

Close out of Entitlement Grants and Retention of Records

October 21, 1986

MEMORANDUM FOR: Mr. Richard J. Franco, Manager,
New Orleans Office, 6.6S

ATTENTION: Jim E. Alexander, Director, CPD Division, 6.6C
FROM: Alfred C. Moran, Assistant Secretary for Community Planning and Development, C

SUBJECT: Close Out of Entitlement Grants and Retention of Records

This memorandum is in response to Mr. Alexander's September 6, 1985, on this subject. The requirements for retention of records are found in 24 CFR Part 85.42 and § 570.506 of the current CDBG regulations. However, the CDBG regulations on this subject are expected to be changed in the near future. Revisions to the CDBG regulations have been reviewed and concurred on by OMB, and are expected to be published shortly.

The requirements for retention of records set forth in 24 CFR Part 85.42 call for a three-year retention period. Under the forthcoming CDBG regulations, the retention period for records pertaining to individual CDBG activities starts from the date of submission of the grantee performance report in which the specific activity is reported on for the final time. Generally, three years after that date the records pertaining to that activity no longer need be retained.

Exceptions to the three year period described in 24 CFR Part 85.42 include: records where any litigation claim or audit is started before the expiration of the three-year period. Such records must be retained until the litigation, claim or audit finding involving the records has been resolved; records for non-expendable property acquired with Federal funds which must be retained for three years after its final disposition.

Neither the current regulations nor the revised regulations contemplate closing out individual entitlement grants. Such closeouts would involve procedures that would likely be burdensome and costly to grantees and would involve, for example, disposing of all tangible personal acquired in accordance with 24 CFR Part 85.32. Instead, HUD anticipates that as individual activities are concluded and reported on for the last time, with the exceptions noted above, the records for those activities, after the three-year retention period has expired, will no longer be retained and those individual activities will no longer constitute a part of the grantee's or HUD's administrative oversight in their grantee-grantor relationship. Should a grantee choose to retain records for a longer period, it may of course do so.

I hope this information is helpful to you and to the City of New Orleans in reducing the administrative burden of keeping track of completed activities. If you have further questions, please call Mr. James R. Broughman, Director, Entitlement Cities Division, at 755-9257.