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# Standard Operating Procedure (SOP) for Closeout of TA Awards

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**Revision History** – Listed below are key changes made to the previous TA Award Closeout Guidance. This is the first official Standard Operating Procedure.

| Revision Number | Revision Date | Summary of Changes   | Author       |
|-----------------|---------------|--|--------------|
| 1               |               | Regulatory citations updated; revised closeout forms; new performance report instructions, including SF425 and narrative; description of GTR review of closeout and reports. | Lauren Deigh |
|                 |               |  |              |

## Approvals

This document requires the following approvals:

| Name            | Title                                  |
|-----------------|--|
| Stephanie Stone | Technical Assistance Division Director |

## Purpose, Scope, and Applicability

This standard operating procedure (SOP) describes HUD’s process and requirements for closing out technical assistance cooperative agreement awards. Award closeout is an important business process at the end of the grant’s lifecycle, and it signals that all work has been conducted under the award. Closeout is the process by which HUD determines that the Award Recipient has satisfied all administrative, technical, financial, and performance requirements of the Federal award.

Closeout also signals to HUD that the federal assistance has come to an end; that funds and resources will not be needed anymore; and that the assistance has produced a benefit for the organization(s) assisted.

This document addresses HUD’s implementation of close-out requirements at 2 CFR 200.344 and reminds Recipients of post-closeout responsibilities at 2 CFR 200.345. The SOP informs both Recipients of HUD’s Community Compass Technical Assistance and Capacity Building

awards (Recipients) and HUD staff of 1) the circumstances and timelines under which awards are closed 2) required closeout documentation 3) the process for Recipients to submit and HUD staff to review the closeout documents in DRGR and 4) continuing Recipient responsibilities after award closeout. Closing the award is a collaborative Recipient and HUD process that signals to HUD that the federal assistance has come to an end.

The SOP is applicable to HUD TA programs, including Community Compass Technical Assistance and Capacity Building Program (Community Compass), Distressed Cities TA Cooperative Agreements and awards issued under other TA Notice of Funding Opportunities (NOFOs) administered by TAD. There are no significant differences across different funding years of cooperative agreements that warrant one procedure for each year, except for when closeout packages are due, as discussed below. If future cooperative agreements include updated procedures, this document will be updated.

## **Governing Authorities**

Recipients are subject to requirements established in the Community Compass Technical Assistance NOFO, the terms and conditions (provisions), and all applicable Federal regulations and HUD policy. Per the TA provisions, Recipients of cooperative agreement TA awards are subject to 2 CFR part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Closeout regulations at 2 CFR 200.343-200.345 govern awards made before August 13, 2020; awards made after August 13, 2020 are subject to closeout regulations at 2 CFR 200.344, as amended on August 13, 2020.

## **Definitions**

This SOP applies and incorporates the same meaning of terms, defined directly or incorporated by reference, as in the NOFO and 2 CFR 200.344. Closeout is the process by which the federal awarding agency or pass-through entity determines that all applicable administrative actions and all required work of the Federal award have been completed.

**Cooperative Agreement Officer (CAO)** – Responsible for the management and fiscal oversight of the cooperative agreement awards

**Draw Down** – A request for payment made by the Recipient against the Recipient’s line of credit for services performed in support of one or more activities. The draw down is also called a voucher.

**Disaster Recovery Grant Reporting System (DRGR)** – The financial and information management system used by HUD to manage Community Compass awards. The system is used for the submission of closeout documents, vouchers, and SF425/financial and performance reports.

**Government Technical Monitor (GTM), Government Technical Representative (GTR), and Program Office Technical Assistance Coordinator (POTAC)** – Please see NOFO

**Indirect Cost Rate** – See NOFO

**Line of Credit Control System (LOCCS)** – HUD’s system for processing disbursements. DRGR interfaces with LOCCS and transfers approved vouchers to the Recipient’s locally designated account.

**Recipient** – Please see NOFO

**Voucher** – The request for payment in DRGR (also called the draw down)

## **Overview of Roles in the Closeout Process**

This section presents a brief overview of the roles of the stakeholders in award closeout. Further detail is provided in subsequent sections of the document.

