

# Chapter 12.0

## Closeout

COR<sup>3</sup>'s grant management system, Puerto Rico Disaster Recovery Solution (PR DRS) is currently in development; therefore, certain system functions described in this chapter may not be fully operational. Temporary work arounds are in place to capture the required functions.

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# Closeout

## Applicable to FEMA Awards

### Introduction

#### Scope and Purpose

COR<sup>3</sup>'s Disaster Recovery Federal Funds Management Guide (DRFFMG), Chapter 12 – Closeout, addresses the governing policies, procedures, and responsibilities of COR<sup>3</sup> and its Subrecipients, including Government of Puerto Rico agencies (State agencies), local governments, and private non-profits (PNP), in the Closeout of Federal awards. Chapter 12 will cover the policies and procedures directly related to the Closeout of the Federal Emergency Management Agency (FEMA) PA Program awards and HMGP. The overall objectives of this chapter are to:

- Address the responsibilities and requirements for COR<sup>3</sup> and Subrecipients in the Closeout process;
- Describe the Closeout process for project worksheets (PWs), Subrecipients, and disasters; and
- Establish best practices compliant with Federal and COR<sup>3</sup> requirements.

#### Regulatory Authority

Puerto Rico, COR<sup>3</sup> (Recipient or Pass Through Entity (PTE), and their Subrecipients (State agencies, local governments, and PNPs) of Federal financial assistance are generally required to comply with the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) in 2 CFR § 200, as adopted by the Department of Homeland Security (DHS) at 2 CFR § 3002. Closeout is governed by 2 CFR Subpart D—Post Federal Award Requirements § 200.343 Closeout and Grants Oversight and New Efficiency Act of 2016 (GONE).

Additionally, the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Public Law 93-288) Title VII-Miscellaneous, Section 705, Disaster Closeout Procedures and Emergency Management and Assistance (44 CFR) regulations provide authority and general guidelines pertaining to the FEMA award Closeout.

Depending on the disaster or emergency declaration period, the following Federal guidance provides additional information on the Closeout process:

- FEMA PA Program and Policy Guide FP-104-0092 January 2018<sup>1</sup>
- PA Alternative Procedures Pilot Program Guide for Debris Removal (Version 6.1) June 28, 2018<sup>2</sup>
- PA Alternative Procedures (Section 428) Guide for Permanent Work FEMA-4339-DR-PR April 2018<sup>3</sup>
- PA Alternative Procedures for Direct Administrative Costs (DAC) Policy<sup>4</sup>
- Applicable FEMA-COR<sup>3</sup> Agreement

Closeouts are performed in accordance with the policies and procedures established by FEMA and COR<sup>3</sup>.

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<sup>1</sup> [https://www.fema.gov/media-library-data/1515614675577-be7fd5e0cac814441c313882924c5c0a/PAPPG\\_V3\\_508\\_FINAL.pdf](https://www.fema.gov/media-library-data/1515614675577-be7fd5e0cac814441c313882924c5c0a/PAPPG_V3_508_FINAL.pdf)

<sup>2</sup> <https://www.fema.gov/media-library/assets/documents/167472>

<sup>3</sup> <https://www.fema.gov/media-library/assets/documents/162756>

<sup>4</sup> [https://www.fema.gov/media-library-data/1529332841196-4a2a329cdf55e15c833de2386e5ccc21/DAC\\_Pilot\\_Policy\\_V1.1\\_508\\_FINAL.pdf](https://www.fema.gov/media-library-data/1529332841196-4a2a329cdf55e15c833de2386e5ccc21/DAC_Pilot_Policy_V1.1_508_FINAL.pdf)

## Closeout Process End-to-End Overview

An overview of the Closeout processes is shown below.



Additional details on the Project Closeout processes are summarized below.



The Large Project Closeout Phase consists of six primary steps:

Step	Acronym	The purpose of this step is to answer the question:
<b>CL Initiation</b>	LP1	<p>Is this project ready for Closeout?</p> <p>In this step, either the Subrecipient initiates the Closeout request or the Closeout Specialist determines the project is ready for Closeout and confirms this with the Subrecipient.</p>
<b>CL Specialist Review</b>	LP2	<p><b>Desk Review</b></p> <p>Has the work been completed and does COR<sup>3</sup> have the supporting documentation to close the project?</p> <p>In this step, a Closeout Specialist uses the Closeout Workbook to review documents provided to COR<sup>3</sup>, select a sample of documentation to review, confirm scope eligibility, and document outstanding observations. In addition, the Closeout Specialist will confirm project work completion with the Site Inspection team for permanent work projects.</p> <p><b>Site Review</b></p> <p>Does the Subrecipient have support for the outstanding observations?</p> <p>In this step, a Closeout Specialist visits the Subrecipient to review documentation and discuss outstanding observations. The Closeout Specialist compiles the Closeout Packet and transmittal materials to submit to FEMA.</p>
<b>CL Supervisor Approval</b>	LP3	<p>Has the Closeout packet been compiled correctly and do the final recommendations reconcile?</p> <p>In this step, the Closeout Supervisor reviews the Closeout Packet.</p>
<b>CL COR<sup>3</sup> Management Approval</b>	LP4	<p>Does COR<sup>3</sup> management agree with the Closeout Supervisor’s financial reconciliation?</p> <p>In this step, COR<sup>3</sup> Management reviews the Closeout Packet and signs the Closeout request letter to FEMA.</p>

