

04 NCAC 19L .0913 GRANT CLOSEOUTS

(a) Initiation of closeout. The Division will advise the recipient to initiate closeout procedures when the Division determines, in consultation with the recipient, that there are no impediments to closeout and that the following criteria have been met or will be met shortly:

- (1) All costs to be paid with grant funds have been incurred with the exception of closeout costs such as payment for the final audit and any unsettled third-party claims against the recipient. Costs are incurred when goods and services are received or contract work is performed. With respect to activities (such as rehabilitation of privately owned properties) which are carried out by means of revolving loan accounts, loan guarantee accounts, or similar mechanisms, costs shall be considered as incurred at the time funds for such activities are drawn from the Department and initially used for the purposes described in the approved Community Development Program. The phrase "initially used for the purposes described in the approved Community Development Program" means the payment of such funds for work actually performed and is not intended to mean the initial deposit(s) of funds into the revolving loan account, loan guarantee account, or similar mechanism (such as loan or grant escrow account);
- (2) The recipient shall submit to the Division within 90 days after the date of completion of the grant all financial, performance, and other reports required as a condition of the grant;
- (3) With respect to any grant for which an Annual Performance Report is required pursuant to Rule .1101, for purposes of the closeout, and has not been submitted or updated, the failure of a recipient to submit or update as required will not preclude the Division from effecting a grant closeout when such action is determined to be in the best interest of the Division. The failure or refusal by a recipient to comply with such requirement shall be taken into account in the performance determination by the Division in reviewing any future grant applications from the recipient. Any excess grant amount which is otherwise authorized to be retained by the recipient shall be refunded to the Division in the event of a recipient's failure to furnish the Annual Performance Report or update it as required under this Rule;
- (4) Other responsibilities of the recipient under the grant agreement and closeout agreement, applicable laws and regulations appear to have been carried out satisfactorily, or the Division has no further interest in keeping the grant agreement open for the purpose of securing performance. A final review of the recipient's compliance with the grant agreement and any closeout agreement, applicable laws and regulations will be made during the final audit or Division review in lieu of the final audit pursuant to Paragraph (e) of this Rule.

(b) Program Income. The recipient shall account for any program income in accordance with Rule .0907 of this Section.

(c) Disposition of nonexpendable personal property. The recipient shall account for any nonexpendable personal property acquired with grant funds in accordance with Rule .0909 of this Section entitled PROPERTY MANAGEMENT STANDARDS and Rule .0907 of this Section entitled PROGRAM INCOME.

(d) Disposition of real property. Disposition of real property shall be in accordance with the requirements of Rules .0909 and .0907 of this Section.

(e) Audit. Upon notification from the Division to initiate closeout procedures, the recipient shall arrange for a final audit to be made of its grant accounts and records in accordance with Rule .0912 of this Section, and any other audit requirements of the Department hereafter in effect. The Division may determine that, due to the nature of the recipient's program or the relatively small amount of funds which have not been audited, a final audit is not required. In such instances, the Division will notify the recipient that the Department will perform necessary review of documentation and activities to determine that claimed costs are valid program expenses and that the recipient has met its other responsibilities under the grant agreement.

(f) Certificate of completion and final cost. Upon resolution of any findings in the final audit or, if the final audit is waived, after the Division has performed the review of documentation described in Paragraph (e) of this Rule, the recipient shall prepare a certificate of completion and final cost, on a form prescribed by the Division, and submit it to the Division.

(g) Refund of excess grant funds. Recipients shall refund to the Department any cash advance in excess of the final grant amount, as shown on the certificate of completion approved by the Division. However, recipients may request Division approval to use any excess grant funds to complete additional eligible activities where at least fifty-one percent of the funds benefit low- and moderate-income persons. Division approval must be obtained prior to such use of excess funds.

- (h) Termination of grant for mutual convenience. Grant assistance provided under this part may be cancelled, in whole or in part, by the Division or the recipient, prior to the completion of the approved Community Development Program, when both parties agree that the continuation of the program no longer is feasible or would not produce beneficial results commensurate with the further expenditure of funds. The Division shall determine whether an environmental review of the cancellation is required, and if a review is required it shall be performed by the recipient. The two parties shall agree upon the termination conditions, including the effective date and, in the case of partial terminations, the portion to be terminated. The recipient shall not incur new obligations for the terminated portion after the effective date, and shall cancel as many outstanding obligations as possible. The Department shall allow full credit to the recipient for the noncancelable obligations properly incurred by the recipient in carrying out the program prior to termination. The closeout policies and procedures contained in this Rule shall apply in all such cases except where the total grant is cancelled in its entirety, in which event only the provisions of Paragraph (f) and (g) of this Rule shall apply.
- (i) Termination for cause. In cases in which the Secretary terminates the recipient's entire grant, or the remaining balance thereof, in accordance with Rule .1103 of this Subchapter, provisions of Paragraphs (f) and (g) of this Rule shall apply.
- (j) The recipient shall hold a public hearing prior to closeout of the CDBG program to assess the performance of the recipient in accordance with Rule .1002 of this Subchapter.
- (k) All records of the closeout process shall be maintained in accordance with Rule .0911 of this Section.

*History Note: Authority G.S. 143B-10; 143B-431; 24 C.F.R. 570.489;
Eff. April 1, 1983;
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Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. March 6,
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