



## Chapter 12: Closeout

### Introduction

Upon completion of CDBG approved activities and/or the expenditure of all CDBG funds in compliance with program guidelines, the Grantee enters the final phase in the grant management process known as grant close-out. The close-out process is comprised of a series of activities that together verify that CDBG funds have been properly spent and that the recipient complied with all applicable rules and requirements in the implementation of its program. Recipients will be expected to carry out the project as proposed in the application. The proposed activities should be completed, and the proposed beneficiaries should be served prior to project close-out.

The U.S. Department of Housing and Urban Development’s (HUD) closeout requirements for CDBG grant awards for funds administered by the Department are contained in 24 CFR Part 570. Specifically, 24 CFR 570.489(i) – Closeout of grants to units of general local government – states, “The State shall establish requirements for timely closeout of grants to units of general local government and shall take action to ensure the timely closeout of such grants.”

The procedures outlined in this chapter must be followed to close out all CDBG grants from HCD. Grantees should consult their Standard Agreement for other agreed-upon submission deadlines.

### Section 12.1 Closeout Process

The closeout process is the final phase of the CDBG project administration. After activities are completed, funds drawn down, and monitoring issues (if any) are addressed, closeout can begin.

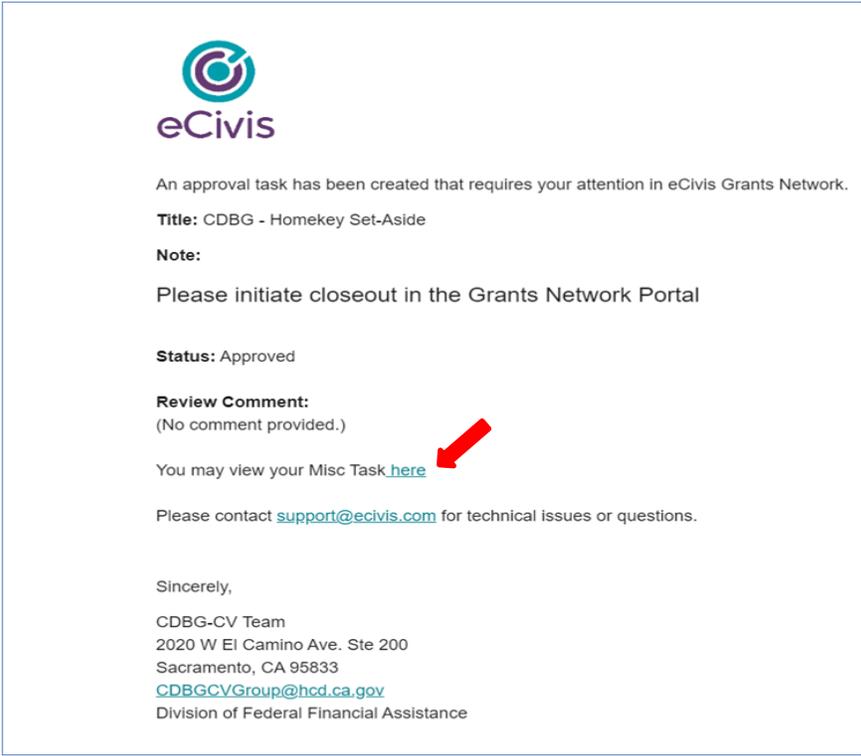
The basic closeout process is outlined below.

Step	Action
1	<p>When project is complete, the Grantee contacts their Grant Administrator/HCD Representative and begins preparation for closing. This preparation includes:</p> <ul style="list-style-type: none"><li>• Reviewing expenditures to determine whether there will be funds to disencumber</li><li>• Posting and holding public hearing on final closeout</li><li>• Finalizing all written products (for Planning Activities, not applicable to CDBG-CV)</li></ul>