<b>CL FEMA Review</b>	LP5	<p>Does a FEMA representative agree with COR<sup>3</sup> Management’s financial reconciliation?</p> <p>In this step, a FEMA representative makes their final determination about project costs and scope eligibility. Upon FEMA project Closeout, programmatic Closeout is complete.</p>
<b>CL Finance Reconciliation</b>	LP6	<p>Are there any outstanding payments to or receivables from the Subrecipient?</p> <p>In this step, Finance makes any final payments to or request any payments from the Subrecipient. Upon final payment, financial Closeout is complete.</p>
<b>CL Final Administrative Tasks</b>	LP7	<p>Has the project closure been properly documented?</p> <p>In this step, the Closeout Specialist notifies the Subrecipient of project closure, compiles any necessary documentation, and memorializes any necessary documentation.</p>

The Small Project Closeout Phase consists of six primary steps:

Step	Acronym	The purpose of this step is to answer the question:
<b>CL Initiation</b>	SP1	<p>Is this project ready for Closeout?</p> <p>In this step, either the Subrecipient initiates the Closeout request, or the Closeout Specialist determines the projects are ready for Closeout and confirms this with the Subrecipient.</p>
<b>CL Specialist Review</b>	SP2	<p>Has the work been completed and does COR<sup>3</sup> have the supporting documentation to close the project?</p> <p>In this step, a Closeout Specialist compiles the Closeout Packet to close the small projects and selects a sample of projects for site inspection. In addition, the Closeout Specialist will confirm project completion for a sample of projects with the Site Inspection team.</p>

The remaining steps of Small Project Closeout are: **CL Supervisor Approval (SP3)**, **CL COR<sup>3</sup> Approval (SP4)**, **CL FEMA Review (SP5)**, **CL Finance Reconciliation (SP6)** and **CL Final Administrative Tasks (SP7)**. These steps are the same as those in Large Project Closeout.

The Subrecipient Closeout Phase consists of five primary steps:

Step	Acronym	The purpose of this step is to answer the question:
<b>Subrecipient Closeout Initiation</b>	SC1	<p>Is the Subrecipient ready for overall Closeout of the disaster?</p> <p>In this step, once all project worksheets (PWs) for a Subrecipient have been closed, the Closeout Specialist sends a letter to the Subrecipient detailing the overall Subrecipient status requesting confirmation of Subrecipient closure from the Subrecipient. In addition, they draft a Subrecipient Closeout request letter.</p>

Step	Acronym	The purpose of this step is to answer the question:
<b>Supervisor Approval</b>	SC2	<p>Has the request been compiled correctly and do the final recommendations reconcile?</p> <p>In this step, the Closeout Supervisor reviews the request and supporting documentation.</p>
<b>COR<sup>3</sup> Management Approval</b>	SC3	<p>Does COR<sup>3</sup> management agree with the Closeout Supervisor’s financial reconciliation?</p> <p>In this step, COR<sup>3</sup> Management reviews the supporting documentation, and signs the request letter.</p>
<b>FEMA Review</b>	SC4	<p>Does a FEMA representative agree with the COR<sup>3</sup> Management Approval’s financial reconciliation?</p> <p>In this step, a FEMA representative reviews the request and the supporting documentation.</p>
<b>Subrecipient Closeout</b>	SC5	<p>Has the final administrative work for Subrecipient Closeout been completed?</p> <p>In this step, the Closeout Specialist completes the final administrative tasks to close out the Subrecipient.</p>

The Grant Closeout Phase consists of four primary steps:

Step	Acronym	The purpose of this step is to answer the question:
<b>Grant Closeout Initiation</b>	GC1	<p>Is the grant ready for overall closure?</p> <p>In this step, once all projects in a disaster have been closed, the Closeout Supervisor confirms eligibility of Grant Closeout, and drafts supporting documentation for Grant Closeout.</p>
<b>COR<sup>3</sup> Approval</b>	GC2	<p>Does COR<sup>3</sup> Management agree with the Closeout Supervisor’s financial reconciliation?</p> <p>In this step, COR<sup>3</sup> Management reviews the supporting documentation, and signs the request letter.</p>
<b>FEMA Review</b>	GC3	<p>Does a FEMA representative agree with the Closeout Supervisor’s financial reconciliation?</p> <p>In this step, a FEMA representative reviews the request and the supporting documentation.</p>
<b>Grant Closeout</b>	GC4	<p>Has the final administrative work for Subrecipient Closeout been completed?</p> <p>In this step, the Closeout Specialist completes the final administrative tasks to close out the grant.</p>

