**ACEDP CLOSEOUT PROCESS**

**I. INTRODUCTION**

Before an Arkansas Community and Economic Development Program (ACEDP) project can be certified as complete, the grantee and the Arkansas Economic Development Commission must determine that all applicable administrative activities and required work of the grant agreement have been finalized and all findings of noncompliance have been mitigated by the grantee and accepted by the grants division. The major steps involved in grant completion collectively comprise the Closeout Process that is discussed below.

Grantees must provide all closeout documents requested by the grants division in a timely manner so that the grant can be closed out within 90 days of project completion. The date of project completion is defined as the date of issuance of the final project monitoring letter by the grants division grants manager. Projects are not officially closed until a closeout letter has been issued by the grants division. Special circumstances precluding grantees from adhering to this time frame must be documented in writing and submitted to the assigned grants manager for approval at the time of final monitoring. Failure to provide sufficient documentation in a timely manner may result in closing the project with a sanction.

Projects that have drawn 90 percent or more of grant funds will be evaluated monthly by the grants division to determine progress towards closeout. Grantees with unacceptable progress will be required to provide information justifying such delays. Prolonged, unsubstantiated delays will result in written notification by the grants division and grant funding may be suspended, withheld, or terminated. Failure to document corrective action in response to notification will be justification for such action.

**II. CLOSEOUT STEPS**

**A. Final Grant Monitoring**

A final monitoring of all grant activities will be conducted by the Arkansas Economic Development Commission grants manager after all construction contracts, including low and moderate income utility hookups, have been accepted as “substantially complete” by the grantee. A project is not substantially complete until all final inspections have been conducted and certificates of substantial completion have been executed and submitted on construction contracts. (See the Construction Management Chapter of the ACEDP Administrative Procedures Manual for information regarding final inspections.)

The grants division may prefer the final inspection(s) and final monitoring be conducted on the same day. However, for larger projects with multiple contracts, the final monitoring might may not be scheduled until all final inspections have been conducted. Therefore, scheduling of the final monitoring shall be determined by the grants manager after discussion with the grantee’s project administrator.

Discussion should logically begin when the grants division is informed by the grantee’s project administrator of the final inspection.

The project administrator must be available at the final monitoring to answer questions that may arise. The grantee’s chief executive officer may also attend the final monitoring but is not required to do so. After the monitoring is complete, the grants manager will complete an exit conference form and conduct an exit conference interview with the project administrator and grantee (if in attendance). The purpose of the exit conference is to provide the project administrator with a list of deficiencies that must be corrected within a specified number of days; otherwise, these issues will be noted as concerns and/or findings in the monitoring report. Monitoring reports will usually be issued no later than 30 days after the monitoring is conducted.

As discussed above, the event that initiates grant closeout is the issuance of the final monitoring letter. Therefore, grantees should begin preparation of closeout documents upon receipt of this letter to ensure that acceptable documents are received by the grants division within the 90-day closeout period.

**B. Resolution of Monitoring Issues**

Grantees are urged to respond to all deficiencies identified at the exit conference within the specified resolution period to avoid issuance of concerns and findings in the monitoring letter. All concerns and findings that are not responded to will be identified in the closeout letter. Sanctions may be issued to the grantee and/or the grantee’s contractual agents depending upon the severity of the concerns and/or findings.

**C. Procurement of Final Audit**

If a grant is to be closed pending final audit, an auditor must be procured prior to closeout. (See the Audit Chapter of the ACEDP Administrative Procedures Manual to determine if final grant expenditures must be audited.) Procurement documents specifying auditor selection, audit contract award, and the cost of the final audit must be submitted as closeout documents.

**D. Submittal of Closeout Documents**

All documents listed in Section III below must be completed and submitted to the Arkansas Economic Development Commission in a timely manner specified by the grants manager to allow closure of the project within 90 days of project completion.

**E. Final Drawdown and Disbursement of Grant Funds**

Grantees may request final payment of administrative contract expenses upon submission of closeout documents. To receive grant reimbursement, all expenditures, except for pending audit costs, must be listed on the last request for payment (RFP). After receiving these funds, the grantee will disburse checks to pay all remaining financial obligations. As soon as these checks have cleared, a zero report must be submitted to the Arkansas Economic Development Commission. A zero report is an RFP that indicates final disbursement of grant funds by listing final actual disbursements by line item and indicating that all obligations have been met and the account balance is zero. Cash on hand may be retained in the account only if there are approved pending expenditures. Unobligated cash on hand must be reimbursed to the grants division. (See the Financial Chapter of the ACEDP Administrative Procedures Manual for information regarding RFPs.)

