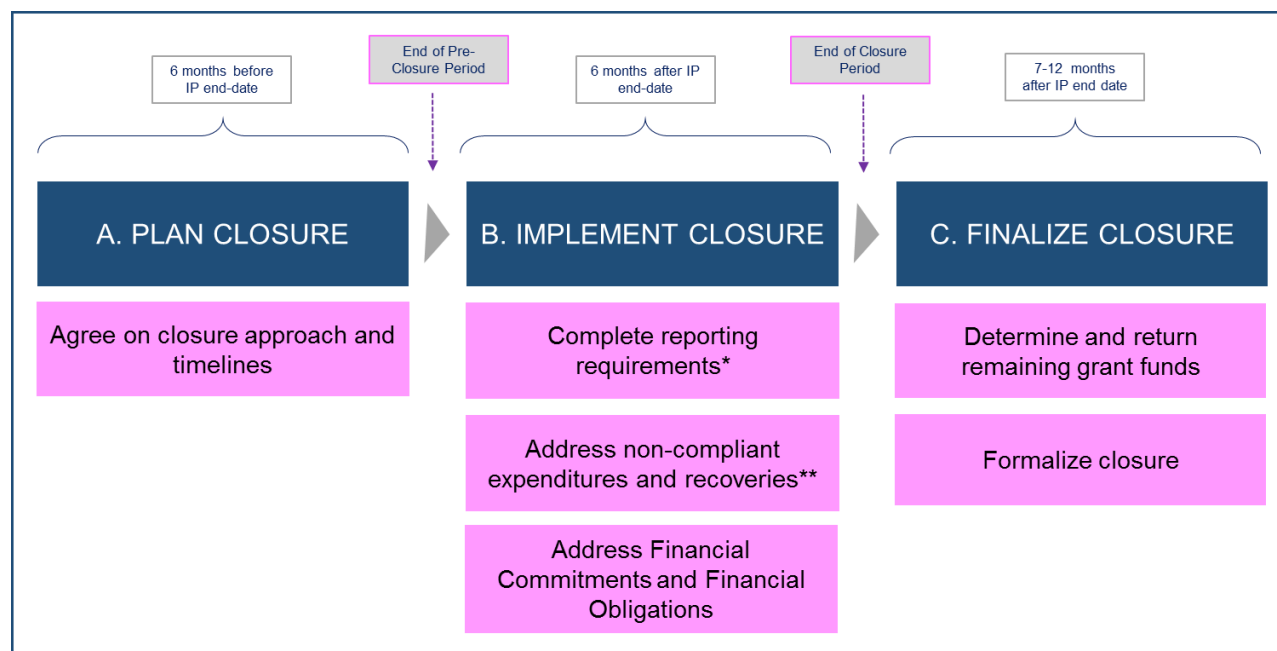
Requirements	Timeline	Review and Approval <sup>13</sup>
<ul style="list-style-type: none"> <li>the Annual Financial Report (AFR) for the period from the last AFR to the grant end date (including any extensions)</li> </ul> <p>See <a href="#">PU/DR Guidelines</a></p>		<p>review (if applicable)</p> <p>Approval by:</p> <ul style="list-style-type: none"> <li>Fund Portfolio Manager, who approves based on the above</li> </ul>
<p><b>Final Tax Report for the grant</b> covering the last year of the IP (including any extensions)</p> <p>See <a href="#">PU/DR Guidelines</a></p>	<p>Principal Recipient Submission due date: 31 July</p>	<p>Review by the LFA (if applicable)</p> <p>Review by:</p> <ul style="list-style-type: none"> <li>Finance Specialist/PST, who validates the tax report based on the LFA review (if applicable)</li> </ul> <p>Approval by:</p> <ul style="list-style-type: none"> <li>Fund Portfolio Manager, who approves based on the above</li> </ul>
<p><b>Audit Report for the grant</b> covering the last year of the IP (including any extensions).</p> <p>The Closure Period must be covered in the audit <u>only</u> in the following cases:</p> <ol style="list-style-type: none"> <li>the financial risk level is documented and validated (by the Regional Finance Manager) in the Integrated Risk Module as high or very high;</li> <li>the Grant Closure Budget is more than 10% of the grant budget or more than US\$ 1 million whichever is lower; and/or</li> <li>the previous audit report has a qualified opinion</li> </ol>	<p>Principal Recipient submission due date: Within 6 months from the IP end date or after the Closure Period end date if the Closure Period covered in the audit</p>	<p>Review and recommendation by the LFA (if applicable)</p> <p>Review by:</p> <ul style="list-style-type: none"> <li>Finance Specialist/Portfolio Services Team (PST), who validates the audit report, based on the LFA's review (if applicable)</li> </ul> <p>Approval by:</p> <ul style="list-style-type: none"> <li>Fund Portfolio Manager, who approves based on the above</li> </ul>
<p><b>Address Financial Commitments and Financial Obligations (within 6 months from the IP end date)</b></p>		
<p>Pay outstanding Financial Commitments and Financial Obligations under the expiring grant as of the IP end date</p>	<p>Within 6 months from the IP end date</p>	<p>Financial Commitments outstanding after 6 months are reviewed by:</p> <ul style="list-style-type: none"> <li>Finance Specialist/PST</li> <li>Fund Portfolio Manager.</li> </ul> <p>The related Annual Funding Decision and Disbursement will be processed as an exception based on the <i>OPN on Annual Funding Decision and Disbursements</i> and upon the signature of a Final Payment Letter by:</p> <ul style="list-style-type: none"> <li>Regional Manager or Department Head</li> <li>Regional Finance Manager.</li> </ul>
<p><b>Address Non-compliant Expenditures and Recoveries (within 9 months from the IP end date)</b></p>		
<p>Address non-compliant</p>	<p>Within 9 months</p>	<p>Review and approval follows the <a href="#">Guidelines</a></p>