	<ul style="list-style-type: none"> <li>Documenting final hearing to accept final products (for Planning Activities, not applicable to CDBG-CV)</li> </ul>
1a	The Grant Administrator or HCD Representative will contact the Grantee to begin closeout preparations at the end of the contract period of performance if the Grantee has not initiated the closeout discussion.
1b	<p>If Grantee is unresponsive, the Grant Administrator or HCD Representative will prepare and send a formal Closeout Request email.</p> <ul style="list-style-type: none"> <li>If Grantee remains unresponsive, the Grant Administrator or HCD Representative will send, by Certified U.S. mail, a formal Closeout Request letter.</li> </ul>
2	<p>Grant Administrator or HCD Representative provides Technical Assistance (TA) on closeout process and requirements. This should be an ongoing conversation throughout the closeout process. TA should include:</p> <ul style="list-style-type: none"> <li>Review of the requirements outlined in this chapter.</li> <li>Review of Appendix 12-1: CDBG Combined Closeout Package</li> <li>Review of the Appendix 12-2: Completion Form, Appendix 12-3: Completion Form <b>Instructions</b>, and include any required 508 assistance.</li> <li>Review of additional documentation required, including any additional documentation based on activity-type requirements.</li> </ul>
3	<p>Grantee prepares and submits their final Activity Report.</p> <ul style="list-style-type: none"> <li>This must be completed <b>prior to</b> initiating closeout in the Grants Network Portal and <b>prior to</b> submission of the final Financial Report.</li> <li>The Activity Report should include an aggregated summary of all project accomplishments during the life of the project in the Narrative.</li> </ul>
4	<p>Grantee completes Appendix 12-1: CDBG Combined Closeout Package and Appendix 12-2: Completion Report <b>AND</b> assembles required supporting documentation.</p> <p>All of this information will need to be uploaded at closeout with the final Appendix 6-3: Financial Reporting Form.</p> <p>This information must be completed <b>prior to</b> initiating closeout in the Grants Network portal.</p>



	Review of this information should be part of the Grantee’s ongoing closeout discussion with their Grant Administrator or HCD Representative.
5	Grantee contacts Grant Administrator or HCD Representative when they are ready to closeout and submit their final Financial Report.
6	Grant Administrator or HCD representative reviews the status (including approval status) of any outstanding reports or requirements and informs Grantee of any required actions.
7	Grant Administrator/ HCD Representative notifies Grantee that they can initiate closeout via a notice to the registered email.  <b>* Grantees should not begin closeout in the Grants Network Portal until they have received this notification.</b>
7a	<p>The email will notify the Grantee they have a Misc Task to be completed. Click the link to view your Misc Task.</p> <div data-bbox="261 934 1122 1690" style="border: 1px solid #ccc; padding: 10px;"></div>
7b	The task will appear as Initiate Closeout in the Grants Network portal on the Pending Tasks page.



Pending Tasks

Show 10 entries Search:

Task Type	Date Created	Due Date	Actions
MBE/WBE Reporting	09/21/2023	10/20/2023	
Initiate Closeout	09/25/2023	10/06/2023	

Showing 31 to 32 of 32 entries Previous 1 2 3

Opening the Initiate Closeout task will bring you to this page. The response here should be a simple acknowledgement in the Subrecipient Response section. Grantees should then click the Submit Task. **This is for notification only; no files should be uploaded.**

Initiate Closeout (Test 2 9/25/23) - 10/06/2023

[Back to Award Detail](#)

**Award Detail**

CDBG - Homekey Set-Aside Awarded  
Awarded by: California Department of Housing and Community Development  
Approved amount: \$2,000,000.00  
Project Title: TEST 22 Homekey Hotel Conversion  
Match type:  
Performance period: 02/28/2022 -06/25/2025

**Initiate Closeout (Test 2 9/25/23) - 10/06/2023**

**Task Note:**  
This is a test. Please initiate closeout in the Grants Network Portal.

**Subrecipient Response:**

**7c**

Rich text editor toolbar: </> H1 H2 H3 B I U [bulleted list] [numbered list] [link] [unlink]

**Task Files**

Please upload any files necessary for your task.

