

## CHAPTER 8. CHSP GRANT CLOSE-OUTS AND TERMINATIONS

## 8.1 OVERVIEW

Close-out is the process by which HUD determines that all applicable administrative and project requirements have been completed by the grant recipient and HUD. Closing the grant requires the completion of all required audits, property disposition, settlement of costs, reconciliation of payment records, completion of Form HUD-24016, the Final GTR Performance Assessment, and other requirements that may be specified by the Grant Officer. Each grant document must be closed out at the end of its performance period. Section 1 of this chapter describes the close-out process.

CHSP grants may be terminated either by voluntary withdrawals of the grantee or by HUD-directed termination for non-compliance with the grant agreement. The procedures for voluntary withdrawal vary, based on whether the withdrawal occurs before or after execution of the grant award. Section 2 describes both voluntary and HUD-directed grant terminations.

## SECTION 1: GRANT CLOSE OUTS

## 8.2 INITIATING THE CLOSE-OUT PROCESS

No later than 30 days after the grant expiration, the HUD/RHS GTR requests the final SF-269 and a HUD-90198 from the grantee by letter. (See Paragraph 8.4 below.)

Subsequent steps in the grant close-out process may vary by project. Grantees and GTRs/GTMs should familiarize themselves with the requirements at:

- a. 24 CFR 85 Subpart D, which sets forth the policies and procedures for closing out federal grants made to state, local or Indian tribal governments; and
- b. 24 CFR 84 Subpart D, which sets forth these provisions for nonprofit organizations.

## 8.3 GRANTEE REQUIRED ADMINISTRATIVE ACTIONS

The grantee must comply fully with all close-out requirements within 90 days after the expiration or termination of the grant, as specified in the following regulations or documents:

- a. The specific and general clauses contained in the schedule of terms and conditions for the CHSP grant agreement;
- b. Any HUD/RHS requirements specified in a letter or grant amendment from the Grant Officer; and,

- c. Requirements contained in 24 CFR Parts 84 or 85, as applicable, Subparts D, which prescribe uniform close-out requirements for all federal grantees. These regulations include:
  - (1) Accounting for all real property, federally-owned and exempt property, equipment and intangible property paid for with federal funds.
  - (2) Repaying any amounts in excess of the amount to which the grantee is entitled.
- d. The grantee must submit the Financial Status Report, SF-269, and a final LOCCS/VRS CHSP Payment Voucher, HUD-90198, to the GTR no later than 90 days after the grant close-out date or other time-frame specified by the Grant Officer.

#### 8.4 HUD/RHS ADMINISTRATIVE ACTIONS

##### a. Review of Final Financial Report

The HUD/RHS GTR must review the Final Financial Report, SF-269, and ensure that:

- (1) All financial, programmatic and administrative activities necessary to close-out the grant are completed. (These activities may include an audit, as described in Paragraph 8.5.)
- (2) The grantee is reimbursed for any eligible outstanding costs. (See 8.4 (b) below on final payment through LOCCS.)
- (3) The grantee remits any grant funds owed to HUD/RHS. If necessary, the grantee must be notified in writing to remit the excess funds to HUD. Payments must be made by wire if \$2,000 or more, or by check for lesser amounts, made payable to HUD.

Checks are forwarded to FAD for processing, except for interest on advances that must be remitted to HUD for state, local or Indian tribal government grantees as required in 24 CFR Part 85.21 (i) and to the Department of Health and Human Services for nonprofit grantees as required in 24 CFR Part 84.22 (1).

10/96

8-2

4640.1

REV-1

##### b. Final payment through LOCCS

The final payment to a HUD/RHS grantee under LOCCS/VRS shall be processed by the HUD GTR (for both HUD and RHS grants), according to the instructions below. For RHS grants, the RHS GTR is responsible for reviewing the HUD-90198 forms for

accuracy and acceptability before forwarding to the HUD GTR for execution of the LOCCS/VRS close-out.

To assure proper financial closure under LOCCS/VRS, the following steps must be completed by the HUD or RHS GTR, as indicated:

- (1) At date of grant close-out, the HUD GTR executes the M01 function, which suspends payment to deny the grantee any access to additional automatic payment.
- (2) The HUD GTR executes the Q05 function to determine the amount of the undisbursed balance in the grant.
- (3) The HUD/RHS GTR requests the final SF-269 and a form HUD-90198 from the grantee for final payment due (if he has not already done so) for receipt no later than 90 days after the grant expiration/close-out date.
- (4) The HUD/RHS GTR reviews the SF-269 and the HUD-90198 for accuracy, acceptability and consistency with the LOCCS balance and the grantee's approved budget.
- (5) The HUD/RHS GTR forwards the SF-269, form HUD-90198, a form HUD-1044 to close-out the grant and an unsigned HUD-718 for funds dereservation with a memorandum to the Grant Officer, indicating grant close-out or termination and requesting payment approval and deobligation of any grant balance.
- (6) The Grant Officer:
  - (A) executes the HUD-1044;
  - (B) approves the SF-269 and returns it to the GTR;
  - (C) sends a request to FAD to recapture all excess balance above the amount due for final grantee payment, if appropriate; and,
  - (D) notifies the grantee that final payment may be requested under LOCCS/VRS.

4640.1 REV-1

8-3

10/96

- (7) The HUD GTR executes the F01 function to update the budget line Items (BLIs) to reflect the exact amount of payment due for each budget line item.
- (8) The HUD GTR executes the M01 to lift the funds suspension so that the grantee can drawdown final payment. This should leave a zero (0) balance in the grant account.