<b>Requirements</b>	<b>Timeline</b>	<b>Review and Approval<sup>13</sup></b>
expenditures and recoveries under the expiring grant	from the IP end date	<a href="#">for Grant Budgeting</a> and OPN on Recovery of Grant Funds <sup>14</sup>
<b>Transfer Program Assets</b>		
<b>Evidence of program asset transfer</b> Evidence that all Program Assets were transferred or disposed in line with the approved Transfer Plan	Within 6 months from the IP end date	Review by the LFA (if applicable)  Review by : <ul style="list-style-type: none"> <li>• HPM Specialist, who validates the reported information, based on the LFA's review (if applicable)</li> <li>• Finance Specialist/PST, who validates the reported information, based on the LFA's review (if applicable)</li> </ul> Approval by: <ul style="list-style-type: none"> <li>• Fund Portfolio Manager, who approves based on the above</li> </ul>
<b>C. Finalize Closure (within 7-12 months from the IP end date)</b>		
<b>Determine and Return Remaining Grant Funds</b>		
Submit and validate the <b>Financial Closure Report</b> which includes the: <ul style="list-style-type: none"> <li>• reconciliation report of the cash balance as at the end of the IP</li> <li>• expenditures report for the closure period</li> <li>• updated Financial Commitments and Financial Obligations as at the end of the IP</li> </ul> See <a href="#">Financial Closure Report Guidelines</a>	Principal Recipient submission due date: Within 7.5 months from the IP end date	Review by the LFA  Review by: <ul style="list-style-type: none"> <li>• Finance Specialist/PST, who validates the reported data, based on the LFA's review</li> </ul> Approval by: <ul style="list-style-type: none"> <li>• Fund Portfolio Manager, who approves based on the above</li> </ul>
Based on the financial closure report: <ul style="list-style-type: none"> <li>• return the final in-country cash balance under the closing grant to the Global Fund.</li> <li>• address non-compliant expenditures from the Closure Period</li> </ul>	Within 12 months from the IP end date	Remaining funds to be returned to the Global Fund are determined through the review and validation of the financial closure report.
<b>Formalize Closure</b>		
The grant is: <ul style="list-style-type: none"> <li>• financially closed when all steps and requirements have been considered fulfilled or waived by the Global Fund</li> <li>• administratively closed when the notification letter has been sent to the Principal Recipient</li> </ul>	Within 12 months from the IP end date	Regional Manager or Department Head and the Regional Finance Manager approve closure by signing a Notification Letter to be sent to the Principal Recipient.  This does not mean that the Principal Recipient's legal obligations under the Grant Agreement ends. Please refer to section 25 of the OPN on IP Reconciliation and Grant Closures.