- **TA Award Recipient (Recipient)**- Completes activities to prepare for closeout and submits all required documentation to close the award
- **GTR** Reviews closeout documents and indicates whether package is complete
- **GTM/POTAC** – Reviews and comments upon the Recipient’s final performance report to indicate acceptability of assigned work, if applicable
- **Closeout Manager** – Reviews closeout package after GTR to confirm information; if complete and accurate, signs off on completion and closes award in DRGR
- **Closeout Group** – Reviews final amounts on 1044 and sends to Ft. Worth for LOCCS closeout; ends closeout letter to Recipient
- **Cooperative Agreement Officer (CAO)** Signs closeout letter and 1044, for LOCCS administrative processing by HUD’s CFO Fort Worth Office

## **What Triggers a Closeout?**

There are four scenarios that trigger a closeout:

### **1. Completion of the award purpose or full expenditure of funds**

Awards that have achieved their purpose with no additional need or that have fully expended funds must be closed.

### **2. Performance period end date (statutory or otherwise)**

When an award’s Period of Performance (PoP) ends, the Recipient is no longer authorized to conduct work or incur costs for TA work under the award. Community Compass TA awards are initially granted for three years, and the Period of Performance Begin and End dates are listed on the 1044 award document. HUD may extend the award and issues a new 1044 with a new period of performance end date. There is an absolute date beyond which an award

cannot be extended. This is called the statutory end date and represents the last date the award and the appropriations are authorized. Recipients approaching their award end date (which may or may not be the or statutory end date) should initiate activities to close the award, as described below.

### **3. Low balance and upcoming expiration**

Closeout also may be triggered when the award has a low balance and funds are not sufficient to continue TA work under the award. Approximately 90 days before the award will expire, TAD's extension team consults with HUD program offices that have funded projects with low balances, to determine whether to extend the awards beyond the current period of performance. HUD generally does not extend an award with a low balance (especially less than \$10,000). Recipients with awards that are not being extended will be advised to initiate closeout approximately 45 days prior to the award end. HUD will send award extension letters to Recipients that are being extended, within 60 days of the prior period of the performance end date, and the letter will identify the new end date.

### **4. Termination of Awards**

HUD and/or the Recipient can terminate an award, in accordance with 2CFR200.340 and the award terms and conditions. If HUD seeks to terminate an award for material non-compliance with the award terms, the Recipient has the opportunity to object, present documentation and to appeal HUD's decision per 200.340 (c)1(i).

An organization may decide to terminate an award, in whole or in part. In this case, the Recipient will provide written notification to the Cooperative Agreement Officer and GTR setting forth the reasons for such termination and the effective date, and the CAO will provide instructions for closeout, as applicable.

## **Closeout Timeline**

The timelines for award closeout established in 2CFR200.345 are as follows: (1) For awards made prior to August 13, 2020 –Recipients have no later than 90 days after the Period of Performance ends or funds are expended to close the award. (2) For awards made on or after August 13, 2020--- Recipients have up to 120 days after the Period of Performance ends or funds are expended. HUD recommends that Recipients with statutorily expiring awards submit closeout documents and final billing before the statutory end date to ensure final payment before funds are deobligated by HUD's Chief Financial Office Accounting system.

If a Recipient does not submit all reports required under 2 CFR200.345 and award terms and conditions within one year of the period of performance end, HUD will proceed to close the award with the information available within one year of the period of performance end date. In this case, HUD must report this failure to comply with award terms and conditions to the Federal Awardee Performance and Integrity Information System, or FAPIIS.

## **Recipient Responsibilities**

As stated, Recipients are responsible for closing out their awards within 90 or 120 days following the end of the period of performance, or the expenditure of funds.

### **Preparing for Closeout**

The Recipient should identify awards that are nearing their end date and begin closeout-related activities 45-60 days before the award Period of Performance ends. This timeline is especially critical for awards that are approaching their statutory end date. Timely work plan closeouts, submission of financial and performance reports, and Indirect Cost Rate (ICR) adjustments throughout the life of the award will lessen the burden of conducting these actions as the award is closing.

### **Indirect Cost Rate Adjustments**

Recipients should request adjustment to vouchers based upon receipt of new, approved Indirect Cost Rates (ICRs) throughout the life of the award. Recipients with expiring awards should ensure that any remaining ICR adjustments are requested, with proper documentation, prior to the award closeout. The Recipient should email [CommunityCompass@hud.gov](mailto:CommunityCompass@hud.gov) for instructions and start ICR adjustments upon receipt of an approved ICR or at least six weeks prior to an award's end date. Awardees shall submit documentation of indirect cost rate adjustments to award invoices/vouchers prior to completion of the final QPR/SF-425 and the award closeout. For awards with funds approaching the statutory deadline for availability to expend, all adjustments to work plans and invoices must be approved in DRGR and (as applicable) disbursed from LOCCS by the deadline set by HUD's Technical Assistance Division (TAD).

