

Section 13

Close-out

Section 13 – Close-out

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Section 13 - Close-out

1.0 Introduction

Program or activity (“project”) close-out is the process by which the OCD-DRU determines that all costs, with certain exceptions, paid with Disaster Recovery CDBG funds have been incurred, the work has been completed and all responsibilities of the Grantee and OCD-DRU Direct Subrecipient have been completed in accordance with the terms and conditions of the grant agreement or CEA and applicable laws and regulations, or that there is no further (federal or state) interest in keeping the grant agreement open for the purpose of securing performance.

Grantees and OCD-DRU Direct Subrecipients are responsible for timely submission of close-out documents. A program/activity cannot be closed out until all funds have been expended, all activities associated with the program/activity have been completed, and the National Objective has been met. For example, an activity that provides funds for a new sewage collection and treatment system cannot be closed out until the households are connected to the system and the system is fully functional.

2.0 Definition of Terms

The following terms are used throughout this Section:

1. **Grantee** – The Parish or Municipality that has a binding agreement in place with the OCD-DRU to administer the Disaster Recovery CDBG program(s) and/or activity(ies).
2. **Subrecipient** – A public or private nonprofit agency, authority or organization that is provided CDBG funds through a State or Local Grantee for use in carrying out agreed-upon eligible activities.
3. **OCD-DRU Direct Subrecipient** – A public or private nonprofit agency, authority or organization that is provided CDBG funds directly from OCD-DRU to administer the Disaster Recovery CDBG program(s) and/or activity(ies).

3.0 Close-out Process

Grantees and OCD-DRU Direct Subrecipients are responsible for initiating activity close-out by submitting the appropriate close-out documents to the OCD-DRU. There are two stages in the close-out process: 1) Individual Activity Close-out; and 2) Final Grantee/CEA Close-out.

In order to complete the necessary close-out documents, Grantees/Direct Subrecipients must closeout any subcontracts or subrecipient agreements associated with the program/activity, and complete financial settlement of any outstanding claims. Subcontractor(s) should be advised to prepare their claims or invoices and submit them to the Grantee or OCD-DRU Direct Subrecipient within 30 days of the completion of the activity.

3.1 Disposition of Property

Prior to activity close-out, the Grantee must dispose of all property accordingly.

1. Disposition of Tangible Personal Property - The recipient shall account for all tangible personal property acquired with grant funds.
2. Disposition of Real Property - Proceeds derived after the close-out from the disposition of real property acquired with grant funds are subject to the program income requirements.

For additional guidelines for the disposition of equipment, see Section 11 – Property Management.

3.2 Activity Closeout

Grantees and OCD-DRU Direct Subrecipients will submit a Final Activity Completion Report within 90 days of the completion of each activity. If multiple activities are identified within a Cooperative Endeavor Agreement (CEA), then each activity must be closed out separately at the time of completion. The Grantee and OCD-DRU Direct Subrecipient should complete a Request for Project Amendment to reallocate any unutilized funds. The forms listed below may be found in Exhibit 13-1, and must be completed and submitted as part of the closeout package for each activity.

Activity Closeout Form	Description
Final Activity Performance Report (Exhibit 13-1a)	Cover/summary sheet for Final Activity Performance Report for the activity being closed out.
Progress Report/Final Status Report (Exhibit 13-1b)	Grantee and Direct Subrecipient must submit a final progress report for the activity being closed out. This form will also be used throughout the activity to report progress every 90 days.
Activity Beneficiary Forms (Exhibit 13-1c, i-iv)	Grantee and Direct Subrecipient must provide beneficiary information by various categories (income level, race, ethnicity, etc.) for the activity being closed out.
Civil Rights Compliance Report -Displacement of Low and Moderate Income Households (Exhibit 13-1d)	Grantee and Direct Subrecipient must report on displacement impact of the activity being closed out (by income levels and racial category).

Activity Closeout Form	Description
Miscellaneous Information Form (Exhibit 13-1e)	Grantee and Direct Subrecipient must provide miscellaneous information regarding the activity being closed out, as outlined in this form.
Section 3: Summary Report (Exhibit 13-1f)	Grantee and Direct Subrecipient must report Section 3 (Economic opportunities) information for the activity being closed out.
Certificate of Completion Final Statement of Cost/Activity Funds Balance (Exhibit 13-1g)	The Grantee and Direct Subrecipient must prepare the Certificate of Completion form for the activity being closed out. This form summarizes all costs incurred for an activity that were paid for with Disaster Recovery CDBG funds and program income, in addition to the amount, source and status of other funds utilized. See Section 5 – Financial Management for additional guidance regarding program income.
Final Wage Compliance Report (Exhibit 13-1h)	Grantee and Direct Subrecipient must report contractor wage compliance with the Davis-Bacon Act and the Contract Work Hours and Safety Standards Act for the activity being closed out.
CDBG Equipment Inventory Form (Exhibit 13-1i)	For each activity being closed out, Grantees and Direct Subrecipients must provide a final report for all equipment purchased with Disaster CDBG funds.