## Performance and Financial Monitoring and Oversight Reports

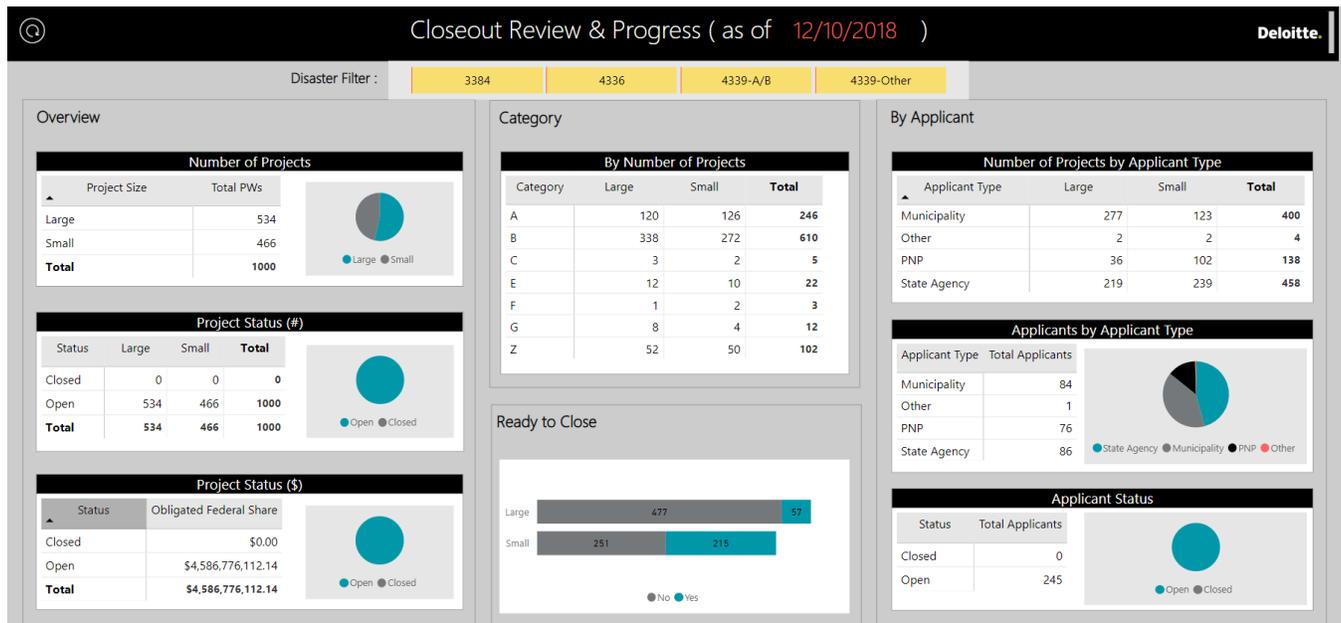
Key metrics are tracked and communicated through the management reports shown below.

These reports permit COR<sup>3</sup> leadership to monitor project Closeouts as they progress through the Closeout process. The reports can help facilitate meetings as well as enable COR<sup>3</sup> to make informed management decisions by monitoring and tracking integrated Subrecipient and project data.

### Closeout Executive Dashboard – FEMA Public Assistance

An overview of the Closeout executive dashboard and status report are shown below.

#### Overall Dashboard



#### Status Report

Disasters	Total PWs	0. PW Creation	1. Closeout Initiation	2. Desk Review	3. Site Review	4. Closeout Supervisor Approval	5. COR <sup>3</sup> Management Approval	6. FEMA Review	7A. Finance Reconciliation	7B. Final Admin. Tasks	8. Closed
<b>EM-3384</b>	<b>28 L 58 S</b>	<b>15 L 55 S</b>	<b>4 L 0 S</b>	<b>1 L 0 S</b>	<b>5 L 0 S</b>	<b>3 L 0 S</b>					
<i>Prev. Week</i>	<i>28 L 58 S</i>	<i>18 L 58 S</i>	<i>3 L 0 S</i>	<i>1 L 0 S</i>	<i>5 L 0 S</i>	<i>1 L 0 S</i>					
<b>DR-4336</b>	<b>22 L 42 S</b>	<b>17 L 35 S</b>	<b>0 L 0 S</b>	<b>3 L 0 S</b>	<b>2 L 0 S</b>	-					
<i>Prev. Week</i>	<i>22 L 42 S</i>	<i>17 L 42 S</i>	<i>0 L 0 S</i>	<i>3 L 0 S</i>	<i>2 L 0 S</i>	-					
<b>DR-4339 A/B</b>	<b>409 L 307 S</b>	<b>409 L 307 S</b>	-								
<i>Prev. Week</i>	<i>409 L 307 S</i>	<i>409 L 307 S</i>	-								
<b>DR-4339 C-Z</b>	<b>75 L 59 S</b>	<b>75 L 59 S</b>	-								
<i>Prev. Week</i>	<i>75 L 59 S</i>	<i>75 L 59 S</i>	-								

## Closeout Process Operations Status Dashboards

COR<sup>3</sup> established “not-to-exceed” service level aging goals, examples of which are shown below in the aging goal and not-to-exceed (NTE) columns. The expectation is 180 days from the PW period of performance end date to FEMA submission, and 30 days once the PW is received back from FEMA.

