



# **CDBG Close-Out**

## **Grantee Responsibilities**

# Close-Out Introduction

Close-out verifies that CDBG funds have been properly spent and that the city/county complied with requirements in completing its program.

The timeliness of close-out and the content of the information presented may be a factor for the evaluation of future CDBG applications.

# Grantee Responsibilities

Your responsibility is to effectively and efficiently manage and close out your CDBG program.

Prompt program close out is one indicator of local capacity to administer a grant and may influence future funding.

Close-Out is initiated when:

- Final inspection of your last construction contract takes place (public works)
- Beneficiaries are in place (jobs)

# Grantee Responsibilities

Close out documents are due to the State at the time indicated in your most recently approved "Implementation Schedule"

If your program has any unresolved / un-cleared findings from the ADECA monitoring visit(s), clear them prior to close-out

# Grantee Responsibilities

- 1) Initiate, Conduct, and Certify Final Inspection
- 2) Obtain and Submit Newspaper Advertisements for Notice of Completion
- 3) Complete and Forward Final Wage Compliance Report
- 4) Prepare and Submit FHEO report(s) *(Sec 3 and Minority Contracting)*
- 5) Provide Documentation that a Public Hearing was Held
- 6) Prepare and Submit List of Applicants Form
- 7) Prepare and Submit a Hook-Up Certification Form
- 8) Prepare and Submit Performance Assessment Report
- 9) Prepare Final Financial Form / CDBG Budget
- 10) Perform Audit (*where applicable*) and Resolve Audit Findings

# Initiate, Conduct, and Certify Final Inspection

Each construction contract requires a final inspection to determine if work has been completed satisfactorily and in conformance with plans, specifications, and contract conditions.

The Final inspection of the last construction contract of public works grants initiates program close out activities.

Beneficiaries must be in place

# Initiate, Conduct, and Certify Final Inspection

## Ensure the Following:

- The engineer/architect initiates the final inspection
- Representative of your program, the contractor, and the engineering/architectural firm **should** all be present during the final inspection
- “Final Inspection Certification”
  - *If your grant program involves more than one prime construction contract, complete and retain all “Final Inspection Certifications” and file all at close-out*

# Obtain and Submit Newspaper Advertisements

## Ensure the Following:

Close-out package should contain the “Affidavit of Publication” from the newspaper and a published copy of the “Notice of Completion”

- The ad must run for four consecutive weeks.
- Thirty days after the last ad runs, the final payment can be made to the contractor.
  - *Therefore, close out documents cannot be submitted until at least 30 days after the last ad ran in the paper.*
- Contracts for less than \$50,000 have different rules
  - *check policy letter 16*
- The date of the first ad must not have been prior to the date of the “Final Inspection Certification”

# Obtain and Submit Newspaper Advertisements

***If a newspaper is not published in your area:***

- Submit a copy of the notice and proof by the Probate Judge or Sheriff and the contractor that the notice was posted in the courthouse for 30 days

# Obtain and Submit Newspaper Advertisements

**The law does not specify what the ad should contain, but it should (at a minimum) contain:**

- Name of the contractor
- His / Her business address
- Name of the project
- Project location
- CDBG project number
- Any other identifiers that would allow persons who have provided labor, materials, or equipment for the contract to be aware that this “Notice of Completion” pertains to their labor, materials, or equipment.
- NOTICE IS TO BE RUN BY CONTRACTOR – Not the Engineer, Grant Administrator, or Subgrantee

# Complete & Forward Final Wage Compliance Report

## Ensure the Following:

- After approval of all final payrolls, complete the “Final Wage Compliance Report”
- Submit all reports to your ADECA Program Supervisor at close-out
  - *The Davis Bacon Act requires a “Final Wage Compliance Report” to be completed on each construction contract.*

# Prepare and Submit FHEO Report(s)

(Sec 3 and Minority Contracting Rpts)

- **Form 2516 (Contract and Subcontract Report)**  
This is sometimes referred to as the “Minority Contracting Report” and is due for all grants at closeout.
- **Form 60002 (Section 3 Summary Report)**  
Only due for grants closing out at >\$200,000 in CDBG dollars.