When preparing the close-out forms, these general guidelines should be followed:

1. Identify activities on the forms exactly as they are identified in the contract or as were established by any project amendments.
2. Provide current data on obligated and expended amounts by activity.
3. On all tables, make sure that the rows and columns of figures subtotal accurately.
4. Identify methods used to determine beneficiaries. For new water and sewer systems, the beneficiaries will be determined by the persons actually connected to the new system

5. Submit one copy of the report to the Division of Administration/ OCD-DRU.
6. Submit one copy of the Certificate of Completion Exhibit 13-1g, all of which have original signatures.

3.2.1 Conditional Close-out Approval

Conditional close-out is given when the OCD-DRU receives and accepts the entire Final Activity Performance Report, pending receipt and review of the required audit(s) and resolution of any audit findings. To receive "conditional" close-out, there must be no outstanding monitoring findings.

3.2.2 Final Close-out Approval

The OCD-DRU will issue a Final Close-Out letter to the Grantee or OCD-DRU Direct Subrecipient upon receipt and approval of the required audit(s) conducted in accordance with the Single Audit procedures identified in Section 5 of this Administrative Manual, Subsection 11.0, or when the OCD-DRU determines that a Grantee is exempt from the Single Audit requirements. All activities under the Grantee's or OCD-DRU Direct Subrecipient's allocated funding ("grant") as described within its CEA must be conditionally closed out prior to the Final Close-Out. Prompt close-out of the activity is most desirable since the OCD-DRU views it as an indicator of local capacity.

3.3 Grantee/CEA Close-out

Within 90 days of all activities identified within a CEA being completed (or the contract has been terminated or expired), a Final Grantee/CEA Performance Report (Exhibit 13-4) must be submitted, along with a final request for funds since any remaining balance will be de-obligated at the time of closeout. The Final Grantee/CEA Performance Report summarizes the individual activities that have been completed/closed, depicts the final computation of CEA funds (Exhibit 13-4a), and describes the Grantee's or OCD-DRU Direct Subrecipient's Fair Housing activities (Exhibit 13-4b). The OCD-DRU will review the report and respond with approval and/or provide the Grantee or OCD-DRU Direct Subrecipient with any additional steps necessary to close out the CEA.

4.0 Return of Excess Grant Funds

If grant funds received exceed grant costs, the Grantee or OCD-DRU Direct Subrecipient will be notified by the OCD-DRU to send a check for the amount of excess grant funds received. Any funds in excess of those allowed by the OCD-DRU will also have to be returned. Excess funds that have been allocated for outstanding expenditures are not required to be returned.

If unsettled third party claims were included, upon resolution of these claims, the Grantee or OCD-DRU Direct Subrecipient must submit a revised Certificate of Completion for the OCD- DRU review before the activity can receive a final close-out.

4.1 Disposition of Program Income

All program income must be returned to the OCD-DRU. See Section 5 – Financial Management, Subsection 9.11 for additional guidance regarding program income.

5.0 Grant Suspension and Termination

5.1 Suspension

When a recipient fails to comply with the grant award stipulations, standards, or conditions of its grant, the OCD-DRU may suspend the grant, withhold further payments, or prohibit the recipient from incurring additional obligations of grant funds, pending corrective action by the grantee.

5.2 Termination

5.2.1 Termination for Cause

The OCD-DRU may terminate any activity in whole, or in part, at any time before the date of completion, whenever it is determined that the Grantee or OCD-DRU Direct Subrecipient has failed to comply with the conditions of the grant. The OCD-DRU shall promptly notify the recipient in writing of the termination and the reasons for the termination, together with the effective date. Payments made to a Grantee or OCD-DRU Direct Subrecipient, or a recovery by the OCD-DRU under grants terminated for cause shall be in accordance with the legal rights and liabilities of the parties. For this type of termination, the OCD-DRU will not honor any costs. If funds have been paid to the Grantee or OCD-DRU Direct Subrecipient, they must be repaid to the OCD-DRU.

5.2.2 Termination for Convenience

The OCD-DRU or recipient may terminate grants in whole, or in part, when both parties agree that the continuation of the activity would not produce beneficial results commensurate with the further expenditure of funds. The two parties shall agree upon termination conditions, including the effective date and, in the case of partial terminations, the portion to be terminated. The recipient shall not incur new obligations for the terminated portion after the effective date, and shall cancel as many outstanding obligations as possible. The OCD-DRU will consider all circumstances under which an activity is to be terminated and on a case-by-case basis determine if any eligible, incurred costs will be honored.

5.2.3 Termination Due to Unavailable Funding

The activity is contingent upon the appropriation and release of sufficient funds to the OCD-DRU to fulfill the requirements of the grant. If the appropriate authorities fail to approve and provide an adequate budget to the OCD-DRU to fulfill the requirements of the grant, the activity may be terminated by the Grantee, OCD-DRU Direct Subrecipient or the OCD-DRU. The Grantee or OCD-DRU Direct Subrecipient shall be paid for all authorized services performed prior to termination.

6.0 Resources

Exhibit	Topic
Exhibit 13-1	Activity Completion Report
Exhibit 13-2	Sample Audit Report Excerpts
Exhibit 13-3	Sample Response to Audit Letter
Exhibit 13-4	Grantee/CEA Final Performance Report