Closeout Process Step	Description	Abr.	Goal Target: 150 days	NTE Target: 210 days
<b>CL Initiation</b>	The project enters into the Closeout process.	LP1, SP1	60	90
<b>CL Specialist Review</b>	Closeout Specialist reviews, reconciles, and drafts submittal papers for each project.	LP2, SP2	30	45
<b>CL Supervisor Approval</b>	Closeout Supervisor reviews the Closeout Packet.	LP3, SP3	20	15
<b>CL COR<sup>3</sup> Management Approval</b>	COR <sup>3</sup> Management reviews and signs the Closeout request.	LP4, SP4	20	30
<b>CL FEMA Review</b>	FEMA makes a final determination of PW obligation.	LP5, SP5	N/A	N/A
<b>CL Finance Reconciliation</b>	Finance reconciles final payment or deobligation requests.	LP6, SP6	20*	30*
<b>CL Final Administrative Tasks</b>	Closeout Specialist completes final administrative tasks.	LP7, LP7	10*	10*

\*The CL Finance Reconciliation and CL Final Administrative Tasks goal and not-to-exceed target dates are not included in the 180 days the COR<sup>3</sup> has to submit the Closeouts to FEMA from the period of performance end date per policy.

## Closeout Policies

### Time Extension Policy

The Closeout deadline for a specific PW is designated by the work completion timeframes, or Period of Performance. Once the work completion timeframe has expired, the Subrecipient should either (a) apply for Closeout if the work is complete, or (b) request a time extension if there is still work to be completed, if possible. Work completion time frames can be found in [Appendix 12-G: Work Completion Time Frames](#).

### Subrecipient Policy

**Within 90 days of expiration of award, the Subrecipient will:**

- 1) Submit financial, performance, and other reports as required by the terms and conditions of the Federal award. For further details, see Chapter 9 - Performance & Financial Monitoring & Reporting.
- 2) Confirm all payments have been made for the scope of work designated in the PW as specified in the terms and conditions of the Federal award unless COR<sup>3</sup> authorizes an extension;
- 3) Refund any balances promptly of unused obligated dollars COR<sup>3</sup> paid in advance or any dollars not authorized to be retained by the Subrecipient for use in other projects;
- 4) Submit Final Financial Report (FFR) to COR<sup>3</sup>. For further information on the Final Financial Report, see Chapter 9 - Performance & Financial Monitoring & Reporting;
- 5) Submit the Final Performance/Progress Report and/or other reports required by the terms and conditions of award to COR<sup>3</sup>;
- 6) Account for any supplies, equipment, inventions, real, and personal property acquired with Federal funds, including supporting documentation;
- 7) Return any funds due as a result of refunds, corrections, or audits; and
- 8) Retain records per the record retention policy found in Chapter 8 - Record Retention and Access.

### Recipient Policy

**COR<sup>3</sup>, as a Recipient and pass-through entity, will:**

- 1) Issue Closeout communications to Subrecipient within the 90 days prior to the end of the Period of Performance for the specific PW;
- 2) Provide Closeout technical assistance and advice to the Subrecipient; and
- 3) Make prompt payments to the Subrecipient for allowable, reimbursable costs.

**Within 180 days of expiration of award, COR<sup>3</sup>, as pass-through entity, must:<sup>5</sup>**

- 1) Receive and evaluate required final Subrecipient reports through the use of Quarterly Report data;
- 2) Reconcile Subrecipient financial reports through the use of Quarterly Report data;
- 3) Reconcile financial expenditures through coordination with the RFR team, confirming there are no deobligation requests for unallowable costs or expedited payments;

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<sup>5</sup> This information can be found in the Public Assistance Program and Policy Guide, IV. Project Funding, C. Project Reconciliation and Closeout.

- 4) Make final payments as there are no unliquidated obligations are allowed on the final Financial Report with the assistance of the Finance team;
- 5) Submit FFR (SF-425) to the Federal awarding agency;
- 6) Submit Quarterly FFR to the Puerto Rico Disaster Recovery Solution (PR DRS)
- 7) Submit Final Performance/Progress Report or other reports required by the terms and conditions of award to Federal awarding agency;
- 8) Make a settlement with the Subrecipient for any upward or downward adjustments to the Federal share of costs, consistent with the terms and conditions of the Federal award, after Closeout reports are received;
- 9) Account for supplies, equipment, inventions, real and personal property acquired with Federal funds, including supporting documentation;
- 10) Return funds due as a result of refunds, corrections, or audits;
- 11) Perform final financial reconciliation; and
- 12) Retain records per the record retention policy found in Chapter 8: Record Retention and Access.

