

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. (See Section IV for a discussion of concerns, findings and sanctions.)

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.)

F. 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.

III. DOCUMENTS SUBMITTED TO THE ARKANSAS ECONOMIC DEVELOPMENT COMMISSION

Closeout documents shall consist of the following:

- A. **Equal Opportunity Direct Benefit Form (Form 58)**
This form summarizes income and demographic data of project beneficiaries. Information for **all** items must be provided. This closeout form must be completed for all ACEDP projects.
- 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.

IV. **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 concerns, findings and/or sanctions if, after a sufficient period and prior warning, issues have not been satisfactorily addressed.

A **concern** is a violation of a grants division policy, other than state or federal law or regulations. For example, failure to provide documents in a timely manner is a concern. A concern normally will not affect a grantee's eligibility for future grant funds but may result in a special condition to any future grants.

A **finding** is a violation of state or federal law. Grantees will be given instruction regarding the mitigation of resolvable findings. Sometimes a sanction may be issued as a result of a finding.

A **sanction** is a prohibition against future ACEDP activities, most notably drawdown of funds or receipt of new grants, until a specific action occurs to resolve the sanction. If a grantee has more than one active grant and a sanction is levied, other active grants may also be affected.

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.