

CLOSE-OUT PROCEDURES

HOPE VI REVITALIZATION GRANTS

Revised as of January 29, 2015

Introduction

The following outlines the steps to be followed to officially close a HOPE VI Revitalization grant. Close-out means that: (1) no additional HOPE VI grant funds may be disbursed; (2) HUD has determined that the expenditure of HOPE VI grant funds was made for allowable activities; (3) activities undertaken with HOPE VI grant funds were completed as required by the HOPE VI Revitalization Grant Agreement and approved HOPE VI Revitalization Plan (RP); and, (4) all Federal requirements were satisfied.

Grantees must begin the close-out process when all HOPE VI funded activities have been completed and all HOPE VI grant funds have been expended. However, at that time, other non-HOPE VI funded activities included in the HOPE VI Revitalization Plan may or may not be complete, as some activities non-HOPE VI funded activities may continue after completion of the HOPE VI funded activities. Grantees may begin the HOPE VI grant close-out process even if non-HOPE VI funded activities included in the RP are continuing. Note that Grantees are required to continue to report in the HOPE VI Grant Management System (GMS) until ALL activities included in the RP are complete.

If a Grantee has a HUD-approved HOPE VI CSS Endowment Trust, those funds are considered expended once drawn down from LOCCS and placed in the Endowment. Grantees must then follow the terms of their approved HOPE VI CSS Endowment Trust plan, which includes a HOPE VI CSS Endowment Trust Addendum to the HOPE VI Revitalization Grant Agreement. (Note: HOPE VI CSS Endowments can only be established for grants awarded for FY 2000 and fiscal years thereafter).

STEP 1: Termination of Disbursements Letter and Preliminary Close-Out Materials

To begin the close-out process, within 90 calendar days after completion of all HOPE VI funded program activities and the expenditure of all HOPE VI grant funds, the Grantee must send a "Termination of Disbursements Letter" and "Preliminary Close-Out Materials" to HUD's Office of Public Housing Investments (OPHI). The letter and materials should be addressed to the Director, Office of Urban Revitalization (OUR), but sent to the appropriate HOPE VI Grant Manager (the CSS Close-Out Report will be reviewed by the appropriate HOPE VI CSS Grant Manager). At OPHI's option, the Grantee may delay initiation of the close-out procedures until resolution of any HUD monitoring findings. If OPHI exercises this option, the Grantee must promptly resolve the findings.

- A. Termination of Disbursements Letter (see Attachment 1)

The Grantee must submit a Termination of Disbursements letter, which states that:

1. The Grantee has completed all activities to be performed using HOPE VI Revitalization grant funds;
2. All requirements of the Grant Agreement have been met (note this includes quarterly reporting requirements);
3. All obligated HOPE VI grant funds have been disbursed;
4. The Grantee will abide by any continuing Federal requirements; and
5. If not complete, the Grantee will continue to work on and complete non-HOPE VI funded activities that are part of the approved RP and will continue to report in the HOPE VI Grants Management System/Quarterly Progress Report (GMS) until all revitalization activities have been completed.

B. Preliminary Close-Out Materials

The Grantee must submit the following Preliminary Close-Out Materials along with the Termination of Disbursements Letter:

1. Final HOPE VI Budget

The Grantee must submit a HOPE VI Budget (Form HUD-52825-A), executed by the Grantee's Executive Director, which shows all final expenditures for the HOPE VI grant by Budget Line Item (BLI). The budget should be marked "FINAL."

2. Actual HOPE VI Cost Certificate (see Attachment 2)

The Grantee must submit an Actual HOPE VI Cost Certificate (AHCC) (Form HUD-53001-A.) This form summarizes the information on the Financial Status Report and serves as the document that officially closes out the grant in HUD's Line of Credit Control System (LOCCS). The AHCC must be signed by the Grantee's Executive Director on the line indicated.