## Closeout Procedures

### Closeout Procedures Introduction

For each presidentially declared disaster or emergency, PWs, the subawards for FEMA's PA Program, are closed out when the applicable administrative actions and all required work has been completed, individually for large projects<sup>6</sup> and collectively for small projects<sup>7</sup>. To support a timely Closeout process, the Subrecipient should notify COR<sup>3</sup> immediately as they complete each large project and also when they completed their final small project for a specific disaster.

After all PWs for a Subrecipient are closed for a specific disaster, the Subrecipient may be closed for that disaster. Lastly, when all PA projects have been completed, the COR<sup>3</sup> has awarded all Subrecipient funds and submitted its final expenditure report to FEMA, and FEMA has adjusted the funding level for the program as appropriate, the grant may be closed. This section specifies the actions COR<sup>3</sup> and its Subrecipients must take to complete the Closeout process at each phase of the disaster and project lifecycles.

### Closeout Assignments

- Closeout assignments will be determined based on availability, location, Subrecipient type, and quantity of projects to close per Subrecipient. These assignments will be revisited by the Closeout team monthly. When projects enter into Closeout, they will be automatically assigned based on these assignments.
- On a quarterly basis, the Closeout Supervisor will review quarterly reports to determine which Subrecipients have reported projects are 100% complete. Those projects are given to the Closeout Specialists according to Closeout assignments.
- On a monthly basis, the Closeout Supervisor will review the project data to determine which Subrecipients and Grants are ready for Closeout.

The Closeout prioritization will be determined based upon FEMA and COR<sup>3</sup> priorities. These will be revisited by the Closeout team every six (6) months.

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<sup>6</sup> A large project is a project for which the final obligated (Federal and non-Federal) amount is equal to or *greater* than the annually adjusted cost threshold for small project grants. The large project threshold can be found in *Section 7 Payment and Cash Management Appendix G*.

<sup>7</sup> A small project is a project for which the final obligated (Federal and non-Federal) amount is less than the annually adjusted cost threshold for small project grants. The large and small project threshold can be found in *Section 7 Payment and Cash Management Appendix G*.

