



Special Attention of:
CPD Division Directors, HCI grantees
Fort Worth Accounting Office

Notice CPD-04-03

Issued: May 4, 2004
Expires: May 4, 2005

Cross References:

Subject: Closeout of 1998 HUD Colonias Initiative (HCI) Grants

PURPOSE

The purpose of this Notice is to provide guidance to field offices and grant recipients on closing out HUD Colonias Initiative grants funded by the Fiscal Year 1998 HUD Appropriations Act.

BACKGROUND

In 1998, Congress provided \$5 million for the HUD Colonias Initiative (HCI), which was designed to support assistance to organizations administering projects that address the housing needs in the four border states where colonias are found (California, Arizona, New Mexico and Texas). HCI funds were specifically targeted toward projects that supported self-help housing construction, homeownership opportunities and rehabilitation of units for current residents of colonias. Of the \$5 million available under HCI, \$4 million was available for housing development grants, and \$1 million was set aside to fund a private organization that would provide capacity-building loans, grants or technical assistance to local nonprofit organizations serving the needs of colonia residents. In the end, seven grantees were funded, including three housing grantees from Texas, one housing grantee each from California, Arizona and New Mexico, and one capacity-building grantee that provided technical assistance to nonprofit housing development organizations throughout the border region. (See table below).

HUD COLONIAS INITIATIVE GRANTS			
HOUSING GRANTS			
State	Name	Service Area	Funding Level
TX	Proyecto Azteca	Hidalgo County	\$791,000
TX	Community Development Corporation of Brownsville	Cameron & Willacy Counties	\$800,000
TX	Laredo-Webb County Community Action Agency	Webb County	\$509,000
NM	Tierra del Sol	Luna, Hidalgo & Dona Ana Counties	\$640,000
AZ	Southeast Arizona Governments Organization	Sierra Vista	\$460,000
CA	Coachella Valley Housing Coalition	Riverside County	\$800,000
CAPACITY BUILDING GRANT			
DC	Housing Assistance Council	Entire colonias region	\$1,000,000

As stipulated in the July 15, 1998, Notice of Funding Availability (NOFA) that announced the HCI grants, recipients were given thirty six months from the date of funding award to complete all project activities except the final evaluation and reporting, fulfillment of audit requirements and final project closeout. Since funding awards for all HCI grants were made on September 30, 1998, all project activities funded by HCI should be complete and closeout procedures should be initiated for all grants. In order to facilitate the closeout of these HCI grants, this Notice includes examples of the necessary documentation.

CLOSEOUT PROCEDURES

According to the provisions of the grant agreement signed by all grantees, each organization is required to provide HUD with a final report at the end of its project. The final report will consist of the following five elements:

- 1) Narrative Final Report
The final report should summarize all activities conducted under the award, including significant program achievements and problems encountered during the grant agreement award period. In addition, the final report must summarize the reasons for successes and failures.
- 2) Closeout Certification
The closeout certification (Attachment 1) must be included as the last two paragraphs of the awardee's final narrative progress report.
- 3) Final Financial Status Report (HUD SF-269-A)
The Final Financial Status Report (Attachment 2) must be completed and must identify the actual budget expenditures and compare them to the budget agreed to in the award document. Copies of this form may be found at www.hudclips.org.
- 4) Property Statement
A property statement (Attachment 3) is required of all awardees. If the grantee acquired real property with its grant funds, it must check the box "yes" and complete the rest of the property statement. Items listed as supplies in the budget summary are not considered real property for purposes of this statement.
- 5) Inventions, Patents and Copyright Statement
Awardees are required to complete the Inventions, Patents and Copyright statement where applicable.

As soon as the grant activities are completed, each Field Office should send a letter to its HCI grantees requesting that the aforementioned documents be delivered to its office within 60 days of the date the letter was mailed. Upon receipt of the final report, Field Offices should take no more than 30 days to review the documentation and determine whether or not the grantee's program goals were met. This review should also include an examination of the amount of the

grantee's funds that remain in the Line of Credit Control System (LOCCS). If there are discrepancies in the report, the field office should contact the grantee and resolve them before continuing with the closeout. If the grantee's program goals have been met, Field Office staff should then send a letter to the grantee announcing the successful closeout of the grant, with a copy going to HUD Headquarters, States and Small Cities Division. However, if program goals have **not** been met, Field Office staff should alert the States and Small Cities Division, as the grantee may be in violation of its grant agreement and the HCI NOFA. Headquarters and Field Office staff will then work together to determine an appropriate response. Finally, whether or not funds remain in the account, the field office should proceed to closeout of the grant in LOCCS.