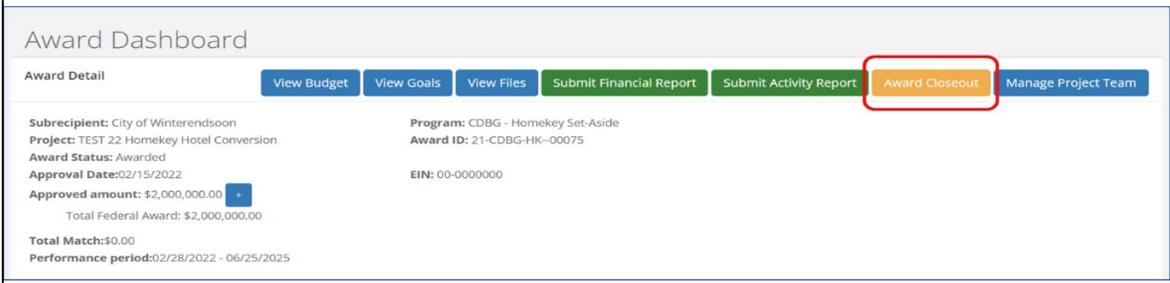
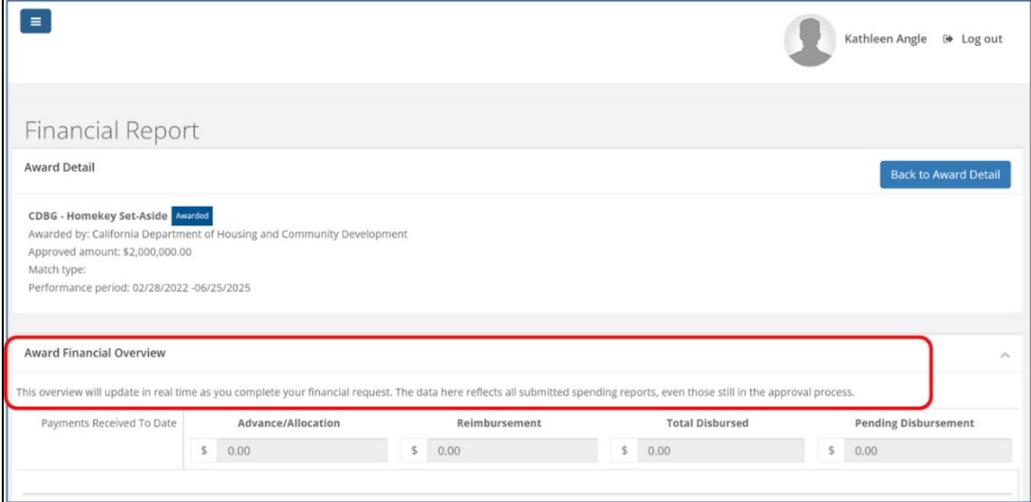
[Upload File](#)

Show 10 entries Search:

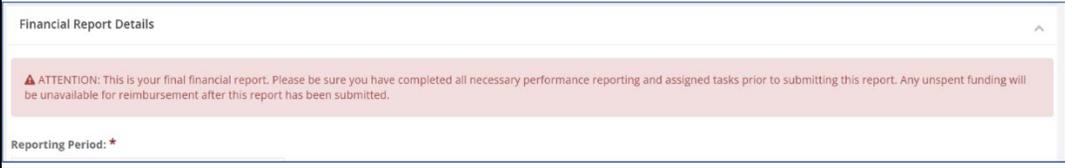
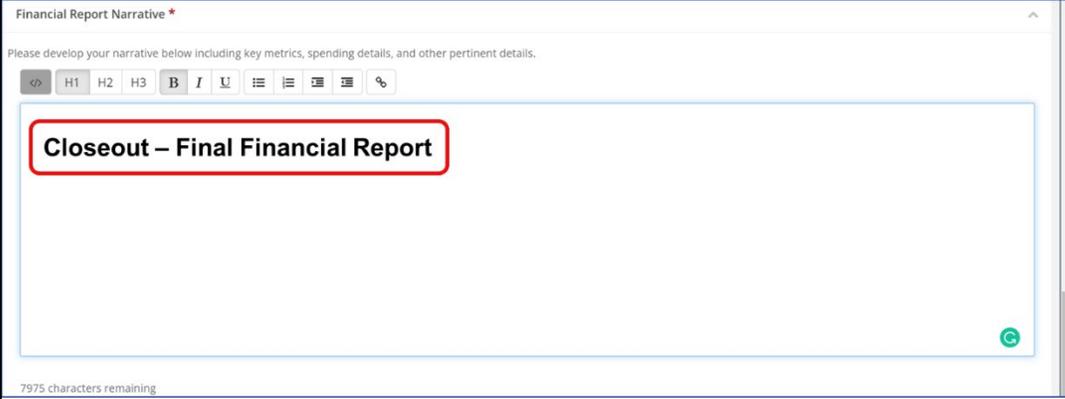
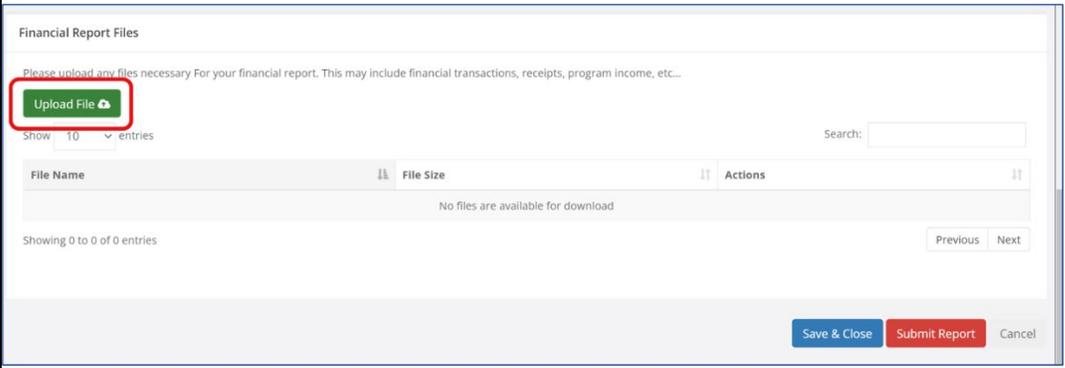
File Name	File Size	Actions
No files are available for download		

