

## CHAPTER 6

### CLOSE OUT PROCEDURES

The Standard Agreement and/or Inter-Agency Agreement will spell out the terms of the contract, including the scope of work, the expenditure period, reporting requirements and the requirement that all CDBG-DR and/or CDBG-NDR funds be used in compliance with all federal, state and local statutes, regulations and guidelines.

Grantees are required to submit the following for each Standard Agreement or Inter-Agency Agreement:

- Final Request for Funds, and
- Close Out Certification Letter stating all closeout requirements have been met, including the instructions to disencumber any unspent funds that may remain in the contract, and
- Evidence of a public hearing reporting the grant accomplishments and expenditures of each project to the residents of the jurisdiction, and
- If applicable, the final project of the grant (planning studies, environmental review records, etc.).
- Note that grants cannot be closed out if there are open monitoring reports associated with the contract; all monitoring findings, concerns and requirements must be received and approved by HCD, as well as a Clearance Letter stating the monitoring has been closed.

HCD will review the documentation, process the final funds requests, disencumber any remaining funds, if applicable, and enter all needed information in both the IDIS and CAPES systems to show the activities and projects are “completed.”

Once all documentation has been processed and the IDIS and CAPES systems updated, HCD will send a Close-Out Letter to the Grantee, outlining all requirements (if applicable). HCD Grantees are required to retain CDBG-DR and/or CDBG-NDR records for a period of not less than five years after the fiscal year of their grant or three years after the closeout of the grant from HUD, whichever is longer. HCD will notify Grantees when the HUD grant has been closed.

### RECORDKEEPING

#### Grantee Responsibilities

Accurate recordkeeping is crucial to the successful management of CDBG-DR- or CDBG-NDR-funded activities. CDBG-DR and CDBG-NDR Grantees must be able to document how grant funds were spent, as well as National Objectives were accomplished for the benefit of the jurisdiction’s residents in accordance with the contract and all applicable federal, state and local laws, statutes, regulations and guidelines.

Grantees are required to maintain all CDBG-DR and/or CDBG-NDR records for a minimum period of five (5) years after HCD notifies Grantees that the HUD/HCD contract has been closed.

Below is a list of the records to be maintained for each CDBG-DR or CDBG-NDR contract:

A. General Administrative

1. the NOFA, application, program descriptions, certifications, etc.;
2. Executed grant agreement;
3. Description, geographic location and budget of each funded activity;
4. Eligibility and national objective determinations for each activity;
5. Personnel files;
6. Property management files;
7. HUD monitoring correspondence;
8. Citizen participation compliance documentation;
9. Fair Housing and Equal Opportunity records;
10. Lump sum agreements;
11. Environmental review records; and
12. Documentation of compliance with other Federal requirements (e.g., Davis-Bacon, Uniform Relocation Act, and Lead-Based Paint).

B. Financial Recordkeeping

1. Chart of Accounts;
2. Manual on accounting procedures;
3. Accounting journals and ledgers;
4. Source documentation (purchase orders, invoices, etc.);
5. Copies of CDBG funds received from SCO
6. Copies of CDBG funds disbursed (cancelled checks, wire transfers, etc.);
7. Payroll records and reports
8. Financial reports;
9. Audit files;
10. Procurement files (including bids, contracts, etc.);
11. Accrued expenditures;
12. Escrow account documents, including agreements, disbursements, etc.;
13. Subsidiary records;
14. Review of expenditures;
15. Real Property inventory;
16. Loan Portfolio documentation for all CDBG-funded assisted loans;
17. Loan Portfolio management plan;
18. Evidence of compliance review of loan portfolio management;
19. Bank account records for revolving loan funds, grant funds, etc.;
20. Other files;
21. Records retention; and
22. Relevant financial correspondence.

C. Project/Program/Activity Recordkeeping

1. Eligibility of activity/project;
2. Evidence of having met an appropriate national objective;
3. If applicable, any Grantee agreements;
4. Public information file;

5. Compliance with special program requirements;
6. Financial management;
7. Environmental review;
8. Equal opportunity;
9. Procurement
10. Construction contracts and labor standards
11. Relocation and Acquisition
12. Beneficiary details for each project (characteristics and locations of service area and beneficiaries, and income information for beneficiaries);
13. Budget and expenditure information including draw requests documentation;
14. Cost Categories for General Administration, Activity Delivery and Program Loan Activity;
15. Status of project/activity.

Grantees must maintain a financial management system that provides accurate, current, and complete disclosure of the financial status of each grant-supported activity. The system must be capable of generating any financial status reports required by the Department and include procedures for determining whether charges to the grant are reasonable, allowable, and allocable.

