



Special Attention of:

Notice CPD-12-013

All Regional Director
All Field Office Directors
All CPD Division Directors
All HPRP Grantees

Issued: July 3, 2012
Expires: This Notice is effective until amended, superseded, or rescinded.

Cross Reference:

Notice of Allocations, Applications Procedures, and Requirements for Homelessness Prevention and Rapid Re-Housing Program Grantees under the American Recovery and Reinvestment Act of 2009 (HPRP Notice)

SUBJECT: Closeout Instructions for Homelessness Prevention and Rapid Re-Housing Program (HPRP) Grants

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I. Purpose of Notice

The purpose of this Notice is to provide guidance and procedural instructions for CPD field offices and HPRP grantees on the closeout process for HPRP grants authorized under the American Recovery and Reinvestment Act of 2009 (Recovery Act). These instructions are for closing out HPRP grants only—they do not apply to the other McKinney-Vento Homeless Assistance Grants administered through the Office of Special Needs Assistance Programs (SNAPS) or to other programs funded through the Recovery Act.

HUD will only close out grants **after** the 3-year deadline has passed.

For HUD to close out a grant, the following actions **must have occurred**:

1. All eligible activities completed and all data entered in HMIS
2. All required reporting completed in FederalReporting.gov and *e-snaps*
3. Grantee has made final draw from IDIS, paid all allowable costs, and marked project as complete in IDIS
4. All special conditions met
5. All monitoring completed and Findings closed
6. All audit Findings resolved

II. Key Terms

A. Eligible Activities

Eligible activities under HPRP can be found in Section IV.A of the Notice of Allocations, Application Procedures, and Requirements for Homelessness Prevention and Rapid Re-Housing Program Grantees under the American Recovery and Reinvestment Act of 2009 (HPRP Notice). Eligible activities fall under four categories: (1) financial assistance, (2) housing relocation and stabilization services, (3) data collection and evaluation, and (4) administrative costs.

B. Three-year Grant Expenditure Deadline

The grant expenditure deadline for each grantee's HPRP program is 3 years after the date HUD signed the grantee's HPRP grant agreement in 2009. All grant funds must be expended by the grant expenditure deadline.

C. Reporting Requirements

Reporting requirements refer to the annual and quarterly reports that HPRP grantees must submit pursuant to Section 1512 of the Recovery Act and Section VI of the HPRP Notice (FederalReporting.gov and *e-snaps*).

III. HPRP Grant Closeout Process

Responsibility for HPRP closeout is shared between SNAPS, field office staff, and grantees. Roles and responsibilities for each entity are listed below.

The grantee must complete the following actions no later than 90 days after the 3-year deadline:

1. The grantee must make its final draw in IDIS and use the funds to pay eligible costs incurred by the 3-year deadline.
2. The grantee must complete and submit final reports in FederalReporting.gov and in *e-snaps* to meet HPRP reporting requirements. The grantee must ensure that all audit and monitoring findings have been resolved.
3. The grantee must return any funds that the grantee has drawn down but has not used to pay allowable costs. (See Section IV- Expenditure/Drawdown Requirements for more detail.)
4. The grantee must send an email to HPRPReporting@hud.gov to inform HUD that all reports have been submitted and the grant is ready for close out.

If, after HUD receives the grantee's final report, HUD notifies the grantee of a downward adjustment in allowable costs, the grantee must immediately pay HUD the amount of funds the grantee drew down but did not expend on allowable costs.

After the grant has been closed out, the grantee must continue to comply with:

1. The further repayment obligations under 24 CFR 85.51 and 85.52 (See Section V of this Notice);
2. The audit requirements under 24 CFR 85.26 (See Section VI of this Notice);
3. The equipment requirements under 24 CFR 85.32 (See Section VIII of this Notice); and
4. The record retention and access requirements under 24 CFR 85.42, 91.105(h), 91.115(g), and the grantee's citizen participation plan (See Section IX of this Notice).

