

## CHAPTER 9. GRANT CLOSEOUT ACTIONS

9-1 OBJECTIVE. The objective of this chapter is to describe the procedures to be followed by grantees and FONAP staff in closing out a grant agreement. The procedures cover partial or complete termination for cause by HUD, as well as normal closeout with all activities satisfactorily completed by the grantee.

## 9-2 GRANTEE CLOSEOUT ACTIONS.

- A. A grant will be closed out when all the following criteria have been met:
1. All funds to be closed out have been drawn down and expended for completed project costs, or funds not drawn down and expended have been deobligated by HUD;
  2. Project Completion Reports for all projects using funds to be closed out have been submitted by the grantee to the FONAP. Grantees should use Form HUD-40096-I, Homeownership Assistance Project Completion Report or Form HUD-40097-I, Rental Housing Project Completion Report. Copies of these forms are attached. Based on this data, the FONAP will prepare the Closeout Report;
  3. The Indian tribe has been reviewed and audited and HUD has determined that all requirements, except for affordability, have been met or all monitoring and audit findings have been resolved.
    - a. The Indian tribe's most recent audit report must be received by the FONAP. If the audit does not cover all funds to be closed out, the closeout may proceed, provided the Indian tribe agrees in the Closeout Report that any costs paid with the funds that were not audited must be subject to the Indian tribe's next single audit and that the Indian tribe may be required to repay to HUD any disallowed costs based on the results of the audit.
    - b. The on-site monitoring of the Indian tribe by the FONAP must include verification of the data reflected in the Closeout Report and reconciliation of any discrepancies which may exist between the FONAP data and Indian tribe records.
- B. The Closeout Report contains the final data on the funds and must be signed by the Indian tribe and the FONAP. In addition, the report must contain:

1. A provision regarding unaudited funds, required by paragraph (a)(4)(i) of 24 CFR 92.647; and
2. A provision requiring the Indian tribe to continue to meet the requirements applicable to housing projects for the period of affordability specified in 24 CFR 92.614 or 24 CFR 92.615, to keep records demonstrating that the requirements have been met and to repay the HOME funds, as required by 24 CFR 92.643, if the housing fails to remain affordable for the required period.

9-3 AUDITS. Audits must be conducted in accordance with 24 CFR part 44 and OMB Circular A-133. Copies of OMB Circulars may be obtained from E.O.P. Publications, room 2200, New Executive Office Building, Washington, DC 20503, telephone (202) 395-7332. This is not a toll-free number. There is a limit of two free copies.

#### 9-4 RECORDKEEPING AND RECORDS RETENTION.

A. General. Each Indian tribe must establish and maintain sufficient records to enable HUD to determine whether the Indian tribe has met the requirements of 24 CFR part 92. Records must be kept in a manner that identifies the source of funds of each project. At a minimum, the following records are needed:

1. Program requirements:

- a. Records providing a full description of each activity assisted with HOME funds, including its census tract location (if the activity has a geographical locus), the amount of HOME funds budgeted, committed, and expended for the activity.
- b. Records supporting the Indian tribe's certification under 24 CFR 92.613 (tenant-based rental assistance; the waiting list; determinations of rent reasonableness; calculations of HOME subsidy for each tenant assisted).

2. Project records:

- a. Records that demonstrate that each project meets the property standards in 24 CFR 92.621.
- b. Records that demonstrate that each rental housing project meets the requirements of 24 CFR 92.614 for the required period of affordability. Records must be kept for each family assisted.

- c. Records that demonstrate compliance with the requirements of 24 CFR 92.622 for tenant and

participant protections.

- d. Records that demonstrate compliance with the requirements in 24 CFR 92.615 for affordable housing: homeownership, including the initial purchase price and appraised value (after rehabilitation, if required) of the property. Records must be kept for each family assisted.
3. Other federal requirements records:
- a. Records that demonstrate compliance with the Indian preference and methods of procurement requirements in 24 CFR 92.631 and 24 CFR 92.632.
  - b. Records which demonstrate compliance with the requirements in 24 CFR 92.634 regarding displacement, relocation, and real property acquisition, including project occupancy lists identifying the name and address of all persons occupying the real property on the date described in 24 CFR 92.634(c)(2)(i)(A), moving into the property on or after the date described in 24 CFR 92.634(c)(2)(i)(A), and occupying the property upon completion of the project.
  - c. Records demonstrating compliance with labor requirements in 24 CFR 92.635, including contract provisions and payroll records.
  - d. Records concerning lead-based paint under 24 CFR 92.636.
  - e. Records supporting requests for waivers of the conflict of interest prohibition in 24 CFR 92.637.
  - f. Records of certifications concerning debarment and suspension required by 24 CFR 92.638 and 24 CFR part 24.
  - g. Records demonstrating compliance with flood insurance requirements under 24 CFR 92.639.
4. Program administration records:
- a. Records concerning the local account of the HOME account, required to be established and maintained by 24 CFR 92.640, including deposits, disbursements, and balances.

- b. Records supporting requests for disbursements of HOME funds from the Treasury account and the local account,

and other information required for the C/MI System under 24 CFR 92.642.

- c. Records indicating source and amounts of repayments, interest, and other return of investment of HOME funds.
- d. Records of written agreements and monitoring required by 24 CFR 92.644.
- e. Financial and related records required by 24 CFR 92.645.
- f. Records of audits and resolution of audit findings.

B. Period of record retention.

- 1. Except as provided in paragraph (b)(2), (b)(3), or (b)(4) of this section, records must be retained for three years after closeout of the funds.
- 2. If any litigation, claim, negotiation, audit, or other action has been started before the expiration of the regular period specified in paragraph (b)(2) of this section, the records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular period, whichever is later.
- 3. Records regarding project requirements (24 CFR 92.620 to 24 CFR 92.623) and other federal requirements that apply for the duration of the period of affordability (24 CFR 92.630 and 24 CFR 92.639), as well as the written agreement and inspection and monitoring reports must be retained for three years after the required period of affordability specified in 24 CFR 92.614 or 24 CFR 92.615, as applicable.
- 4. Records covering displacements and acquisition must be retained for at least three years after the date by which all persons displaced from the property and all persons whose property is acquired for the project have received the final payment to which they are entitled in accordance with 24 CFR 92.634.

C. Access to records.

- 1. The Indian tribe must provide citizens, public agencies, and other interested parties with reasonable access to records, consistent with applicable tribal laws (or state law, which may apply if the Indian tribe is not exercising

2. HUD and the Comptroller General of the United States, or any of their representatives, have the right of access to any pertinent books, documents, papers or other records of the Indian tribes and subrecipients, in order to make audits, examinations, excerpts, and transcripts.