Regulations at 2CFR 200.345, Post-Adjustments, permit financial adjustments upward or downward within one year of the award end date. If an organization receives an updated, approved, final ICR from its cognizant agency after the submission of the closeout, and the approved rate is lower than the amount paid during the period of performance, the Recipient should notify HUD for instructions at [CommunityCompass@hud.gov](mailto:CommunityCompass@hud.gov). The Recipient will be required to reimburse the US Treasury for the overpayment. Recipients are not entitled to ICR adjustment for underpayments if the award is fully expended or funds have been deobligated.

### **Final Billing**

The Recipient should submit final billing to HUD for all work conducted, including closing costs. Costs related to closeout actions may be billed to the Administration work plan for the applicable award only. If the funds remaining on the Administration work plan do not fully cover allowable costs, but funds are available under another work plan or DRGR project budget

on the same award, the Recipient can request to transfer funds to the Administration work plan. Requests must be submitted to the delegated GTR and subsequently approved by the Cooperative Agreement Officer (CAO) or the CAO's designee. This should be requested at least one month prior to the statutory end date of the award, to ensure timely transfer of funds and billing prior to the deobligation of funds.

If necessary, Recipients with statutorily expiring awards can estimate the cost of submitting the final voucher and closeout documents in their final billing. The estimate should be based upon previously incurred, final billing and closeout costs on another award. If the actual costs for submission are lower than what had been billed, the Recipient will reimburse HUD for the overcharges after the award is closed.

## **Recipient Submission of Closeout Documents**

When the award is nearly or fully depleted, or near the end of the period of performance, the Recipient will prepare and submit the documents as noted below. Required documents are to be submitted in DRGR, as applicable.

**Certification by the Authorized Organization Representative (HUD-4135)**, available at [Closeout Certification Form](#)

The Authorized Organization Representative (AOR) must complete certification, HUD-4135, to report 1) any program income received under the award, 2) whether real or personal property were acquired under the award and 3) whether copyright/inventions/patents were developed under the award. The AOR must sign the certification and attest to completion of financial/performance reports and to proper use of funds.

TA award Recipients generally are not funded for property and do not obtain copyrights/patents for work funded by the award. Recipients should not complete the Property Statement or Patents/Copyright/Inventions Form if certification statement indicates that the award did not fund property or result in patents/copyrights/inventions.

**Property Statement (Form 4136) (if applicable)**, available at [Property Statement](#)

Recipients should only complete the Property Statement, HUD-4136, if the certification indicated they had acquired property. Per 2 CFR 200.311-. 315, Recipients are required to report on the status of any real property or equipment acquired under the award. TA cooperative agreement awards generally do not fund the acquisition or improvement of real property, equipment, or supplies, (and such uses of funds would have required prior approval from HUD).

**Patents/Copyright/Inventions (Form 770) (if applicable)**, available at [Report-on--Inventions-and-Contracts.pdf](#)

Recipients should only complete the Patents and Copyright Statement, HUD Form 770 if the certification indicated they had developed intangible property. Intangible property, such as

patents, copyright, and other intellectual property, are rarely developed under a TA award and should have been reported during the award in accordance with TA provisions. Per 2 CFR 200.448, Recipients are required to report on the acquisitions or development of intellectual property acquired under the award.

### **Final Performance Report, including SF-425 and Narrative**

The Final Performance Report represents your final quarterly performance report submission in DRGR, and it includes two parts: the financial status report (SF-425) and performance update narratives. It is submitted in DRGR and there is no separate SF-425 document to submit.

For the financial information, DRGR will report in the quarterly report all payments made during the final quarter, inclusive of any adjustments made as a result of Indirect Cost Rate reconciliation. Similar to all quarterly reports, the Recipient may make adjustments to the pre-populated amounts, but must explain any adjustments and/or any reported cash on hand.

Submit a Final Performance Report when all work plans are closed and reimbursement for billing and adjustments for Indirect Cost Rates are complete. You may submit the report early in the quarter and prior to the due date to facilitate closeout. For example, if an award closes in July, the QPR/SF425 is not due until October 30. However, the Recipient should prepare and submit in DRGR as soon as final billing is completed and funds received. Designate the submission as a Final Performance Report by editing the “Additional Details” on the “Details” tab. Change Final Performance Report from “No” to “Yes.”

