

Louisiana Disaster Recovery and Mitigation Grant Implementation Manual

Chapter 13: Closeout



Louisiana Division of Administration

**Office of Community Development –
Disaster Recovery**

Table of Contents

1. Introduction	1
2. Definitions	1
3. Closeout Process	2
3.1 Individual Activity Closeout	3
3.2 Conditional Closeout Approval	6
3.3 Final Closeout Approval	6
3.4 Subrecipient CEA Closeout	6
4. Disposition of Program Income	7
5. Disposition of Property	7
6. Grant Suspension and Termination	7
6.1 Suspension	7
6.2 Termination	7
7. LOCD-DR Exhibits	8

1. Introduction

Closing a project signifies that the Louisiana Office of Community Development – Disaster Recovery (LOCD-DR) has confirmed that all costs paid with Community Development Block Grant – Disaster Recovery (CDBG-DR) and Community Development Block Grant – Mitigation (CDBG-MIT) funds are final, the work has been completed, and all responsibilities under the grant or Cooperative Endeavor Agreement (CEA), as well as any related laws and regulations, have been met.¹

Federal Regulations:

¹[24 CFR 570.489\(i\)](#)

All closeout documents must be submitted on time. LOCD-DR can only close out a project after all draw requests have been paid, all activities have been completed, and the National Objective has been met. For example, if the project funds a new sewage system, it cannot be closed out until households are connected to the system and it is fully operational.

2. Definitions

Refer to these definitions of terms used within this chapter:

1. **Activity Completion Report:** A report that tells LOCD-DR when an activity in the project has been completed and is ready to close.
2. **Audit:** A review to ensure that the project’s expenditures and activities follow the rules.
3. **Certificate of Completion:** A document which confirms that all work has been completed.
4. **Community Development Block Grant – Disaster Recovery (CDBG-DR):** A type of federal government grant used to help communities recover after disasters.
5. **Community Development Block Grant – Mitigation (CDBG-MIT):** A type of federal government grant that supports projects designed to reduce or eliminate the long-term risks associated with natural disasters.
6. **Cooperative Endeavor Agreement (CEA):** An agreement between LOCD-DR and subrecipients to carry out a project.

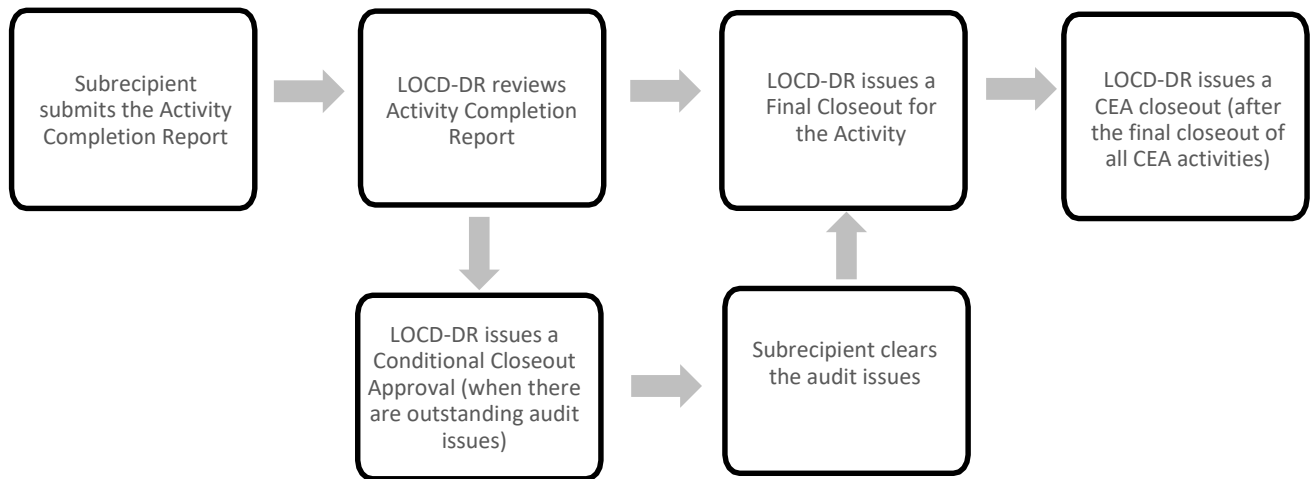
7. **De-Obligated Funds:** Money that was set aside for the project but is no longer needed or will be returned.
8. **Displacement:** When people or businesses are moved because of the project.
9. **Final Closeout Letter:** The letter which confirms that the project has been officially completed after all checks and reviews are finalized.
10. **Final Wage Compliance Report:** A report which shows that workers on the project were paid fairly in accordance with wage laws.
11. **National Objective:** The main goal of the project (e.g., helping low-income people or solving urgent community needs).
12. **Program Income:** Money made from the project (e.g., fees, rent, sale proceeds) that must be returned or used according to the rules.
13. **Section 3:** A rule that requires federally funded projects to expand economic opportunities for low-income people in and around the location of the project.
14. **Single Audit:** A review by the awarding agency to ensure that the project is following all rules required for projects that spend more than \$1,000,000 in federal funds during the fiscal year.
15. **Subrecipient:** An entity, organization, or group that receives CDBG-DR or CDBG-MIT funds to help cover the costs of the project.