In order to close out a grant in LOCCS, field office staff must complete the "HUD Colonias Initiative Grantee LOCCS Closeout" form (Attachment 4) and have the document signed by the CPD Division Director. If there are still unexpended funds in the grantee's account that are to be recaptured, the Chief Executive Officer of the grantee must sign as well. Once completed and signed, the form should be sent to the Fort Worth Accounting Office. The accounting staff in Fort Worth will then recapture funds remaining in the grantee's account, if any, and close the account. At this point, the Field Office and grantee may consider the grant closed.

AUDITS

Depending on the amount of Federal dollars that a grantee has spent in the year preceding closeout, it may be subject to the audit requirements of OMB Circular A-133. If the period under consideration for audit ended before December 31, 2003, the threshold for triggering an A-133 audit is \$300,000; for any period ending after December 31, 2003, the threshold is \$500,000. In some cases, a grantee may be required to have an A-133 audit performed after closeout. In such cases, grantees should be made aware that they would be required to submit to HUD the amount of any costs that are disallowed by subsequent audits.

AFTER CLOSEOUT

A grantee will have three areas of continuing responsibilities after the closeout of its grant agreement:

- 1) Maintenance of Records
Grantees are required to maintain award-related records and files for five years (see attachment 5 for a list of records to be maintained). Records and materials must be kept in a safe place and be accessible to auditors and other government officials. This requirement also extends to all subcontracts the grantee has executed for over \$10,000. Additionally, public access, as stipulated by the Freedom of Information Act (5 USC 552) must not be limited, except for items that are defined as exempt by Federal and local privacy statutes.
- 2) Property, Royalties and Program Income
The accountability for property continues as long as the grantee holds the property or asset, or for the period of time established by the award document. Disposal of property must abide by the rules established in the Property Management Standards referred to in

the grantee's award. Program income, including royalties, must be used to support activities eligible for assistance under this initiative.

3) Change of Address

If, at any time during the five-year period after project completion, the grantee's organization is discontinued or moves, HUD should be notified immediately of the new address or the address of the party retaining all records.

Grantees with questions should contact their regional HUD field office. Field office staff with questions should contact HUD HQ States and Small Cities Division staff at (202) 708-1322.

(USE YOUR ORGANIZATION LETTERHEAD)

CLOSEOUT CERTIFICATION

(Your final report shall contain the certification below. It must be signed and dated by the Chief Executive Officer of your organization or the individual who is legally able to bind your organization.)

It is hereby certified that, to the best of my knowledge, all activities undertaken, or to be undertaken, with funds provided under this grant have been carried out, or will be carried out, in accordance with the grant agreement; that no fraud, waste or mismanagement has occurred in the administration of this award; that proper provisions have been made for the payment of all unpaid costs and unsettled third-party claims; that the Department of Housing and Urban Development is under no obligation to make any payment to the awardee in excess of the amount identified in Block #15 of form HUD-1044 of the grant agreement; and that every statement and amount set forth in this document is true and accurate as of this date.

It is also certified that any program income resulting from this award or any remaining real property resulting from this award, even if obtained after award closeout, shall be used to further the objectives of the HCI Notice of Funding Availability. I understand that prior HUD approval must be obtained to use either program income or real property for any other purpose than that of the original project for a period of five (5) years from the closeout of this award.

Real property (if any) is listed in the Property Statement. At this time, program income consists of \$_____. Accounting records will be kept on the use of these funds and any additional program income. I understand that HUD may monitor compliance with the terms of this agreement at any time.

Name of Authorized Official

Title

Date

NOTE: Any false statements knowingly or deliberately made are subject to civil or criminal penalties under Section 1001 of Title 18 of the U.S. Code.

Attachment 3

**PROPERTY STATEMENT
PART I**

Grant Number: _____

Organization Name: _____

Note to Awardee: Requirements for non-expendable property are incorporated in the Grant Provisions. Upon request, you Grant officer will make the administrative requirements available.

Based on your records and as required by the property management standards set forth in the award agreement, the following reflects the status of real and personal property paid for in whole or in part by funds from your award:

1. A. Was real property acquired?

____ Yes ____ No

If yes, please list in Part II.