Showing 0 to 0 of 0 entries Previous Next

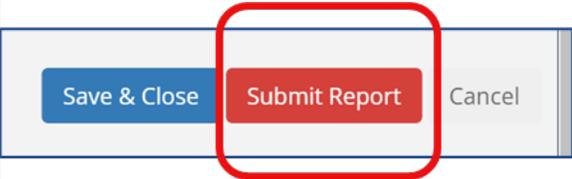
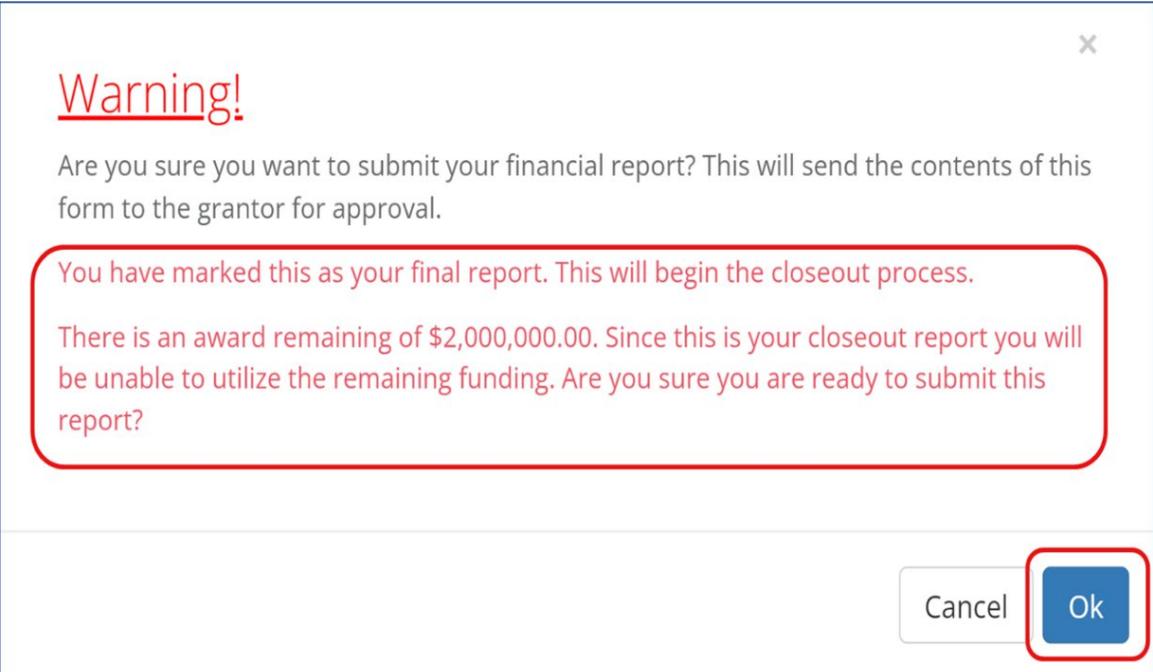
[Submit Task](#) [Cancel](#)