3. Community and Supportive Services (CSS) Close-Out Report (see Attachment 3)

The Grantee must submit a CSS Close-Out Report. This report addresses the following CSS items: A) Final CSS Financial Report/Budget; B) Financial Matters at time of close-out; C) CSS Goals/Outcomes; D) Demographics of current population; E) Sustainability Strategy (including Endowment Trust certification, if applicable); and F) HOPE VI Evaluation.

Step 2: OPHI Review of Preliminary Close-Out Materials

Upon receipt of the required Termination of Disbursements Letter and Preliminary Close-Out Materials from the Grantee, the Grant Manager will review the materials to assure compliance with the HOPE VI Revitalization Grant Agreement and the Close-Out Procedures for HOPE VI Revitalization Grants. The Grantee will be expected to cooperate with this review by making available any records requested by the Grant Manager. The Grant Manager shall review the materials to confirm that:

- A. The Termination of Disbursements Letter includes the statements required by Step 1.A above.
- B. The amounts on the final HOPE VI Budget and the AHCC agree as to funds approved, obligated, and expended. If necessary, adjustments will be made in LOCCS to reflect actual expenditures.
- C. The amount of funds approved and disbursed on the AHCC agrees with HUD records in LOCCS.
- D. If Line 1.E. of the AHCC indicates that HUD has disbursed more funds than the Grantee expended, then the Grantee will immediately remit to HUD the excess funds, without waiting for the final audit. If the amount to be returned is \$2,000 or less, the Grantee must prepare a check payable to HUD, note the Grant Number on the check, and mail the check to OPHI, to the attention of the appropriate HOPE VI Grant Manager. If the amount is over \$2,000, the Grantee must wire transfer the funds to HUD in accordance with instruction set forth in the Financial Management Handbook 7485.1, as revised. Prior to wiring, the Grantee should consult further with the appropriate HOPE VI Grant Manager for more specific instructions.
- E. The CSS Close-Out Report, CSS Close-Out Budget, and Endowment Trust certification (if applicable) provided by the Grantee comply with the CSS Close-Out Report Instructions.
- F. The Grant Manager will confirm with the OUR GMS manager that all information in GMS is complete. The OUR GMS manager will confer with the GMS contractor to make this determination. If information is not complete, the Grant Manager will work with the GMS contractor and the Grantee to complete all necessary data submissions and/or revisions in GMS prior to issuance of the HUD Preliminary Close-Out approval letter.

Step 3: Preliminary Close-Out Approval

When OPHI has determined that the amount of HOPE VI grant funds disbursed, obligated and expended are equal in LOCCS; that the CSS Close-Out Report, CSS Close-Out Budget, and Endowment Trust certification (if applicable) comply with the CSS Close-Out Report Instructions; and, that GMS is complete, OPHI shall:

- A. Approve the AHCC for final audit by having the OPHI OUR Director sign the top line under the “For HUD Use Only” section of the AHCC.
- B. Approve the final HOPE VI Budget by signing the HUD-52825-A.
- C. Enter a Pre-Audit Date into LOCCS, which shall be the date on which OPHI first signed the AHCC and approved it for audit. This action will prevent any further disbursements from LOCCS.
- D. Send a Preliminary Close-Out Approval Letter (see Attachment 4) to the Grantee which does the following:
 - Transmits the original and preliminarily approved AHCC and the final HOPE VI Budget;
 - Indicates that the CSS Close-Out Report (including CSS Close-Out Budget and Endowment Trust certification (if applicable)) has been approved;
 - Indicates that the Grant has been preliminarily closed out;
 - Instructs the Grantee to proceed with the final audit; and
 - Indicates whether or not the Grantee needs to continue to report in GMS. At the time of Preliminary Close-Out Approval, if all activities included in the RP are complete, the Grantee no longer needs to report in GMS. If activities/phases financed with non-HOPE VI funds are still be under way and/or not yet begun, HUD’s Preliminary Close-Out Approval Letter will outline which activities are still on-going and instruct the Grantee to continue to report in GMS.