B. If yes, will the property continue to be used for the purpose authorized in your agreement?

____ Yes ____ No

If no, is approval being requested from HUD to use the property in other projects?

____ Yes ____ No

B.1. If yes, specify projects: _____

B.2. If no, provide disposition instructions to HUD in Part II.

2. A. Was non-expendable personal property acquired?

If yes, please list in Part II of this Property Statement.

B. If question 2.A. is yes, will the property as listed continue to be used for the purposes authorized in the agreement?

____ Yes ____ No

If no, is approval being requested from HUD to use the property in other projects?

B.1. If yes, specify projects: _____

B.2. If no, what is the proposed disposition of this property? Check one or both.

____ Approval is requested to retain the property in whole or in part.

____ Disposition instructions from HUD are requested.

If both blocks are checked, please explain in detail in Part II of this statement.

3. Was expendable personal property with an aggregate value of over \$1,000 (for non-profit organizations) acquired?

____ Yes ____ No

If yes, request disposition forms from you Grant Officer.

**HUD Colonias Initiative Grantee
LOCCS Closeout**

Grantee Name: _____

Grant Number: _____

Appropriation Number: 868/00162

Source Year: 1998

The Grantee hereby certifies that: (1) the grant as described in the approved application has been performed in accordance with the terms and conditions of the executed Grant Agreement and applicable Grant award statute and that there are no known outstanding programmatic or financial issues; and (2) all data provided below fairly reflect costs and sources of funds of the referenced project grant(s) and are taken from HUD-approved reports and other project-related documents.

1. Grant amount authorized. \$ _____

2. Cumulative grant funds disbursed. \$ _____

(Grantee should draw down amounts for any subsequent final audit costs or unsettled third party claims. Any such amounts not subsequently disbursed must be immediately reimbursed to HUD.)

3. Grant funds already recaptured/deobligated. \$ _____

4. Balance of grant funds remaining. \$ _____

(These funds will be recaptured by the Fort Worth Accounting Center.)

Grantee Authorized Representative Signature and Date CPD Division Director Signature and Date

Typed Name of Signatory Typed Name of Signatory

Title Title

The above signature by HUD signifies approval of grant closeout.

(Once signed by both parties, the HUD CPD Field Office sends a copy to HUD Fort Worth Accounting Center for closeout/fund recapture; a copy is sent to the grantee for their records; the original is retained by the CPD Field Office.)

Send copy to:
CFO Accounting Center
Funds Control Branch #1
P.O. Box 901013
Fort Worth, TX 76101-2013

LIST OF RECORDS TO BE MAINTAINED**1. Financial Records**

Financial Status Reports
Final Financial Status Report
Requests for Advance or Reimbursements
Copies of all Audits (Federal and private)
Copies of Audit Responses
All Checkbooks
Copies of all tax reports filed with IRS, state and local governments

2. Deposits and Receipts

All Monthly Bank Statements and Reconciliation
Written Procedures for Spending funds
All Contracts
Subcontracts with other groups
Consultant contracts
Insurance Policies
Service/maintenance contracts
Sole Source contract(s) Justifications
Construction Contracts (Complete SF-424B)
Bid documents
Performance Bonds
Special Contractual provisions, etc.
Indirect Cost documentation
Chart of Accounts
Ledgers
Cash Disbursement Journals
Payroll Register for Each Employee
Supporting Documentation for all expenditures
Purchase orders
Vouchers
Receipts
Petty Cash vouchers
Deposit Receipt for Petty Cash Reconciliation
Travel Reimbursement (with receipts where applicable)
Time and Attendance Records
Price Quotations
Equipment Inventory Listing

3. Project Records

Grant Award Notice
Special Conditions
Approved Quarterly Program Progress Narratives
Approved Quarterly Budget Progress Reports
Program Modification Requests
Budget Modification Requests
Award Adjustment Notices
Copy of Final Program Reports (Narrative and Financial)
All Pertinent Correspondence Related to the HCI award (incoming and outgoing)
Revised Work Plans
List(s) of Task Force/Advisory/Community Organization Meetings
 Related to the performance of work under the HCI award
Evaluations conducted as required by the HCI award
Pertinent Correspondence related to work under this award
Letters of Appreciation
Personnel Folders
Resumes
Letters of Employment (new hires)
Documentation of Pay Raises
Copies of Written Personnel Policies
Indirect cost rates and justification