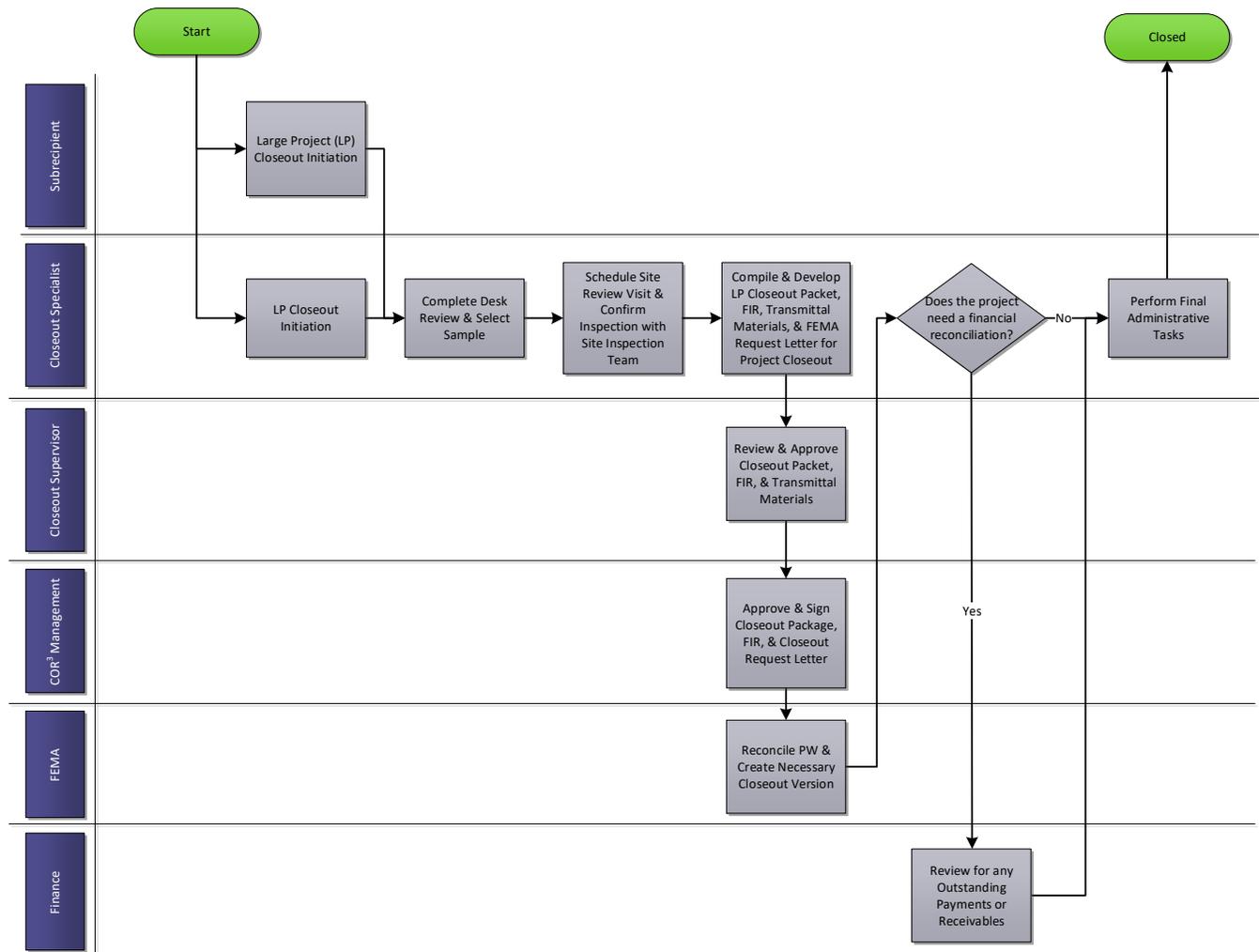
## Large Project Closeout Process

### Large Project Closeout Process Introduction

Upon work completion, each large project is closed out individually.

### Large Project Closeout Process Flows

An overview of the large project Closeout process is shown below.



## Large Project Closeout Process Overview



Prior to step 1. CL Closeout Initiation, PWs ready for Closeout will be held in a queue called 0. CL Pending. After step 7. CL Final Administrative Tasks, closed PWs will be held in a queue called 8. Closed.

## Large Project Closeout Detailed Process Steps

### 1) CL Initiation

Either the Closeout Specialist or the Subrecipient begins the Closeout Initiation process. The final owner of the step is the Closeout Specialist.

#### *Option 1, Subrecipient Initiation:*

- a) Subrecipient requests Closeout when a large project is 100% complete, on an individual basis.
  - i) Request Closeout through *Large Project Closeout Request letter* found in [Appendix 12-C: Process Tools and Enablers](#), or
  - ii) Request Closeout through PR DRS

**Note:** Project is assigned to a Closeout Specialist based on location and type of disaster. See Closeout Assignment section above for additional details.

- b) Closeout Specialist reviews project to confirm eligibility for Closeout

**Note:** Project is considered eligible for Closeout when the work is 100% complete; expenses have been supported, reviewed, approved, and paid; and there are no pending version requests, appeals, or OIG audits.

- c) Closeout Specialist sends the approval or denial *Closeout Acknowledgement communication* found in [Appendix 12-C: Process Tools and Enablers](#).
  - i) Scan, if necessary, and upload *Large Project Closeout Request letter*
  - ii) If the Closeout request was denied, the project is no longer in the Closeout process

#### *Option 2, Closeout Specialist Initiation:*

Once assigned a PW, the Closeout Specialist will:

- a) Review project to confirm eligibility for Closeout
- b) Send *Closeout Acknowledgement communication* found in [Appendix 12-C: Process Tools and Enablers](#)

**Note:** The Closeout Acknowledgement communication includes acknowledgement of project initiation into Closeout, an overview of the purpose and process of Closeout, document retention needs, and potential upcoming visits.

- c) Scan, if necessary, and upload Subrecipient response for records, if submitted physically
- d) Proceed to Specialist Review

## 2) CL Specialist Review

The first stage of the Specialist Review for large projects is the **Desk Review**. The Closeout Specialist completes the Desk Review.

- a) Determine if a site inspection has already been completed for the project. Site inspections are required for permanent work projects (categories C through G).
  - i) If a site inspection has been complete, obtain site inspection documentation
  - ii) If a site inspection has not been completed, contact the Site Inspection Team to initiate a site inspection for the project. Once the site inspection is complete, obtain the site inspection documentation

**Note:** The Closeout Specialist does not perform the physical site inspection. Instead, the Closeout Specialist notifies the Site Inspection Team, who performs the site inspection to verify the work was completed in accordance with the award agreement.

- b) Determine if a time extension is needed
  - i) If the work completion date is outside of the Period of Performance for the project, submit a time extension request. Further guidance on Period of Performance can be found in [Appendix 12-G: Work Completion Time Frames](#).
    - (1) If the time extension is approved, continue
    - (2) If the time extension is not approved, inform the Subrecipient of the time extension denial and explain how it affects project Closeout
  - ii) If the time extension is not necessary, continue
- c) Collect necessary documentation for Closeout from PR DRS system and EMMIE, as necessary, including, but not limited to:
  - i) All versions of the PW
  - ii) Reimbursement requests and supporting documentation
  - iii) Documents pertaining to special conditions, such as environmental permits
  - iv) Insurance proceeds and other funding source supporting documentation
  - v) Insurance obtain and maintain supporting documentation
  - vi) For further details, see the *Closeout Documentation Checklist* in [Appendix 12-C: Process Tools and Enablers](#).
- d) Perform a review of general documentation related to the PW, including:
  - i) Environmental and Historic Preservation (EHP) - Assess whether necessary and applicable permits and / or waivers were obtained related to EHP. Additionally, if there are any significant deviations from the approved scope of work in the original PW, the Closeout Specialist will consult with FEMA's Regional Environmental Officer (REO) after notifying the Closeout Supervisor. The REO or their delegate must also be included in the Closeout review of any project that has conditions identified by the Environmental/ Historic Preservation reviewers;
  - ii) Insurance - Assess whether the Subrecipient obtained the necessary insurance required for award approval and necessary reductions are made correctly (e.g., obtain and maintain requirements, mandatory National Flood Insurance Program requirements);