#### **Fair Housing Records**

The following records must be maintained by the CDBG-DR or CDBG-NDR Grantees in a separate equal opportunity and fair housing file:

- Documentation of the action(s) the Grantee has taken to affirmatively further fair housing, including records on funds provided, if any, for such actions; and
- Demographic data (actual survey or latest Census/American Community Survey data) depending on the project undertaken may include:
  - The population of the jurisdiction of the unit of general local government receiving CDBG funds;
  - The minority population of the locality (number and percentage);
  - The target area population;
  - The minority population of the target area (number and percentage);
  - The number of disabled, elderly households, and female-headed households in the target area; and
- A map of the locality showing the locations of assisted housing units, concentrations of minority population, concentrations of LMI, and the target area.

#### **Direct Benefit Records**

It is important that CDBG-DR and CDBG-NDR Grantees maintain statistical information on the persons benefiting from the project be maintained and updated throughout the implementation of the project. Even if the project activities meet the “presumptive benefit” test for proving LMI benefits and surveys have not been conducted or statistical data on beneficiaries has not been collected, benefit data for fair housing and equal opportunity purposes must be maintained. Grantees should note that those benefiting from the project must be determined. A Project Benefit Profile must be maintained for each activity except administration, planning, and

contingency. – For direct benefit activities, provide data on the extent to which persons have applied for benefits and participated in or benefited from any program or activity funded in whole or in part with CDBG funds. Records must be kept by race, ethnicity, and gender of heads of households.

### **Section 504 Records**

The following records must be maintained by the Grantee in a separate 504 file:

- A copy of the self-evaluation;
- A copy of the transition plan;
- A list of interested persons who were consulted;
- A description of areas and buildings examined and any problems identified;
- A description of modifications made and remedial steps taken to comply with the regulations; and
- Evidence that new or substantial rehab multi-family projects were constructed/rehabilitated to meet 504 standards.

### **Employment and Contracting**

Data on employment of the local government that is carrying out an activity funded in whole or in part with CDBG funds. The data to be maintained in the files includes:

- A description of the local government work force in percentage by race, gender, job title, salary, and hire date;
- The percentage of minorities in the jurisdiction of the unit of general local government that is receiving CDBG funds and the percentage of minorities working for that unit of general local government;
- The number of project area residents employed with CDBG funds;
  - Data should show the percentage by race and gender of the personnel in any department, office, or agency of the unit of local government using CDBG funds to employ staff.
  - For example, if CDBG funds are being used to pay a portion of a bookkeeper's salary in the accounting department of the city, then employment data should be available for the department.
- Government hiring practices and policies;
- Affirmative Action Plan (if applicable); – Documentation of the affirmative actions the Grantee has taken to overcome the effects of prior discrimination as determined through a formal compliance review or court proceeding, where the Grantee has previously discriminated against persons on the grounds of race, color, national origin, or sex in administering a program or activity funded in whole or in part with CDBG funds.
- Procurement procedures and implementation plan;
- Minority and Women Business Enterprise (MBE/WBE) outreach and networking;
  - MBE and WBE reporting;
- Section 3 Plan;
- Section 3 Summary Report (PER); and
- Section 3 reporting by contractors.

## **Monitoring**

The designated fair housing and equal opportunity coordinator and/or officers should review compliance requirements on an annual basis.

Grantees will be monitored by HCD on a periodic basis and based on the results of an annual assessment. Proper notification of a monitoring visit will be provided. However, it is important for Grantees to keep all records and files in “monitoring readiness” condition at all times. Some of the areas HCD staff will review to determine if Grantees meet compliance with all fair housing and equal opportunity requirements and laws are listed below:

- A check of the availability and adequacy of employment records;
- Identification of programs and activities assisted through CDBG funding and assessment of program impact on protected groups;
- An examination of procurement procedures and awards to assess the utilization of minority and/or female owned enterprises and businesses located in the project area or owned in substantial part by project area residents;
- A review of voluntary efforts to promote fair housing; and
- An examination of the extent to which various protected groups have been impacted by relocation activities.

## **HUD FHEO Compliance and Monitoring**

HUD’s Office of Fair Housing and Equal Opportunity (FHEO) is responsible for seeking cooperation from and providing assistance to states and their CDBG-DR and CDBG-NDR Grantees regarding compliance. FHEO may perform periodic reviews of states and their Grantees or require reports or other information to measure compliance including records of program participation by individuals with handicaps.

It is important for states and their CDBG-DR and CDBG-NDR Grantees to keep organized records and document their Section 504 activities.

A complaint can be made by any individual or authorized representative of that individual who believes they have been denied opportunities or treated differently, due to their race, ethnicity, gender, disability, or age. This complaint would be filed with FHEO under the Housing Discrimination Form 903.1. The complainant’s identity will be held in confidence unless written authorization is given. The time period for filing complaints is within 180 days of the alleged act. States and their CDBG-DR and CDBG-NDR Grantees should have copies of this form available to the public.

Person who believes his/her rights have been violated may file in Federal court. The remedy through court action may include the award of damages, back pay, seniority and as with any equal opportunity action, attorney fees, or injunction against the noncomplying project. It is HUD’s policy to encourage informal resolutions to matters, solicit voluntary compliance and corrective action. Noncompliance may result ultimately in the termination of or refusal to grant Federal assistance.