HUD must complete the following actions no later than 90 days after HUD receives the last of all required reports from the grantee:

1. CPD field office staff must forward a copy of the Grant Closeout Certification to SNAPS as soon as the certification is received, to initiate the closeout process. CPD field office staff should attach the Grant Closeout Routing Form to the Grant Closeout Certification.
2. CPD field office staff and SNAPS staff must review the grantee's reports and Grant Closeout Certification.
3. CPD field office staff and SNAPS staff must ensure all audits and monitoring have been completed and all audit and monitoring findings have been resolved.
4. HUD will determine whether upward or downward adjustments must be made to the allowable costs.

5. If HUD determines upward or downward adjustments are required, HUD will notify the grantee of any adjustments and ensure either that the grantee is promptly paid (to extent funds are remaining in the grant) or that the grantee immediately repays HUD for the amount of funds drawn down but not used for allowable costs.
6. HUD must determine that all administrative actions and all required work of the grant has been completed.
7. SNAPS will approve the Grant Close out Certification or contact CPD field office staff if there are any issues. When approved, SNAPS will sign and return a copy to the field office.
8. The field office must notify the Fort Worth Accounting Office to process and recapture any grant balance remaining in the Line of Credit Control System (LOCCS).
9. CPD field office staff must send written notice (including a signed copy of the Grant Closeout Certification) to the grantee that the grant has been closed out but the grantee remains subject to the recordkeeping and other requirements specified in 24 CFR 85.51, 91.105(h), 91.115(g), and the grantee's citizen participation plan.

IV. Expenditure/Drawdown Requirements

Section IV.F of the HPRP Notice, requires grantees to expend 100 percent of their HPRP grant funds within 3 years after the date HUD signed the grant agreement. Note that expending **all** funds is a requirement of the HPRP grant set forth in the grant agreement signed by the HPRP grantee.

No costs may be incurred after the 3-year expenditure deadline; however, each grantee has up to 90 days after the 3-year expenditure deadline to draw down funds to pay eligible HPRP costs incurred during the 3-year grant period. After this 90-day period, no further funds may be drawn down.

V. Recapture and Cost/Cash Adjustments

HUD will recapture all HPRP funds that are not expended for eligible activities by the 3-year expenditure deadline. Within 90 days after HUD receives all of the grantee's required reports, HUD will make any necessary upward or downward adjustments to the grantee's allowable costs. If HUD determines that a grantee has drawn down any funds in excess of the grantee's allowable costs, HUD will make a downward adjustment and the grantee must immediately return the excess amount to HUD. If HUD determines that the grantee's allowable costs exceed the funds drawn down, HUD will make an upward adjustment and reimburse the grantee for its unpaid allowable costs to the extent funds remain in the grant.

In the event that HPRP funds must be returned to HUD, grantees must follow the Instructions for Returning Funds to HUD (Appendix C). Any funds paid to a grantee in excess of the amount to which the grantee is finally determined to be entitled under the terms of the grant constitute a debt to the federal government and will be subject to the requirements of 24 CFR 85.52.

After the allowable cost and cash adjustments have been made, the field office will notify the Fort Worth Accounting Office to process and recapture any grant balance remaining in LOCCS.

VI. Audits and Monitoring

States, local governments, and nonprofit organizations are required to comply with OMB Circular A-133, "Audits of States, Local Governments and Non-profit Organizations." HPRP grantees and subgrantees that expend \$500,000 or more in a year in federal awards must have an audit conducted in accordance with OMB Circular A-133. If a grantee or subgrantee expends less than \$500,000 per year in federal awards, it is exempt from the audit requirements for that year. However, records must be available for review or audit by HUD and the U.S. Government Accountability Office (GAO).

Many HPRP grantees and subgrantees have participated in programmatic monitoring reviews conducted by SNAPS HPRP staff and HUD CPD field office staff. In instances where these reviews have resulted in Findings, the HPRP grantee is required to complete the corrective measures detailed in the monitoring letter. The grantee must submit a letter to HUD indicating the corrective measures it undertook to address the Findings. Once HUD has determined that the grantee has provided a sufficient response to any identified Finding, HUD will inform the grantee in writing of the Finding being closed.