1. **Records Retention**

Grantees must maintain CDBG grant records for a period of four (4) years after the issuance of the closeout letter from AEDC.

**G. Final Audit**

All final audits shall be due to the grants division on June 30 of the year following the last calendar year audited. For example, if a project that drew $750,000 during current calendar year is closed pending audit during the current calendar year, then final audit would be due no later than June 30th of the following year.

1. **DOCUMENTS SUBMITTED TO THE ARKANSAS ECONOMIC DEVELOPMENT COMMISSION**

Closeout documents shall consist of the following:

A. **Final Project Status Report** (Form 58)

All Arkansas Community and Economic Development Program (ACEDP) grantees are required to submit CDBG Project Status Reports on a semi-annual basis and prior to project closeout. The information collected enables the Grants Management Division of the Arkansas Economic Development Commission (AEDC) to satisfy record keeping and reporting requirements of the United States Department of Housing and Urban Development (HUD).

B. **Final Job Creation Report** (Form 101)

This form must be received for all economic development projects prior to closeout.

C. **Final Labor Standards Enforcement Report (**Form 96)

This report must be submitted for each contract subject to Davis Bacon and Related Act requirements. The purpose of this form is to report any labor standards violations that result in wage restitution of $10.00 or more per contract and/or assessments of liquidated damages. Reports for contracts with no labor standards violations shall be marked “No Labor Standards Violations.”

D. **Closeout Certification** (Form 109)

The primary purpose of this form is to certify that the grant is ready to be closed and the grantee will abide by certain conditions regarding use of grant-funded facilities and equipment, grant record retention and final audit requirements.

E. **Contract and Subcontract Activity Report** (Form 57)

This form reports any contracts or subcontracts awarded since the last semi-annual report was submitted. Final audit contracts should be included in this report if they were not previously reported.

F. **Final and Zero RFPs**

See the discussion in Section II E above.

G. **Audit Procurement Information** (Closed Pending Audit Projects)

See the discussion in Section II F above.

H**. Miscellaneous Documents**

During closeout some items such as the certificate of substantial completion and the final change order may be requested by the Arkansas Economic Development Commission grants manager for grants division files. Any pending information requested by the grants division as part of the closeout process must be received before closeout to avoid closing of the grant with a finding and/or sanction.

1. **ARKANSAS ECONOMIC DEVELOPMENT COMMISSION CLOSEOUT POLICIES**

Grantees may destroy grant records four years from the date of the Arkansas Economic Development Commission closeout letter.

The grants division will close projects with a satisfactory performance determination, concerns, questions of performance, findings and/or sanctions if, after a sufficient period and prior warning, issues have not been satisfactorily addressed.

A **satisfactory performance** determination is a conclusion that the grantee is meeting its statutory and regulatory responsibilities.

A **concern** raises an issue that does not involve a statute, regulation or requirement, but may involve a management suggestion or program improvement.

A **question of performance** is an inconclusive review that raises a question of whether or not a violation of a statute, regulation or requirement has occurred or compliance cannot be demonstrated. In this case the reviewer will first informally discuss the review with the grantee. If a determination of compliance still cannot be made, the reviewer will request additional information, to be provided within a 30‐day period, to determine whether a violation did occur. This determination is only for a limited period of time. When the Grantee responds to the question, a final determination will be made.

A **finding** is a clear, specific and identifiable violation of a statute, regulation or requirement about which there is no question. The action normally requested is for the grantee to explain, within a 30‐day period, what steps it will take to remedy and/or prevent a recurrence of the violation.

The Arkansas Economic Development Commission will deobligate remaining unencumbered grant balances.

Although a project is not officially closed until a final audit has been approved, projects may be administratively closed pending final audit. Grantees are required to provide this audit by June 30 or risk closure of the project with a sanction and deobligation of remaining grant funds. Grant funds for audits cannot be drawn down until the audit has been approved by the Arkansas Economic Development Commission. Grants with past due audits cannot be administratively closed.

The grantee must repay any disallowed costs found in the final grant audit.

All active financial accounts must be closed as soon as funds are disbursed or in accordance with the Arkansas Economic Development Commission instruction. The grant checking account must be closed after all obligations, including final audit costs, are paid. Generally, projects will not be closed with open wage restitution accounts unless approval from the grants division is granted. Escrow accounts for condemnation compensation should be closed no later than three years after they are established. Questions regarding the closing of specific escrow accounts should be referred to the grants manager for resolution.

Closure of economic development projects may be delayed because job creation activities have not been finalized. In these cases, all documents listed above, except for the final job creation report, must be submitted within 90 days of project completion.