

## **CLOSE-OUT PROCEDURES**

### **CHOICE NEIGHBORHOODS PLANNING GRANTS Revised as of January 6, 2016**

#### **Introduction**

The following outlines the steps to be followed to officially close a Choice Neighborhoods Planning Grant. Close-out means that: (1) no additional Choice Neighborhoods Planning Grant funds may be disbursed; (2) HUD has determined that the expenditure of Choice Neighborhoods Planning Grant funds was made for allowable activities; (3) activities undertaken with Choice Neighborhoods Planning Grant funds were completed as required by the Choice Neighborhoods Planning Grant Agreement; and (4) all Federal requirements were satisfied. The United States Department of Housing and Urban Development (HUD) Office of Public Housing Investments is responsible for managing the close-out process.

A grantee may begin the close-out process when all Choice Neighborhoods Planning Grant funds have been expended and all activities funded with Choice Neighborhoods Planning Grant funds have been completed. At that time, a grantee may still be completing activities in the approved Program Schedule that are funded with non-Choice Neighborhoods Planning Grant funds and some activities funded with leveraged funds may continue for some period of time.

A grantee must continue to submit the Quarterly Report through the quarter that it receives OPHI's Preliminary Close-Out Approval Letter. For example, if HUD provides the letter on October 31<sup>st</sup>, the Quarterly Report for the period ending December 31<sup>st</sup> would be the grantee's last report.

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

The grantee must initiate close-out in accordance with procedures established by HUD within 90 days of the following two milestones: HUD has accepted the final Transformation Plan and expenditure of all grant funds. The grantee must initiate the process by submitting a Termination of Disbursements letter, which should be addressed to the Choice Neighborhoods Director, with a copy sent to the appropriate Choice Neighborhoods Team Coordinator.

##### **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 Choice Neighborhoods Planning Grant funds;
2. All requirements of the Grant Agreement have been met;
3. All obligated Choice Neighborhoods Planning Grant funds have been disbursed;  
and

4. The grantee will abide by any continuing Federal requirements.
- B. Preliminary Close-Out Materials

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

1. Final Choice Neighborhoods Planning Budget

The grantee must submit a Choice Neighborhoods Planning Budget form (HUD-53421), executed by the grantee's executive officer, which shows all final expenditures for the Choice Neighborhoods Planning Grant by Budget Line Item (BLI). The budget should be marked "FINAL."

2. Actual Choice Neighborhoods Cost Certificate (HUD-50163)

The grantee must submit an Actual Choice Neighborhoods Cost Certificate (ACNCC) form (HUD-50163). This form serves as the document that officially closes out the grant in LOCCS. The Actual Choice Neighborhoods Cost Certificate must be signed by the grantee's executive officer on the line indicated.

Upon accepting the Audit, HUD's Choice Neighborhoods Director will sign the Actual Choice Neighborhoods Cost Certificate on the "verified" line, and upon final approval of all final close-out materials, HUD's Choice Neighborhoods Director will sign the Actual Choice Neighborhoods Cost Certificate on the "approved" line.

## **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 Choice Neighborhoods Team Coordinator will review the materials to assure compliance with the Choice Neighborhoods Planning Grant Agreement and the Close-Out Procedures for Choice Neighborhoods Planning Grants. The grantee will be expected to cooperate with this review by making available any records requested. The Team Coordinator shall review the materials to confirm that:

- A. The Termination of Disbursements Letter includes the statements required by Step 1.A, above.
- B. The dollar amounts on the final Choice Neighborhoods Planning Budget and the ACNCC 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 ACNCC agrees with HUD records in LOCCS.
- D. If Line 1.E. of the (ACNCC 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. The grantee should consult further with the appropriate Choice Neighborhoods Planning Team Coordinator for more specific instructions on returning the funds to HUD.

### **Step 3: Preliminary Close-Out Approval**

When OPHI has determined that the amount of Choice Neighborhoods Planning Grant funds disbursed, obligated and expended are equal in LOCCS, OPHI shall:

- A. Approve the ACNCC for final audit by having the Choice Neighborhoods Director sign the top line under the “For HUD Use Only” section of the AHCC.
- B. Approve the final Choice Neighborhoods Planning Budget by signing the HUD-53421, if necessary.
- C. Enter a Pre-Audit Date into LOCCS, which shall be the date on which OPHI first signed the ACNCC and approved it for audit. This action will prevent any further disbursements from LOCCS.
- E. Send a Preliminary Close-Out Approval Letter to the grantee which does the following:
  - Transmits the original and preliminarily approved ACNCC and the final Choice Neighborhoods Planning Grant Budget;
  - Indicates that the Grant has been preliminarily closed out;
  - Instructs the grantee to proceed with the final audit;
  - Indicates that all Choice Neighborhoods Planning Grant-funded activities are complete, even though activities financed with non-Choice Neighborhoods Planning Grant funds (e.g. leveraged funds) may still be under way and/or not yet begun; and
  - Indicates that the grantee no longer has to submit Quarterly Reports after the end of the current quarter.

### **Step 4: Final Audit**

Each grantee is required to conduct an audit of the Choice Neighborhoods Planning Grant in accordance with the requirements of 2 CFR Part 200, Subpart F. The audit must be made by an independent auditor. It may be conducted separately or as part of an agency-wide audit. However, if conducted as part of an agency-wide audit, the Choice Neighborhoods Planning Grant portion of the audit must be reported separately.

Once completed, the grantee must submit a copy of the audit and the previously signed ACNCC to the Team Coordinator. If the audit indicates that Choice Neighborhoods Planning 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 OPHI has completed its review and any audit findings have been resolved, the Choice Neighborhoods Director will sign the ACNCC on line 2 under “For HUD Use Only” to certify that the audited costs agree with the costs shown on the ACNCC.

## **Step 5: Final Choice Neighborhoods Planning Grant Funding Close-Out Approval**

After OPHI has approved the audit and has determined that: 1) the expenditure of grant funds was allowable; 2) the activities to be completed using Choice Neighborhoods Planning Grant funds were completed as required by the Grant Agreement; and 3) all Federal requirements were satisfied during the implementation of those activities, the Team Coordinator will assemble a package for the Choice Neighborhoods Director's signature that contains the following:

- The final Choice Neighborhoods Planning Grant Funding Close-Out Approval Letter to the grantee indicating that the Choice Neighborhoods-funded portion of the grant is closed;
- The original ACNCC.

Once the Choice Neighborhoods Director has signed the letter and the last line of the ACNCC, the following will be sent out:

- Original signed letter and copy of the ACNCC goes to the grantee.
- Copy of the letter and the original ACNCC goes to the Team Coordinator.
- The Team Coordinator will email a copy of the approval letter and ACNCC to the Fort Worth Accounting Center, which will enter a Post-Audit Date in LOCCS and the grant will then be officially closed. Any funds remaining in the grant will be recaptured by HUD. Recaptured funds will automatically be reflected in BLI 9900, Post Audit Adjustment, once the grant is closed.
- The close-out documentation will be filed in the grant's docket file.