HUD may monitor and/or its Office of Inspector General (OIG) may audit an HPRP grant, even after the grant is closed. After grant close-out, HUD retains its right to disallow costs and recover funds based on later audits or reviews. The grantee will remain responsible for returning any funds due as a result of later refunds (e.g., repayment from a landlord or utility company, excluding security deposits), corrections (e.g., errors identified after grant closeout) or other transactions (e.g., selling equipment purchased with grant funds). Be advised that the following apply: (1) All monitoring and/or audit Findings must be fully resolved before the end of the 90-days after the 3-year expenditure deadline; (2) any costs paid with HPRP funds which were not audited previously are subject to the recipient's next single audit performed in accordance with OMB Circular A-133; and (3) regardless of whether a grant is closed, HUD may require repayment by the grantee for any grant funds used for costs disallowed based on a monitoring or an audit.

VII. Reporting Requirements

Grantees must submit all required final reports no later than 90 days after the 3-year expenditure deadline.

1. For grantees that do not make their final draws of funds until the July-September 2012 quarter, the final quarterly reports must be submitted at FederalReporting.gov no later than October 10, 2012. Grantees who fail to draw down all of their funds still must submit a final report by October 10, 2012.
2. For the Year 3 HPRP APR submission, *e-snaps* will remain open until November 30, 2012. Once available in *e-snaps*, Year 3 HPRP APRs are due by the earlier of November 30, 2012, **or** 90 days after the 3-year expenditure deadline.

Detailed instructions on submitting final reports in both systems, can be found at: http://hudhre.info/documents/HPRP_SubmittingAFinalReport.pdf.

Under 24 CFR 85.41, grantees are required to submit a federal financial report. For HPRP, reporting in IDIS fulfills this requirement; therefore, HPRP grantees are not required to submit the Federal Financial Report (SF-425).

VIII. Recordkeeping Requirement

The grantee must maintain program records in compliance with the record retention and access requirements in 24 CFR 85.42, 91.105(h), 91.115(g), and the grantee's citizen participation plan. All information and records related to the grantee's use of HPRP funds must be retained for at least 5 years after the HPRP activities are completed. Nonprofit subgrantees must comply with the record retention requirements under 24 CFR 84.53 (in most cases, 3 years). Government subgrantees must comply with the record retention requirements under 24 CFR 85.42. Grantees and subgrantees remain subject to these record retention and access requirements after closeout.

IX. Equipment and Other Personal Property Requirements

Equipment is defined as tangible, non-expendable, personal property with a useful life of more than 1 year and an acquisition cost of \$5,000 or more per unit. State grantees must use, manage, and dispose of equipment acquired with HPRP funds in accordance with state laws and procedures. Other grantees and subgrantees must follow the use, management and disposition requirements set forth in 24 CFR 85.32 (for governments) or 24 CFR 84.34-84.36 (for nonprofit organizations). In addition, each grantee must ensure that during the closeout of its subgrants, all nonprofit subgrantees account for any personal property subject to 24 CFR 84.34-84.36.

Appendix A

Homelessness Prevention and Rapid Re Housing (HPRP) Program
Grantee Closeout Certification

Grantee Name: CITY OF GAINESVILLE

Grant Number: #S09-MY-12-0025

The Grantee hereby certifies that: (1) the grant as described in the approved substantial amendment has been performed in accordance with the terms and conditions of the executed HPRP Grant Agreement; and (2) the amounts below are accurate and can be supported by the grantee’s HUD-approved reports and other HPRP-related documents.

- 1. Grant amount authorized: \$ 567,404
- 2. Total grant funds expended: \$ 567,404
- 3. Balance of grant funds to be recaptured: \$ --0--
(These funds will be recaptured by HUD in order for the funds to be returned to the U.S. Treasury.)

Grantee Authorized Representative’s
Signature and Date

CPD Director Signature and Date

Russ Blackburn
Typed Name of Signatory

Gary Causey
Typed Name of Signatory

City Manager
Title

CPD Director
Title

The above signature by the HUD official acknowledges receipt of this form.