Step 4: Final Audit

Each Grantee is required to conduct an audit of the HOPE VI grant in accordance with the requirements of 2 CFR 200.501, as applicable. The audit must be done by an independent auditor and be in accordance with generally accepted government auditing standards covering financial audits. The audit may be conducted separately or as part of an agency-wide audit. However, if conducted as part of an agency-wide audit, the HOPE VI portion of the audit must be reported separately. The Grantee must ensure that the auditor has a copy of the AHCC for review. Unless the auditor states otherwise in the audit report, the Grantee certified costs will be considered acceptable by HUD.

The Grantee must submit a copy of the audit to the HOPE VI Grant Manager. The Grant Manager will review the audit report to determine if any findings have been identified with respect to the HOPE VI grant funds. The Grant Manager will work with the Grantee to close any finding(s). If the audit indicates that HOPE VI grant funds were expended for ineligible activities or in inappropriate amounts, the Grantee may be required to return such funds to HUD in the manner prescribed in Step 2, Paragraph D, above.

Once the audit review is complete and any audit findings have been resolved, the HUD OUR Director will sign the AHCC on line 2 under “For HUD Use Only” to certify that the audited costs agree with the costs shown on the AHCC.

Note: For Grantees with HOPE VI CSS Endowments, after all funds in the Endowment Trust are used (i.e., some number of years after the HOPE VI Revitalization grant has closed-out), the PHA shall ensure that audit requirements are fulfilled for the Endowment Trust, in accordance with 24 CFR Part 85 Subpart D (specifically 85.50, 85.51 and 85.26) or successor legislation. See the CSS Close-Out Instructions on Sustainability and the “Close-Out/Annual Certification for the HOPE VI CSS Endowment Trust Addendum to the HOPE VI Revitalization Grant Agreement.”

Step 5: Final HOPE VI Grant Close-Out Approval

When OPHI has completed its review of the final audit and determined that: 1) the expenditure of grant funds was allowable; 2) the activities to be completed using HOPE VI grant funds were completed as required by the Grant Agreement; and 3) all Federal requirements were satisfied during the implementation, OPHI shall:

- Provide final approval of the AHCC by having the OPHI OUR Director sign the last line of the AHCC under “For HUD Use Only;”
- Provide a final HOPE VI Grant Close-Out Approval Letter to the Grantee (see Attachment 5) indicating that the HOPE VI funded portion of the grant is closed. The letter will also identify any non-HOPE VI funded activities remaining and indicate the Grantee’s responsibility to continue to report in GMS.

Once the OUR Director has signed the letter and fully executed the AHCC, the following will be sent out as follows:

- Original signed letter and AHCC sent to the grantee.
- Copy of the letter and AHCC sent to the FO and to the Grant Manager.
- Copy of the letter and AHCC emailed to HUD’s Office of Financing and Accounting (OFA) in Ft. Worth. OFA will enter the Post-Audit End Date in LOCCS to close out the grant.

Step 6: Final HOPE VI Revitalization Plan Close-Out Approval

If grant activities will continue following HUD’s transmission of the Final HOPE VI Grant Close-Out Approval Letter, the Grantee must inform HUD when **ALL** activities/phases authorized under the approved RP have been completed, including construction of all phases developed with non-HOPE VI grant funds. The Grant Manager will verify that all grant activities have been completed in accordance with the RP and confer with the GMS contractor that all required data has been correctly entered into the GMS. Once this is verified, OPHI will send a Final HOPE VI Revitalization Plan Close-Out Approval Letter to the Grantee (see Attachment 6) stating that all activities/phases under the approved RP are complete, the Grant is considered closed-out by OPHI, and that the Grantee may stop reporting into GMS.

For further information on closing out a HOPE VI grant, contact the appropriate HOPE VI Grant Manager.