8	<p>After submitting the Misc Task, Grantees will initiate closeout in the Grants Network portal by clicking the <b>Award Closeout</b> button on the <b>Award Dashboard</b> page.</p> 										
9	<p>A pop-up <b>Warning</b> window will appear. The Grantee should click <b>OK only if their GA or HCD Representative has told them they are ready to proceed.</b></p> <ul style="list-style-type: none"> <li>• <b>This is critical</b> because once the Grantee initiates closeout in the Grants network portal, they will only be able to submit a final Financial Report. They will no longer be able to submit activity reports or respond to pending tasks.</li> </ul> 										
10	<p>Clicking <b>OK</b> takes the Grantee to their final Financial Report.</p>  <table border="1" data-bbox="259 1816 1274 1900"> <thead> <tr> <th>Payments Received To Date</th> <th>Advance/Allocation</th> <th>Reimbursement</th> <th>Total Disbursed</th> <th>Pending Disbursement</th> </tr> </thead> <tbody> <tr> <td>\$ 0.00</td> <td>\$ 0.00</td> <td>\$ 0.00</td> <td>\$ 0.00</td> <td>\$ 0.00</td> </tr> </tbody> </table>	Payments Received To Date	Advance/Allocation	Reimbursement	Total Disbursed	Pending Disbursement	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Payments Received To Date	Advance/Allocation	Reimbursement	Total Disbursed	Pending Disbursement							
\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00							



11	<p>Scrolling down, the Grantee will see a warning under the <b>Financial Report Details</b> section explaining that they should have completed all activity and financial reporting and tasks before submitting this final Financial Report and that, after submission, <b>any unspent funds will be unavailable</b>.</p> 
12	<p>Grantee completes the financial report fields to submit their <b>final Financial Report and final Appendix 6-3: Financial Reporting Form</b>, following the procedures outlined in <a href="#">Appendix 6-5: eCivis Financial Reporting Process</a>.</p>
13	<p>Scroll to the Financial Narrative section, and include as the first line, the phrase, <b>“Closeout – Final Financial Report.”</b></p> 
13	<p>Scroll down again to the <b>Financial Report Files</b> section. Click the green <b>Upload</b> button to upload final required supporting documentation.</p> 



	<ul style="list-style-type: none"><li>• <b>Grantee should ensure that all documents referenced above are uploaded as part of this final report.</b></li><li>• Prior to uploading, the Grantee should utilize the naming conventions in Section 12.2 of this Chapter.</li><li>• As with any Financial Report, the upload should also include Appendix 6-3: Financial Reporting Form.</li></ul>
14	<p>When the Grantee has completed and reviewed the Financial Report, they should click the <b>Submit Report</b> button at the bottom of the page. If they need to leave the report before submitting, they should click <b>Save &amp; Close</b>.</p> 
15	<p>A warning window pops up. The window reinforces that this will be the <b>final Financial Report</b> and provides the Grantee the total of any remaining award funds for their contract. Grantees should click the <b>OK</b> button only if they are certain they are ready to closeout.</p> 