3. Closeout Process

To initiate the closeout process, subrecipients must submit the required documents to LOCD-DR for review and approval. The closeout process consists of two stages:

1. Individual Activity Closeout
2. Subrecipient CEA Closeout

Figure 1: A high-level overview of the closeout process is shown in the diagram below.



In order to complete the necessary closeout documents, subrecipients must close out any subcontracts or subrecipient agreements associated with the program/activity and complete the financial settlement of any outstanding claims. Subcontractors should be advised to prepare their claims or invoices and submit them to the subrecipient within 30 days of completion of the activity.

3.1 Individual Activity Closeout

Subrecipients must submit an Activity Completion Report within 90 days of the completion of each activity. If there are multiple activities in a CEA, close out each one separately when they have been completed. Subrecipients must complete a Request for Project Amendment to reallocate any unused funds. The forms listed below may be found in Exhibit 13-1 and must be completed and submitted as part of the closeout package for each activity.

Table 1: Closeout forms

Activity Closeout Form	Description
Final Activity Performance Report (Exhibit 13-1a)	Summary sheet for the closed activity. This includes the eligible activity, National Objective, activity description, and the signature of the responsible party.

Activity Closeout Form	Description
Activity Beneficiary Forms (Exhibit 13-1c, i-iv)	Subrecipients must provide beneficiary information, including details on income level, race, ethnicity, area, jobs created or retained, and applicant data, if applicable.
Civil Rights Compliance Report – Displacement of Low- and Moderate-Income Households (Exhibit 13-1d)	Subrecipients must report on the impact of displacement caused by the activity being closed out, broken down by income levels and race.
Miscellaneous Information Form (Exhibit 13-1e)	Subrecipients must report any program income generated during the grant, including the source and amount of income, and whether it was retained by the subrecipient or returned to the state. It also includes information about property or equipment purchased with CDBG-DR and CDBG-MIT funds, land acquired or donated, and any construction subject to Davis-Bacon and Related Acts.
Section 3 Summary Report (Exhibit 13-1f)	Subrecipients must report on economic opportunities created by the CDBG-DR and CDBG-MIT funds for low- and very-low-income persons. This includes information about the total number of labor hours worked by all workers, Section 3 workers, and Targeted Section 3 workers, as well as efforts made to satisfy Section 3 obligations.
Certificate of Completion Final Statement of Cost/Activity Funds Balance (Exhibit 13-1g)	Subrecipients must report on the final statement of cost and activity funds balance. This includes details about the source and status of funds, final costs for various activity categories, and any unpaid costs or unsettled third-party claims. It also requires certification from the responsible official that all activities have been carried out in accordance with the activity application.

Activity Closeout Form	Description
Final Wage Compliance Report (Exhibit 13-1h)	Subrecipients must report contractor wage compliance with the Davis-Bacon Act and the Contract Work Hours and Safety Standards Act, which includes wage underpayments and unresolved labor issues.
CDBG Equipment Inventory Form (Exhibit 13-1i)	If the answer to question no. 9 is “Yes” on the miscellaneous information form, subrecipients must report all property or equipment purchased with CDBG-DR and CDBG-MIT funds. It requires details such as the identification number, description, funding source, title holder, acquisition date and cost, federal share of cost, location, use, condition, and disposition date.

Subrecipients must follow these guidelines when completing the closeout forms:

1. List activities exactly as they appear in the contract or any approved project applications and amendments.
2. Provide the total amounts spent, including any other funding sources.
3. On all tables, ensure that the rows and columns of figures add up correctly.
4. Explain the methods used to determine the beneficiaries. For new water and sewer systems, the beneficiaries are the persons connected to the new system.
5. The responsible official must sign and date the following two forms before submitting them to LOCD-DR:
 - a. Final Activity Performance Report
 - b. Certificate of Completion Final Statement of Costs/Activity Funds Balance
6. Submit one copy of the closeout package to LOCD-DR at DRU.Closeout@la.gov.

