

Chapter 12: Monitoring and Closeout

Introduction

The closeout and settlement process is the final phase of the Community Development Block Grant (CDBG) project administration. This process is comprised of a series of activities that verify the requirements of the agreement between the Department of Housing (DOH) and the Grantee have been completed. After activities are completed and funds drawn down, closeout can begin. This chapter will discuss the steps associated with the grant closeout process.

Section 12.1 Construction Monitoring Process

On the last day of each month, once construction has started, grantees must complete and email the Interim Construction Monitoring Checklist for each ongoing project to the Small Cities Construction Specialist. The Construction Specialist will conduct random on-site inspections. An ongoing project is defined as a project that is currently undergoing construction.

[Attachment 12-1:
Interim Construction
Monitoring Checklist](#)

Section 12.2 Initiation of Closeout Process

Once the grantee has determined all costs to be paid with grant dollars have been incurred, they will initiate closeout with DOH. Costs are incurred when goods and services are received and/or contract work is performed. With respect to rehabilitation activities that are carried out by means of a revolving loan fund, loan guarantee accounts or similar mechanisms, costs are considered incurred at the time funds are initially used for activities as described in the Grantees Small Cities Application.

[Attachment 12-2:
Construction Closeout
Checklist](#)

Prior to submitting the pre-closeout certificate to DOH on a construction project, all activities must be completed and the Construction Closeout Checklist (Attachment 12-2) and Construction Compliance Certification (Attachment 12-3) must be completed and placed in the file for review at monitoring.

[Attachment 12-3:
Construction Compliance
Certification](#)

Section 12.3 Closeout Procedures

Within 30 days of the final Request for Payment, the grantee will initiate the process below:

1. The grantee must submit a Final Semi-Annual Report, a Final Contractor/Subcontractor Activity Report, and the Pre-Closeout Certification within thirty (30) days of final funds drawdown. Grantees MUST denote "Final" on their last Semi-Annual Report.

[Attachment 11-1:
Semi-Annual Report](#)

[Attachment 11-2:
Contractor/Subcontractor
Activity Report](#)

2. After receipt of the Final Semi-Annual Report, Final Contractor/Subcontractor Report, and Pre-Closeout Certification (Attachment 12-4), DOH will notify the grantee of the scheduled monitoring date. DOH will monitor grantee files to determine that all applicable laws and regulations have been carried out satisfactorily.
3. The grantee will immediately refund to DOH any grant amounts determined to be ineligible at the time of monitoring.
4. Upon receipt of ineligible funds and resolution of all audit and monitoring findings, when applicable, DOH will issue a Certificate of Completion.

[Attachment 12-4:
Pre-Closeout Certification](#)

Section 12.4 Monitoring Process

Overview

DOH will conduct an on-site monitoring to review all grant documentation, financial records, and the actual facility and/or improvements. The purpose of the monitoring is to verify the project has met the stated goals and objectives of all federal CDBG regulations and that all contractors, subcontractors and suppliers have been paid in full and have provided final lien waivers. Successful monitoring meetings largely depend upon the organization and accuracy of record keeping by the Grant Administrator.

Monitoring also provides an opportunity for grantees and/or grants administrators to seek technical assistance in areas of concern or confusion.

Scheduling the Visit

A visit is scheduled in advance. The Chief Executive Officer (CEO) of the grantee, as well as the grant administrator, is notified of the date, time, location and purpose of the review visit in writing.

Entrance Meeting/Interview

Once on-site, the first thing that typically occurs is an entrance meeting/interview. DOH staff will conduct an entrance meeting/interview to state the purpose of the review and outline which files and documentation will be needed during the review. Grantees should be prepared to provide an overview of the project as well as its status and any issues prior to the beginning of the reviews. The DOH staff will also ask about particular concerns or needs regarding the project so that technical assistance can be scheduled, if appropriate.

Monitoring of Files and Other Documentation

Utilizing the DOH Monitoring Checklist, DOH staff will review the files to determine if all requirements have been met. The primary areas being examined are consistency with the specific terms of the grant agreement and compliance with state and federal requirements.

[Attachment 12-5:
DOH Monitoring
Checklist
\(under construction\)](#)

Record keeping is the most important component of monitoring. Grantee files pertaining to the CDBG project must be orderly and complete. In addition, if files are maintained by or located in another office such as an engineer or clerk, these files should be obtained and available for review.

[Attachment 12-6:
Project At-a-Glance -
Housing Rehab](#)
and
[Attachment 12-7:
Project At-a-Glance -
Public Housing
\(under construction\)](#)

DOH has created the Project At-a-Glance Worksheets for Housing Rehabilitation and Public Housing Modernization to assist both the Grantee and DOH staff in the review of these projects.

If required materials are not available on the date of the monitoring, DOH will request that the Grantee or Grant Administrator submit the required documentation within 15 days. If not submitted within 15 days, the issues will be listed on the official monitoring letter. After the monitoring meeting or desk review, DOH will forward a letter to the Grantee informing them of their grant status. This letter will state one of the following results:

1. **No Findings:** If the Grantee's performance was found to be in compliance with all CDBG regulations, DOH will state the project had no findings and will inform the Grantee to proceed to the next step of the Closeout process.
2. **Unresolved Findings:** If compliance issues were raised at the monitoring meeting, DOH will address these issues in writing. The Grantee will be given 30 days to resolve these issues. After DOH reviews the submitted documentation, Grantee will be advised how to proceed with the Closeout process.

Grantees should note that significant and/or repeated findings or concerns will impact their rating/ranking when applying for additional funds.

Section 12.5 Record Retention

Once the project has received final closeout, the grantee is required to retain all records pertaining to the project until notified from DOH that records may be destroyed. Refer to [Chapter 11: Reporting and Recordkeeping](#) for more information on the records that must be maintained.

Section 12.6 Change of Use Restrictions

The CDBG regulations contain provisions regarding changing the use of real property within the grantee's control that was acquired or improved, in whole or in part, with CDBG funds. These provisions require that the property be maintained for the original eligible use and to continue to meet a national objective for at least fifteen (15) years after the local unit of governments has received a Certificate of Completion from DOH.

If the project involved acquisition or improvement of real property using CDBG funds:

- A grantee may not change the use or planned use of any such property from that for which the acquisition or improvement was made, unless DOH and grantee provide affected citizens with reasonable notice of and opportunity to comment on any proposed change; and
- The grantee must have a recorded use restriction recorded with the land records office, for a minimum of 15 years.
- The new use of the property must qualify as meeting one of the national objectives and is not a building for the general conduct of government. However, if DOH and the grantee determine, after consultation with affected citizens, that the reuse of the property is not a CDBG eligible activity and does not meet a national objective, it may retain or dispose of the property for the changed use. DOH may require reimbursement in the amount of the current fair market value of the property, less any portion of the value attributable to expenditures of non-CDBG funds for acquisition of, and improvements to, the property. Following the reimbursement of the CDBG program, the property no longer is subject to any CDBG requirements.

[Attachment 7-29:
Sample Use Restriction](#)
and
[Attachment 7-30:
Sample Use Restriction
Public Housing](#)