- (1) If the recipient was refused or denied insurance proceeds from the insurer, request the denial letter
  - (2) If the property was not insured, request a letter from the applicant certifying that no insurance was in place during the disaster and the reason why there was no insurance
  - (3) If there was an insurance payment, confirm there was no duplication of benefits on the PW
  - iii) Other Sources of Funding - Determine whether the Subrecipient received any other sources of funding for this project to identify possible duplication of benefits. If a duplication of benefits is identified, include the supported amount as a potential worksheet adjustment;
  - iv) Mitigation - Verify mitigation was approved and the scope of work is completed, noting any discrepancies and make needed adjustments using the appropriate cost line items. Mitigation projects must be cost-effective. Any cost overruns on a mitigation project require additional analysis to determine cost reasonableness and eligibility;
  - v) Improved Project - Verify the Subrecipient spent the approved estimate of eligible costs on the approved Improved Project. Verify that, at a minimum, the Subrecipient restored the pre-disaster function of the damaged facility;
  - vi) Alternate Project - Verify the Subrecipient used the approved estimate of eligible costs on the approved Alternate Project. Verify that the Subrecipient completed the project in accordance with the proposed Alternate Project request; and
  - vii) Fixed-Cost Estimates - If the Subrecipient elected to participate in the Alternative Procedures for Permanent Work found in FEMA 428, the PW is written based on a fixed-cost estimate, found in [Appendix 12-H: Fixed-Cost Estimates Closeout](#).
- e) Begin *Closeout Workbook*
- i) Use *Closeout Workbook* template found in [Appendix 12-C: Process Tools and Enablers](#) and the PW to begin documenting Closeout information, this information includes:
    - (1) Subrecipient information
    - (2) Obligated amounts by work types
    - (3) Summary of activity
    - (4) PW adjustments
    - (5) Insurance and other funding source documentation
    - (6) Cost share
    - (7) Version tracker
    - (8) Detailed cost line item breakdown by expense type
    - (9) Testing requirements including procurement
  - ii) Enter expenses into their respective tabs, by work type, in the *Closeout Workbook*
  - iii) Reconcile the PW obligated estimated expenses to validated expenses by category of work, including DAC, if applicable
  - iv) Identify the following
    - (1) Existing cost over-runs
    - (2) Existing cost under-runs

**Note:** Existing cost over-runs and existing cost under-runs are defined as differences which exist when comparing reimbursed expenses to the eligible obligated expenses in the most recent version of the PW.

(3) Unsupported reimbursed expenses

- v) Document any outstanding issues to be resolved through discussions with the COR<sup>3</sup> leads prior to and with the Subrecipient at the Site Review
- f) Determine the Subrecipient sample size using [Appendix 12-D: Desk Review Risk-based Decision Guide](#) and select expenses to achieve this review threshold. Select expenses for the sample from the five applicable summary record types:
  - i) Contract Work (CW)
  - ii) Materials (MS)
  - iii) Rental Equipment (RE)
  - iv) Force Account Labor (FAL)
  - v) Force Account Equipment (FAE)

**Note:** If COR<sup>3</sup> has not yet fully reviewed the PW for completeness and compliance, the Closeout Specialist will review 100%, with the exception of FAL time sheets.

- g) Begin to review chosen sample based on risk ranking percentages in the “Testing” tab of the *Closeout Workbook*. If documentation is not available, make a note to request it at the Site Review.
  - i) During the testing, if the first sample fails, make a note to deobligate unsupported dollars and choose a second sample using the risk ranking guide. See the sampling methodology in Chapter 11 - Subrecipient Management & Monitoring.
  - ii) Review the selected sample to determine if the expenses align with the scope of work and comply with eligibility criteria, such as requirements for competitive procurement, cost reasonableness, and proper contract vehicle

**Note:** Subrecipient risk is determined by the Subrecipient Monitoring Team as documented in Section 11: Subrecipient Management and Monitoring.