7. Use the Section 3 form in Exhibit 13-1 only for activity funds committed after November 30, 2020. If your activity or subcontractor had funds committed prior to this date for a Section 3 covered project, contact LOCD-DR.
8. Report all underpayments on the Final Wage Compliance Report, even if the restitution was paid.

NOTE: LOCD-DR will return Activity Completion Reports that are incomplete or not signed by the authorized responsible official. Subrecipients must ensure that the report has been completed prior to submission to LOCD-DR. Incomplete reports will delay the closeout process.

3.2 Conditional Closeout Approval

LOCD-DR will issue a conditional closeout when the final required financial audit review is needed or when there are outstanding financial audit findings pending resolution. For example, if an activity is ready to close now but the subrecipient had expenditures that will not appear in their single audit until the 2025 audit comes out in early 2026, then LOCD-DR will issue a conditional closeout pending receipt and approval of the last required financial audit report.

3.3 Final Closeout Approval

LOCD-DR will issue a final closeout letter to the subrecipient upon receipt and approval of the required audit(s) conducted in accordance with the Single Audit procedures identified in Chapter 5 of this Grant Implementation Manual, Section 11, or when LOCD-DR determines that a subrecipient is exempt from the Single Audit requirements. Prompt closeout of the activity is most desirable because LOCD-DR views it as an indicator of local capacity.

3.4 Subrecipient CEA Closeout

After all activities in the CEA have been completed and closed and the CEA has expired or been terminated, LOCD-DR will close the CEA. Subrecipients are no longer required to submit a CEA Final Performance Report. Any remaining balance of CEA funds will be de-obligated at the time of closeout.

4. Disposition of Program Income

All program income must be returned to LOCD-DR. See Chapter 5: Financial Management, Subsection 9.9 for additional guidance regarding program income.

5. Disposition of Property

Before closing out the project, it is essential to properly dispose of all property acquired with grant funds:

1. **Disposition of Tangible Personal Property:** Subrecipients must account for all tangible personal property acquired with grant funds.
2. **Disposition of Real Property:** Any proceeds from the sale of real property acquired with grant funds after closeout must adhere to program income requirements.

For additional guidelines for the disposition of equipment, see Chapter 12: Property Management.

6. Grant Suspension and Termination

6.1 Suspension

When subrecipients fail to comply with the grant award stipulations, standards, or conditions of their grant, LOCD-DR may suspend the grant, withhold further payments, or prohibit further use of grant funds until the issue is resolved.

6.2 Termination

6.2.1 Termination for Cause

LOCD-DR may terminate any activity, either partially or entirely, at any time before the date of completion, whenever it is determined that the subrecipient has failed to comply with the conditions of the grant. LOCD-DR shall promptly notify the recipient in writing of the termination, the reasons for the termination, and the effective date of the termination.

Payments made to the subrecipient, or a recovery by LOCD-DR under grants terminated for cause, shall be in accordance with the legal rights and liabilities of the parties. If the grant is terminated for this reason, LOCD-DR will not cover any costs, and the subrecipient must repay any funds already received.

6.2.2 Termination for Convenience

LOCD-DR or the subrecipient may terminate grants, either partially or entirely, when both parties agree that the continuation of the activity would not produce beneficial results to justify further expenditure of funds. The two parties shall agree upon termination conditions, including the effective date and, in the case of partial terminations, the portion to be terminated. The subrecipient shall not incur new obligations for the terminated portion after the effective date and shall cancel as many outstanding obligations as possible. LOCD-DR will consider all circumstances under which an activity is to be terminated on a case-by-case basis to determine whether any eligible costs already incurred will be covered.

6.2.3 Termination Due to Unavailable Funding

The activity is contingent upon the appropriation and release of sufficient funds to LOCD-DR to fulfill the requirements of the grant. If the appropriate authorities fail to approve and provide an adequate budget to LOCD-DR to fulfill the requirements of the grant, the activity may be terminated by the subrecipient or LOCD-DR. The subrecipient shall be paid for all authorized work completed prior to termination.

7. LOCD-DR Exhibits

Exhibit	Description
Exhibit 13-1	Activity Completion Report