

XVII. Closeout Procedures

The closeout of a grant is a process through which HUD determines that all applicable administrative and program requirements of the grant were completed. In general, a grant is ready for closeout when the following conditions are met:

- All activities are eligible, were completed, and met a national objective.
- All grant funds were expended in full or all remaining funds are planned to be returned to HUD.
- All reporting requirements were completed and submitted (except for the final report that is submitted during the closeout process, if applicable).
- Any special conditions of the grant were met.
- All audit and monitoring issues affecting the grant were resolved.

At this time, CDBG NDR specific guidance on closeout on the grant award has not yet been produced. Final grant closeout may be adjusted to meet the closeout criteria set forth by HUD in a future federal register or through other official means.

The closeout of Agreements and contracts under the grant is based on the completion of performance milestones and expenditures. HCD's review and monitoring of individual activities by subgrantees, partners and contractors determines if the agreements are completed and follows the below guidelines to close the activity in DRGR and notify HUD of closed contracts. For internal close out processes, refer to HCD's general grant administration procedures.

A. Closeout of an Individual Activity

Individual elements of the CDBG NDR grant may be closed out as a course of program completion. Closeout of individual activities will be coordinated between HCD and CDBG NDR subgrantees. Upon completion of the activity, DRGR must be updated with the project status.

As individual activities of the grant are closed, HCD reviews and updates the following in DRGR:

- The total amount of funds drawn down for the activity
- The activity types
- The national objective
- The grant activity accomplishments

Individual activity completion should also be reflected in the QPR.

B. Closeout of a Contract

CDBG NDR subgrantees are required to submit the following for each contract to complete closeout:

- The Final Request for Funds.

- Evidence of a public hearing reporting the grant accomplishments and expenditures of each project to the residents of the jurisdiction.
- If applicable, the final products of the grant funding (planning studies, environmental review records, etc.).

HCD reviews the documentation and processes the final funds requests if all provided documentation and the circumstances of the project warrant contract closeout. HCD disencumbers any remaining funds, if applicable, and enters all needed information in DRGR to show the activities and projects are “completed.”

Once all documentation has been processed and DRGR has been updated, HCD sends a Closeout Letter to the subgrantee, outlining all closeout requirements. HCD subgrantees are required to retain CDBG NDR records for a period of not less than five years after the fiscal year of their grant in accordance with CDBG NDR record retention requirements. HCD notifies subgrantees when the HUD grant has been closed.

Once these items have been completed, HCD completes the subgrantee Closeout Certification Form (HUD Form 40175) along with the Grant Closeout Checklist (HUD Form 40183) and submits these forms to HUD.

Within 90 days of the execution date of the Closeout Certification, HCD submits to HUD a copy of the final performance and evaluation report described in 24 CFR 91 as well as Federal Financial Report SF-425 or a financial report that meets the criteria in 24 CFR 570.489(d). These requirements must:

- 1) Be sufficiently specific to ensure that funds received under this subpart are used in compliance with all applicable statutory and regulatory provisions and the terms and conditions of the award.
- 2) Ensure that funds received under this subpart are only spent for reasonable and necessary costs of operating programs under this subpart.
- 3) Ensure that funds received under this subpart are not used for general expenses required to carry out other responsibilities of State and local governments.

HCD may satisfy this requirement by:

- Using fiscal and administrative requirements applicable to the use of its own funds
- Adopting new fiscal and administrative requirements
- Applying the provisions in 2 CFR part 200

If opting to satisfy this requirement for fiscal controls and administrative procedures by applying the provisions of 2 CFR part 200, HCD must comply with all requirements therein. Additionally, HCD must ensure that recipients of the State's CDBG funds comply with 2 CFR part 200.

Concurrent with the financial report is a final QPR as well as an update of all transactional data in DRGR. If an acceptable report is not submitted, an audit of the grant activities may be conducted by HUD.

Once a review has been completed by HUD, the HUD field office prepares a closeout agreement. The grant is considered closed on the date that the appropriate HUD official executes the closeout agreement. Any unused grant funds are recaptured by HUD as a course of the closeout process.

Note that grants cannot be closed out if there are open monitoring reports associated with the contract; all monitoring findings, concerns and requirements must be received and approved by HCD, and HCD must also receive a Clearance Letter stating the monitoring has been complete.