<sup>14</sup> This is an internal Global Fund document.

## SECTION D: GRANT CLOSURE DUE TO CONSOLIDATION

12. **Triggers.** This occurs when the CCM and/or the Global Fund decide that several grants implemented by a Principal Recipient are combined into one grant (for example, separate HIV and TB grants are signed into a combined TB/HIV grant) with the same Principal Recipient. If a grant implemented by one Principal Recipient is combined with a grant being implemented by another Principal Recipient, the discontinued grant will be closed using the closure process for the change of Principal Recipient (Section B).
13. **Grant Closure Activities.** The grant closure activities must focus on closing the separate grants and ensuring a smooth transitioning of the activities to the combined grant.



\* Except for the Financial Closure Report, and in specific cases<sup>15</sup> the audit report, which are submitted during the 'Finalize Closure' stage.

\*\* Non-compliant expenditures and recoveries must be addressed as soon as possible during the 'Implement Closure' stage. Depending on timelines agreed with the Global Fund, this activity may extend to the 'Finalize Closure' stage.

Requirements	Timeline	Review and Approval <sup>16</sup>
<b>A. Plan Closure (6 months before the IP end date)</b>		
The Country Team prepares and shares the Guidance Letter on grant closure due to consolidation with the Principal Recipient	6 months before the IP end date or as soon as the grant consolidation decision is taken	Fund Portfolio Manager
<b>B. Implement Closure (within 6 months from the IP end date)</b>		
<b>Complete Reporting Requirements</b>		
<b>Final Progress Update for the Grant</b> covering the last year of	Principal Recipient submission due	Review by the LFA Review by the Country Team:

<sup>15</sup> The audit report must also cover the 'Closure Period' in the following cases: (a) the financial risk level is documented and validated (by the Regional Finance Manager) in the Integrated Risk Module as high or very high; (b) the Grant Closure Budget is more than 10% of the grant budget or more than US\$ 1 million whichever is lower; and/or (c) the previous audit report had a qualified opinion.

<sup>16</sup> Review and approval processes may vary depending on the portfolio categorization. Where appropriate in this table, please refer to the Signature Authority Procedure (as amended from time to time). The Signature Authority Procedure is a Global Fund internal document.



Requirements	Timeline	Review and Approval <sup>16</sup>
<p>the IP (including any extensions) which includes the:</p> <ul style="list-style-type: none"> <li>• programmatic and financial progress report for the period from the last progress report to the IP end date</li> <li>• Annual Financial Report (AFR) for the period from the last AFR to the IP end date (including any extensions)</li> </ul> <p>See <a href="#">PU/DR Guidelines</a></p>	<p>date: Within 2 months from the IP end date</p>	<ul style="list-style-type: none"> <li>• Finance Specialist/Portfolio Services Team (PST), validates the financial data based on the LFA review</li> <li>• Public Health and Monitoring and Evaluation (PHME) Specialist, validates the programmatic data based on the LFA review</li> <li>• Health Product Management (HPM) Specialist, validates the procurement data based on the LFA review</li> </ul> <p>Approval by:</p> <ul style="list-style-type: none"> <li>• Fund Portfolio Manager approves based on the above</li> </ul>
<p><b>Final Tax Report for the grant</b> covering last year of the IP (including any extensions)</p> <p>See <a href="#">PU/DR Guidelines</a></p>	<p>Principal Recipient submission due date: 31 July</p>	<p>Review by the LFA (if applicable)</p> <p>Review by:</p> <ul style="list-style-type: none"> <li>• Finance Specialist/PST, who validates the tax report based on the LFA review (if applicable)</li> </ul> <p>Approval by:</p> <ul style="list-style-type: none"> <li>• Fund Portfolio Manager, who approves based on the above</li> </ul>
<p><b>Audit Report for the grant</b> covering the last year of the IP (including any extensions).</p>	<p>Principal Recipient submission due date: Within 6 months from the IP end date</p>	<p>Review by the LFA (if applicable)</p> <p>Review by:</p> <ul style="list-style-type: none"> <li>• Finance Specialist/PST validates the audit report based on the LFA review (if applicable)</li> </ul> <p>Approval by:</p> <p>Fund Portfolio Manager approves based on the above</p>
<b>Address Financial Commitments and Financial Obligations</b>		
<p>If consolidation happens at the IP end date, Financial Commitments and Financial Obligations must be settled under the closing grant.</p> <p>If consolidation happens mid-implementation, Financial Commitments and Financial Obligations are transferred to the new combined grant</p>	<p>Within 6 months from the IP end date</p>	<p>Financial Commitments outstanding after 6 months are reviewed by:</p> <ul style="list-style-type: none"> <li>• Finance Specialist/PST; and</li> <li>• Fund Portfolio Manager.</li> </ul> <p>The related Annual Funding Decision and Disbursement will be processed as an exception based on the <a href="#">OPN on Annual Funding Decision and Disbursements</a> and upon the signature of a Final Payment Letter by:</p> <ul style="list-style-type: none"> <li>• Regional Manager or Department Head</li> <li>• Regional Finance Manager.</li> </ul>
<b>Address Non-compliant Expenditures and Recoveries</b>		
<p>Non-compliant expenditures must be addressed under the closing grant</p>	<p>Within 9 months from the IP end date</p>	<p>Review and approval follows the <a href="#">Guidelines for Grant Budgeting</a> and OPN on Recovery of</p>