If any items remain outstanding, the Grant Officer will discuss the matter with the GTR.

c. Final GTR Performance Assessment

The HUD/RHS GTR must submit to the Grant Officer a completed form HUD-24016, "Final GTR Performance Assessment for Assistance Agreements" (Appendix 19). Using this form, the GTR makes a general qualitative assessment of the grantee's overall performance, including the completion of program requirements, attainment of objectives, and the grantee's administrative skills. The GTR also describes the grantee's acquisition and accounting for any property.

d. Final Close-Out Letter

Upon completion of all administrative actions for final close-out, the Grant Officer shall notify the grantee of the terms and conditions of close-out in the form of a letter or an amendment to the grant indicating that the grant program is closed out.

The letter may include, but not be limited to:

- (1) Final financial settlement;
- (2) Provision for submission of audit reports and due dates;
- (3) Record retention requirements; and,
- (4) If close-out is made without full audit coverage, a statement that HUD/RHS reserves the right to recover disallowed costs or take other appropriate action if HUD/RHS determines that information provided by the grantee is false or erroneous; or if the subsequent audits or adjustments result in amounts owed to HUD.

#### 8.5 AUDIT REQUIREMENTS

The grant dollar thresholds and conditions that trigger audit requirements are similar for all grantees and are set forth in the following regulations:

10/96

8-4

4640.1 REV-1

- a. CHSP nonprofit grant recipients/subrecipients are subject to audit requirements at 24 CFR Part 45, titled "Non-Federal Audit Requirements for Institutions of Higher Education and Other Nonprofit Institutions" (implements OMB Circular A-133, "Audit of Institutions of Higher Learning and Other Nonprofit Organizations").
- b. CHSP recipients/subrecipients that are state, local or Indian tribal governments are subject to audit requirements at 24 CFR Part 44, titled "Non-Federal Audit Requirements for State and Local Government" (implements OMB Circular A-128, "Audits of State and Local Governments").

According to these regulations, the HUD Office of Inspector General

(OIG) is normally not requested to perform audits on grants under \$100,000 or over \$100,000 where sufficient audit information is already available.

#### 8.6 FILE RETENTION

CHSP grant files that are maintained by HUD State or Area Offices are covered by item 17 of HUD Records Disposition Schedule 3 (Appendix 20), which requires that they be destroyed 6 years after the grant is formally closed out. Once the CHSP Records Disposition Schedule is approved, HUD offices can retire the files to the Federal Records Center any time after grant close-out that volume warrants.

RHS state offices should follow the disposition instructions in RHS's records disposition schedules for the CHSP files that they maintain.

### SECTION 2. TERMINATIONS

#### 8.7 VOLUNTARY WITHDRAWALS BEFORE EXECUTION OF INITIAL GRANT AWARD

##### a. Grantee Request

Grantees wishing to withdraw from participation before execution of the grant must submit a written request. The request must be on organization letterhead and addressed to the HUD/RHS GTR and should contain an explanation of the reason for the withdrawal.

##### b. HUD/RHS Processing of Request

The GTR should discuss with the grantee the reasons presented for withdrawal to determine if the withdrawal is appropriate. The GTR may pursue with the grantee and with other HUD/RHS staff the resolution of any issues that would permit the grantee to proceed with participation in the program. If the grantee decides to proceed with the withdrawal:

10/96

8-5

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- (1) the GTR transmits to the Grant Officer the grantee's withdrawal request, a form HUD-1044, Assistance Award/Amendment, and an unsigned form HUD-718, Funds Reservation and Contract Authority.
- (2) the Grant Officer sends a written acceptance letter to the grantee, and deobligates the grant funds by executing the HUD-1044 and the form HUD-718.
- (3) the Grant Officer requests that the FAD recapture any funds remaining after the deobligation.

#### 8.8 VOLUNTARY WITHDRAWALS AFTER EXECUTION OF THE GRANT AWARD

a. Grantee Request

Grantees wishing to withdraw from participation after execution of the grant must submit a written request. The request should be on organization letterhead and be addressed to the HUD/RHS GTR and should contain an explanation of the reason for the withdrawal.

b. Close-Out Procedures

Once a grant has been awarded, grantees wishing to withdraw from the program must follow the close-out procedures described in Section I of this chapter, even if the supportive service delivery had not yet begun.

8.9 HUD-DIRECTED TERMINATION

a. Grounds for HUD-Directed Termination

Termination of the grant is one of the sanctions that may be imposed on grantees who fail to comply with the grant agreement. Terminations are generally the result of:

- (1) serious, uncorrectable problems with the grantee's implementation of the program or
- (2) failure to begin to offer supportive services within one year of grant execution.

Prior to recommending termination, the GTR should work with the grantee to resolve problems and improve compliance. This type of problem solving and technical assistance is part of the on-site monitoring process described in Chapter 6.

10/96

8-6

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b. Termination Processing

The HUD/RHS GTR prepares a memorandum to the Grant Officer transmitting termination of the grant and recapture of funds. The memorandum must include:

- (1) the identity of the grantee (grant number, names and addresses of grantee and projects);
- (2) a complete explanation of the reason(s) for recommending termination; and
- (3) funding information including amounts initially obligated, reimbursed to date, and remaining for recapture.

For a RHS project, a copy of the termination recommendation is sent to the RHS Headquarters. The Grant Officer notifies

the grantee in writing and sends a copy of the grantee notification letter to RHS Headquarters.

c. Audit

If the grant is terminated, the HUD or RHS GTR may recommend that the Grant Officer request the Inspector General to conduct a close-out audit of the former grantee, as described in Paragraph 8.5 above.