CHAPTER 13
GRANT CLOSEOUT

INTRODUCTION

Upon completion of the Community Development Block Grant (CDBG) approved activities and/or the expenditure of all CDBG funds with respect to a specific CDBG grant, the Unit of General Local Government (UGLG) – enters the final phase in the grant management process, known as grant closeout.

The closeout process encompasses a series of activities to verify CDBG funds have been properly spent and the UGLG complied with all applicable rules and requirements in the implementation of its program.

The timeliness in which the UGLG completes the closeout process, and the content of the information presented, is a factor in the evaluation of future applications for CDBG funds. It is possible, however, for an UGLG to receive an additional CDBG grant before the closeout of current award(s).

UGLGs will be expected to carry out each project as proposed in the grant application and grant agreement. The proposed activities should be completed, and proposed beneficiaries should be served/assisted prior to project closeout.

UGLGs may be expected to provide additional funds to meet the proposed accomplishments if actual accomplishments are significantly less than proposed. If there is a change in scope or project cost that would affect the proposed accomplishments or beneficiaries, the Program Specialist should be contacted, and a Grant Amendment may be necessary. Failure to carry out the project as proposed will be considered a performance concern in future application requests.

The procedure outlined in this chapter must be followed to closeout CDBG grants from the Michigan Strategic Fund (MSF).

SECTION 1 – CLOSEOUT PROCEDURES

Upon completion of the approved activities, the UGLG will submit a Final Disbursement Request and the closeout process may begin. The UGLG must complete and submit a closeout package containing the following the items:

1. **Final Progress Report**. This report serves as a final description of the project completion and final certification of CDBG and all other matching funds.

2. **Final Job Creation/Retention Summary Report** (Form 2-C), if applicable. This report serves as the final reporting for all jobs created/retained.

3. **Final Section 3 Report**. This report serves as the final reporting for Section 3 activities.

4. **Building Inspector** letter, if applicable. This letter certifies all blight has been eliminated.

5. **Actions to Affirmatively Further Fair Housing** (Form 13-A). This form requires the UGLG to list actions taken and results achieved to affirmatively further fair housing, including an estimate of the costs (time and material costs combined) involved in carrying out the actions listed, regardless of the funding source.

6. **Closeout Public Hearing** documentation. The UGLG must document it has conducted a closeout public hearing (From 11-A1) to discuss the project's accomplishments. The UGLG must submit an affidavit or tear sheet to evidence notice of this public hearing and the approved minutes from the closeout public hearing.

   If proposed performance accomplishments were not met, or if there was a significant change in the accomplishments, a special public hearing and/or a Grant Amendment may still be required at the direction of the Program Specialist.

7. **Monitoring letter(s.)** If applicable, the UGLG must satisfy all findings from monitoring reports before closure of the grant can be completed.

8. **Grant Completion and Decrease Form** (Form 13-C). The Grant Completion and Decrease form must be completed, signed by the appropriate officials, and returned to the Program Specialist.

9. **Return Unexpended Funds**. If funds were drawn and not expended, a check for the funds unexpended, with the grant number denoted on the check, must be mailed to the MEDC office and made payable to the *State of Michigan.*

10. **Personal Property Management Report** (Form 8-B1). This form must be completed if any non-expendable property was purchased with CDBG funds.

11. **Real Property Management Report** (Form 8-B2). This form must be submitted if real property is purchased with CDBG funds.

12. **Return Interest Earned**. All interest earned on the CDBG main bank account, minus $100 per year for administrative expenses, must be returned to the MSF in the form of a check payable to the *State of Michigan*, with the grant number denoted on the check.

SUBMITTAL, REVIEW, AND APPROVAL OF THE CLOSEOUT PACKAGE

The UGLG has 120 days from end of the term of work to provide a Final Progress Report and all required closeout documents to the Program Specialist.

After the packet has been reviewed and approved, a closeout letter is sent to the UGLG.

Final Closeout. Grant activities are complete, award was expended or returned, National Objective was met, and all audits have been received, reviewed and approved.

Conditional Closeout. Grant activities are complete, award was expended or returned, National Objective was met. However, MEDC is awaiting receipt and approval of audit(s) – see GAM Chapter 8. After all audits have been approved, a Final Closeout letter will be sent.

The purpose of a conditional closeout is to have the UGLG acknowledge, by the signature of its authorized local official, that the grant is being closed out pending the submission of a 2 CFR 200 audit, if required, and that it will comply with all audit requirements associated with receiving CDBG funds from the State. Instead of a 2 CFR 200 audit, an UGLG must submit the Audit Requirements Certification (Form 8-C) to the Program Specialist indicating the UGLG expended less than $1,000,000 of federal funds over a fiscal year and was exempt from a 2 CFR 200 audit.

SECTION 2 - CONDITIONAL CLOSEOUT REQUIREMENTS

If the UGLG receives a Conditional closeout letter pending submittal of an audit, the UGLG must have an audit conducted in accordance with 2 CFR 200 **or** an Audit Requirements Certification (Form 8-C). The UGLG must submit an audit within nine (9) months of the end of the UGLG's fiscal year. Once the audit has been reviewed and approved, and the closeout has been achieved, a Final Closeout letter will be sent to the UGLG.

SECTION 3 – FILE MAINTENANCE

The Grantee shall maintain records which will allow assessment of the extent of Grantee performance of the Scope of Work and which allow for the comparison of actual outlays with budgeted amounts. The Grantee's overall financial management system must ensure effective control over, and accountability for, all funds received. Accounting records must be supported by source documentation such as time sheets and invoices.

SECTION 4 – FILE RETENTION

The Grantee shall retain all financial records, supporting documents, statistical records, and all other pertinent records until notified by the MSF.

MSF reserves the right to reopen this grant (i.e., in the event of future monitoring by HUD or instances of noncompliance by the UGLG).

The UGLG must retain, at its office, all program records and project files and obtain documents from contracted parties (ie, architects, engineers, administrators) until notified by the MEDC.

CHAPTER 13 FORMS

13-A Actions to Affirmatively Further Fair Housing
13-C Grant Completion and Decrease Form