For the overall award-level narrative, highlight TA engagements across the life of the award that you consider most noteworthy. Provide short summaries (1-2 paragraphs) for two to four of these engagements. Noteworthy TA engagements may have responded to a TA need with a significant deliverable, unique or broad impact on customers, or an innovative approach from which future engagements can be informed, replicated, or built. You may choose to address engagements across different HUD TA Projects, programs, or technical assistance modalities (Direct TA, product/tools, group learning, data analysis, etc.), but such structure is not required. Summarize only those TA engagements you consider most noteworthy. HUD will use the final performance report narratives to document Recipient performance and may use them to report on TA accomplishments and to inform TA design and delivery. Please include relevant work plan numbers. The Recipient may wish to refer to the MicroStrategy reports A31 and A32 for overall and work plan progress narratives and P31 to review work plan level accomplishments to help inform these summaries.

For the work plan level, provide performance progress narratives for all work plans that were active (open status) in the period preceding submission of the Final Performance Report. In other words, if the last work plans were completed in April, and the billing submitted and reimbursements received in June, the Recipient would provide any final progress narrative for



the work plans active in May and June. This would include Administration and any final TA work conducted (in April or May) before those work plans are closed. For the Final report, you may report on the Work plan level *only* and not the task level.

Information will be reviewed by the GTR (and GTM, as applicable) and must be approved prior to the award being closed. To expedite the process, the Recipient should consider submitting the Performance Report before the date that it is due. GTRs and GTMs will make efforts to review “off cycle” if their workload and priorities permits.

### **GTR Review of Closeout Documentation**

Upon notification that the recipient submitted the closeout package, the GTR conducts the initial review for completion by looking at the following:

- Signed and complete AOR Certification
- Property Form and/or Inventions Form, if applicable.
- Final performance report (final financial and performance narrative) is completed and marked “Final.”

The GTR reviews the final Performance Report in DRGR, in coordination with the GTM, as appropriate. The GTR checks that the performance report is appropriately marked Final. The GTR’s review indicates whether requirements are met, and the award is ready to be closed. The GTR (and GTM, if applicable) may review the Performance Reports before the due date if the Recipient submits it early and their workload permits.

The Recipient will be notified of any missing items and asked to resubmit the package if necessary. If the Final report is not marked final, the Recipient will be asked to resubmit as “Final.”

### **Additional GTR Review**

In addition to the forms and performance report, GTRs will review the Recipient’s past submission of financial and performance reports as were required by 2CFR200 and reporting requirements. HUD will proceed with closeout even if prior reports are missing. This approach balances HUD’s responsibility to check for compliance, without placing undue burden on Recipients at the award’s end.

GTRs will check for the following:

- All work plans are closed – however, the GTR may close Administrative work plan if necessary
- All SF425s submitted quarterly for reporting period 7/1/2016-9/30/2016 through reporting period 7/1/2018-9/30/2018. These are in each Recipient’s file folder *in the Award Management Files by Provider* on the *CCTA Resources* SharePoint site

- Financial reports (SF425) submitted with all QPRs in DRGR, (for reporting period 7/1/2018-9/30/2018, through 4/1/2021-6/30/2021)
- All QPRs (financial and performance reports) submitted timely in DRGR, starting with the 7/1/2021-9/30/2021 reporting period
- Open audits, audits findings, and monitoring findings resolved (when applicable)
- Indirect Cost Rate (ICR) adjustments and payments are resolved and completed. The GTR will check with the Recipient, and with TAD ICR lead to verify
- GTR has uploaded a corrected closeout package, if applicable

HUD's GTR can provide comments and attach relevant documents that were sent in by the Recipient during the closeout review. After the GTR reviews and approves the documents, it is moved to the HQ Manager for final review and approval.

### **Closeout Managers' Role in Closeout**

Once the GTR conducts their review and determines the closeout package is complete it is forwarded for Closeout manager review. If complete, the Closeout manager can change the award status to Closed. This allows for a 1044 to be produced, which is forwarded to Ft. Worth for deobligation of funds, if applicable, and for closeout in HUD's financial system (LOCCS).

### **Final Closeout Letter**

HUD will send the Recipient a Final Closeout Letter documenting total award expenditures and, if applicable, amounts deobligated, and a statement that the award has been administratively closed. The letter reminds Recipients that they are subject to post-award requirements under 2CFR200.345.

### **Post- Closeout Adjustments and Continuing Responsibilities**

Grantees are reminded of their ongoing responsibilities under 2CFR200.345. Please see requirements for requirements governing:

- Audit participation
- Property management and disposition, (if applicable)
- Records retention
- Federal agency may make financial adjustments

For additional resources, including the current Closeout Forms and past trainings, see the Closeout section of the Community Compass TA Resources website, at [CCTA Resources - Closeout](#).