# Provide Documentation of Public Hearing

## Ensure the Following:

- Provide the “Affidavit of Publication” for the advertisement for the public hearing
- Submit the minutes and a roster of attendees from the hearing
- Should have a detailed narrative describing project accomplishments and photographs of the project and/or beneficiaries

*Newspaper advertisement (hearing should not be held prior to the date on the “Final Inspection Certification”)*

# Prepare and Submit List of Applicants Form

(for Housing and Economic Development Projects Only)

## Ensure the Following:

- Should have a “List of Applicants” form for housing and economic development projects
- The number of jobs created / houses rehabilitated should be consistent with the application

# Prepare and Submit Hook-Up Certification Form

(for Water & Sewer Projects Only)

## Ensure the Following:

- Should have a hookup certification executed by the chief elected official

# Prepare & Submit Performance Assessment Report

## Ensure the Following:

- Make sure all forms are complete and accurate:
  - Cover Sheet
  - Direct Benefit Activity Sheet
  - Performance Measures Summary Sheet (pages 3-6)
- Check beneficiaries  
*(Are they in line with those stated in the original application or amendment)*

# Prepare Final Financial Form / CDBG Budget

- Prepare the “Financial Status Report”
  - Uses figures from “Last Approved Budget”
  - Indicate total incurred cost
  - Mark as “Final Expenditure”
- Send request for payment of 10% administrative retainage
- Submit this along with the “Performance Assessment Report”.
  - *All outlays on this report must agree with the books of record except that administration will appear to have been fully expended.*

# Perform Audit *(where applicable)* & Resolve Findings

- Close out will be completed pending receipt and acceptance of the final audit and resolution of any audit findings for communities expending \$500,000 or more of Federal funds during the fiscal year.
  - The date of the closeout letter, not the date the closeout materials are sent in, determines the fiscal year that the grant officially closes in.
- Submit four (4) copies of the audit report to the ADECA Audit Review Section within nine (9) months after close out of the community's fiscal year, or upon completion by the State Examiners of Public Accounts *(counties)*

# Required Recordkeeping and Files

Close out files should include copies of all close out documents, and at a minimum include:

- Final Summary Change Order
- Final Inspection Certification
- As-Built Certification
- Notice of Completion
- Final Wage Compliance Report
- Final Wage Disclosure Statement
- Section 3 and Minority Contract Reports
- Close Out Public Hearing Documents
- Performance Assessment Report
- Project Narrative and Photographs
- CDBG Budget / Final Financial Form
- Audit Certification Form
- Audit Report / Resolution Materials and Correspondence (where applicable)
- All other information pertinent to close out  
(such as List of Applicants or Hookup Certifications)

# Reporting

The following documents, except the audit report, should be submitted with the “Performance Assessment Report” to your ADECA Program Supervisor

- Final Inspection Certification
  - *If your grant program involves more than one prime construction contract, retain and submit **all** certifications at close-out.*
- Notice of Completion
  - *If your grant program involves more than one prime construction contract, retain and submit **all** at close-out*
- Final Wage Compliance Report
  - *Complete report after approval of all “Final” payrolls*
  - *If your grant program involves more than one prime construction contract, retain and submit **all** at close-out*

# Reporting (continued)

- List of Applicants Form
  - Should be consistent with the application
- Hook-Up Certification Form
  - Executed by the chief elected official
- FHEO Reports (Section 3 and Minority Contracting)
  - Form 2516 and Form 60002
- Performance Assessment Report
  - *Cover Sheet*
  - *Direct Benefit Activities Sheet*
  - *Performance measures Summary Sheet (Pages 3 – 6)*

# Reporting (continued)

- Final Financial Form / CDBG Budget
  - *Indicate Total Incurred Cost*
  - *Mark as “Final Expenditure”*
- Audit Report
  - *Submit upon receipt from audit firm, but no later than nine (9) months after the end of your community’s fiscal year, or upon completion by the State Examiners of Public Accounts (counties)*

# Common Problems and/or Deficiencies

- Required close out forms / documents not submitted on time
- ADECA not notified of the final inspection
- Appropriate representatives of your program are not present at the final inspection
- “Notice of Completion” is not published as required
- Forms and documents are not completely or correctly prepared
- “Performance Assessment Report” is incomplete, late, or not adequately prepared
- Monitoring findings have not been addressed or cleared prior to close out
- Audit Problems / Deficiencies are not adequately addressed
- “Financial Status Report” and audit, where applicable, are not consistent with each other
- Changes that require an amendment or not approved by ADECA

**In Review**

**Questions?**