Requirements	Timeline	Review and Approval <sup>16</sup>
		Grant Funds <sup>17</sup> .
<b>C. Finalize Closure (within 7-12 months from the IP end date)</b>		
<b>Determine and Take Account of Remaining Grant Funds</b>		
<p>Submit and validate the <b>Financial Closure Report</b> which includes the:</p> <ul style="list-style-type: none"> <li>reconciliation report of the cash balance as at the end of the IP;</li> <li>expenditures report for the Closure Period; and</li> <li>updated Financial Commitments and Financial Obligations as at the end of the IP</li> </ul> <p>See <a href="#">Financial Closure Report Guidelines</a></p>	<p>Principal Recipient submission due date: Within 7.5 months from the IP end date</p>	<p>Review by the LFA</p> <p>Review by:</p> <ul style="list-style-type: none"> <li>Finance Specialist/PST, who validates the reported data, based on the LFA's review</li> </ul> <p>Approval by:</p> <ul style="list-style-type: none"> <li>Fund Portfolio Manager, who approves based on the above</li> </ul>
<p><b>Return Remaining Grant Funds</b> based on Financial Closure Report:</p> <p>If consolidation happens at IP end date, the final in-country cash balance is deducted from the grant amount for the new combined grant.</p> <p>If consolidation happens mid-implementation, the final in-country balance is transferred to the combined grant.</p>	<p>Within 12 months from the IP end date</p>	<p>Remaining funds to be deducted or transferred are determined through the review and validation of the Financial Closure Report.</p>
<b>Formalize Closure</b>		
<p>The grant is:</p> <ul style="list-style-type: none"> <li>financially closed when all steps and requirements have been considered fulfilled or waived by the Global Fund</li> <li>administratively closed when the notification letter has been sent to the Principal Recipient</li> </ul>	<p>Within 12 months from the IP end date</p>	<p>Regional Manager or Department Head and Regional Finance Manager, approve grant closure by signing a Notification Letter to be sent to the Principal Recipient.</p> <p>This does not mean that the Principal Recipient's legal obligations under the Grant Agreement ends. Please refer to the section 25 of the OPN on IP Reconciliation and Grant Closures.</p>

<sup>17</sup> This is an internal Global Fund document.

## **MONITORING AND REPORTING**

14. The ongoing closure processes will be monitored by the Grant Portfolio Solutions and Services Department.
15. The following data points will be monitored:
  - a. Closures initiated and completed;
  - b. Types of closure;
  - c. Number of grants for which the initial closure period was extended;
  - d. Approach used for the IP Reconciliation or Grant Closure (full or with exceptions to the requirements);
  - e. Closure Status. This includes the timeline from IP end date to date when grant is assigned “Financially Closed” and “Administratively Closed” status; and
  - f. Amount returned to the Global Fund at grant closure.