<p>16</p>	<p>The Grantee can now see that the status of their final Financial Report is <b>Pending Approval</b>, and <b>they cannot complete any further tasks or reporting</b>.</p> <div data-bbox="256 342 1318 701"><p>This award has begun closeout. During this time you may not complete further tasks or reporting. Your grantor is currently reviewing your final report. Please contact them directly if you have any questions during this process.</p><p>Award Activities</p><p>Show 10 entries Search:</p><table border="1"><thead><tr><th>Report</th><th>Reporting Period</th><th>Created By</th><th>Date Created</th><th>Current Status</th><th>Actions</th></tr></thead><tbody><tr><td>Financial Report</td><td>05/01/2022 -- 05/20/2022</td><td>Kathleen Angle</td><td>05/20/2022</td><td>Pending Approval</td><td>View Report</td></tr></tbody></table><p>Showing 1 to 1 of 1 entries</p><p>Previous 1 Next</p><p>Reload</p></div>	Report	Reporting Period	Created By	Date Created	Current Status	Actions	Financial Report	05/01/2022 -- 05/20/2022	Kathleen Angle	05/20/2022	Pending Approval	View Report
Report	Reporting Period	Created By	Date Created	Current Status	Actions								
Financial Report	05/01/2022 -- 05/20/2022	Kathleen Angle	05/20/2022	Pending Approval	View Report								
<p>17</p>	<p>The CA HCD closeout approval process begins with review by the Grant Administrator or HCD Representative and proceeds through an internal workflow.</p> <ul style="list-style-type: none"><li>Grantees should <b>monitor their portal during closeout</b> approval for any required actions or notifications.</li></ul>												
<p>18</p>	<p>If the <b>final Financial Report</b> is returned for changes, the Grantee will see a status of <b>Changes Requested</b> in the <b>Award Activities</b> section of their <b>Award Dashboard</b>. The Grantee should click <b>Changes Requested</b> to see comments about necessary changes. They should click <b>Review/Resubmit</b> to make changes and additions and to resubmit.</p> <div data-bbox="256 1171 1318 1514"><p>Award Activities</p><p>Show 10 entries Search:</p><table border="1"><thead><tr><th>Report</th><th>Reporting Period</th><th>Created By</th><th>Date Created</th><th>Current Status</th><th>Actions</th></tr></thead><tbody><tr><td>Financial Report</td><td>05/01/2022 -- 05/20/2022</td><td>Kathleen Angle</td><td>05/20/2022</td><td>Changes Requested</td><td>Review/Resubmit</td></tr></tbody></table><p>Showing 1 to 1 of 1 entries</p><p>Previous 1 Next</p><p>Reload</p></div>	Report	Reporting Period	Created By	Date Created	Current Status	Actions	Financial Report	05/01/2022 -- 05/20/2022	Kathleen Angle	05/20/2022	Changes Requested	Review/Resubmit
Report	Reporting Period	Created By	Date Created	Current Status	Actions								
Financial Report	05/01/2022 -- 05/20/2022	Kathleen Angle	05/20/2022	Changes Requested	Review/Resubmit								
<p>19</p>	<p>Once the CA HCD approval workflow is complete, the contract is closed, and the Grantee will receive a notice in their portal confirming closeout and acceptable desk audit and reminding them of record retention requirements.</p>												



## Section 12.2 Closeout Document File Naming Conventions

The table below presents naming conventions for files commonly associated with award closeout. For documents not listed in the table, Grantees should use names that clearly indicate what the document is, using the document names provided below as examples.

Document	Naming Convention
Combined Closeout Forms Package	Closeout Package XXXXX <b>(Where XXXXX is the last 5 digits of your award number)</b>
Environmental Remediation Documentation	Env Remediation XXXXX
Completion Report	Completion Rpt XXXXX
Proof of Posting	Posting Proof XXXXX (follow "Posting Proof" by 1, 2, 3) if separate proof documents are uploaded
<b>For Planning Activities:</b> Final Products	This is likely to be a final report. If so, use: FinalProd Rpt XXXXX
<b>For Planning Activities:</b> Documentation of Public Hearing to accept final products	FinalProd Hearing XXXXX
<b>For Planning Activities:</b> Board Resolution to accept final products	FinalProd Reso XXXXX
Closeout Checklist (Grant Administrators and HCD Representatives upload)	Closeout Checklist XXXXX

## Section 12.3 Record Retention

Per 24 CFR 570.490(d), Record retention. "Records of the State and units of general local government, including supporting documentation, shall be retained for the greater of three years from closeout of the grant to the state, or the period required by other applicable laws and regulations as described in § 570.487 and § 570.488."

[24 CFR 570.490\(d\)](#)

**This retention period will be 3 years from closeout of the HCD contract with the U.S. Department of Housing and Urban Development (HUD).**

HCD cannot close a CDBG Program Year until all activities funded in whole or in part with PY funds have been completed in IDIS and all funds expended. Therefore, the Grantee is required to retain



all records pertaining to the CDBG programs/projects until notified from HCD that records may be destroyed. Refer to Chapter 10: Reporting and Recordkeeping for more information on the records that must be maintained.

Depending on the date of issue, some Standard Agreements may reference other or additional record retention periods. Grantees must abide by the retention period that is the longer of the above-cited retention period or the period listed in their Standard Agreement.

## Section 12.4 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 five years after the local unit of governments has received a notice in the Grants Network Portal confirming closeout of the grant.** If the project involved acquisition or improvement of real property using CDBG funds in excess of the federal Simplified Acquisition Threshold, during the five years following closeout:

[24 CFR 570.489\(j\)](#)

- 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 HCD and Grantee provide affected citizens with reasonable notice of and opportunity to comment on any proposed change.
- The Grantee must have a security document that references the use restrictions.
- 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 HCD and the Grantee determine, after consultation with affected citizens, that the reuse of the property is deemed appropriate but 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. HCD will 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 to HCD for the CDBG program, the property no longer is subject to any CDBG requirements.