- h) Meet with key COR<sup>3</sup> Subrecipient contacts to get background on the Subrecipient. This may include the Grants Analyst, COR<sup>3</sup> Leads, Subrecipient Assistance Managers, FEMA REO, etc. Discuss the following:
  - i) General working relationships
  - ii) State of documentation
  - iii) Outstanding issues
  - iv) Potential dates and attendees for the Site Review
- i) Enter findings into the Closeout Workbook. Make a note to discuss any inconsistencies at the Site Review.
- j) Determine if there are any other PWs ready for Closeout at the Subrecipient before initiating the Site Review and begin the Closeout process for them to consolidate contact with the Subrecipient
- k) Plan logistics for the Site Review

- i) Send the *Inicio Del Proceso De Cierre Letter* and *Closeout Documentation Checklist* found in [Appendix 12-C: Process Tools and Enablers](#) to the Subrecipient and other necessary attendees
- ii) Confirm the date with and send a final invitation to the Subrecipient and other attendees
- iii) Create a list of outstanding observations and documentation needs
- iv) Print a copy of the *Closeout Site Visit Sign-In Sheet* found in [Appendix 12-C: Process Tools and Enablers](#)

The second stage of the Closeout Specialist review is the **Site Visit**. The Closeout Specialist completes the Site Review.

- l) While at the Site Review:
  - i) Review the Closeout process, benefits of Closeout, and logistics of the site visit with the Subrecipient and meeting attendees
  - ii) Request necessary documentation
    - (1) If COR<sup>3</sup> does not already have a copy of the documentation, scan and upload the documentation to PR DRS

**Note:** Use naming conventions found in [Appendix 12-E: Closeout Expense Naming Convention](#).

- iii) Complete outstanding sample testing
- iv) Discuss outstanding observations to see if the Subrecipient has additional support
- v) Update the *Closeout Workbook* with all relevant information
- m) Site Review Follow Up:
  - i) During the review, stay in communication with the Subrecipient gathering necessary documentation and answering questions.
  - ii) If the Subrecipient becomes unresponsive, send the *Site Visit Follow-Up Letter* found in [Appendix 12-C: Process Tools and Enablers](#). This document gives the Subrecipient 7 days to provide necessary documentation.
- n) Once available documentation has been compiled and assessed:
  - i) Complete the *Closeout Workbook*
  - ii) Write a summary of the FEMA recommendation for the project specifying deobligation or an obligation of funds including historical information, vendor information, and special circumstances as necessary. Determine the appropriate scenario below:
    - (1) **Net cost over-run:** If the Subrecipient has provided supporting documentation for additional work and the Closeout Specialist has determined the additional work should be included within the PW scope beyond the value originally obligated by the PW(s), the Closeout Specialist will:
      - (a) Compile the supporting documentation for the cost over-run, this will be submitted to FEMA for final approval to create the Closeout version
      - (b) Give the *Large Project Certification* form found in [Appendix 12-C: Process Tools and Enablers](#) to the Subrecipient to sign, noting the FEMA Recommendation
      - (c) Because there is a version needed, the Subrecipient should not sign off on the P4 until after the final reconciliation step has been completed

- (2) **Net cost under-run:** If the Subrecipient has spent and supported less than what was has been obligated through Closeout versioning to complete the scope of the project, or expenses are unsupported, the Closeout Specialist will:
    - (a) Enter negative expenses associated with the deobligation into PR DRS
    - (b) Give the *Large Project Certification* form found in [Appendix 12-C: Process Tools and Enablers to the Subrecipient to sign, noting the FEMA Recommendation](#)
    - (c) Because there is a version needed, the Subrecipient should not sign off on the P4 until after the final reconciliation step has been completed
  - (3) **Net neutral:** If the Subrecipient has spent and supported exactly what was obligated, the Closeout Specialist will:
    - (a) Give the *Large Project Certification* form found in [Appendix 12-C: Process Tools and Enablers to the Subrecipient to sign, noting the FEMA Recommendation.](#)
    - (b) Print a copy of the P4 from EMMIE, filtering for the projects you will be closing, for the Subrecipient to sign
  - iii) Prepare the Closeout Review Report (CRR) found in Appendix C: Process Tools and Enablers. This document summarizes Closeout reviews and includes information pertaining to cost over-runs, deobligations, administrative fees, and special considerations.
  - iv) Compile the Closeout Packet. For large projects, this includes copies of:
    - (1) CRR
    - (2) All files and invoices to the total Project cost, including over-runs, procurement documentation, and any methodologies used to build out support
    - (3) All versions of the PW
    - (4) Subrecipient Agreement
    - (5) Closeout Workbook
    - (6) Time extensions indicating the work was completed within the period of performance, if necessary
    - (7) Official Letters, this may include:
      - (a) FEMA Letter extending the period of performance, if necessary
      - (b) FEMA Letter clarifying the incident report periods
      - (c) FEMA Letter clarifying the emergency procurement timeframe
      - (d) Emergency procurement timeframe opt-in letters from the Governor, Municipalities, etc.
- Note:** If the Governor of Puerto Rico extends the emergency procurement timeframe, the State Agencies are automatically opted-in; the municipalities need to provide additional information showing that they adopted the Governor’s Executive Order dated before the storm.
- (8) Inspection reports indicating the work has been completed
  - (9) Insurance documentation, this may include:
    - (a) Proof of loss
    - (b) Statement of loss

- (c) Insurance policy in place at the time of the disaster
- (d) Insurance policy to prove obtain and maintain
- (e) Insurance settlement documents
- (f) Insurance Commissioner's Certificate
- (10) Additional sources of funding documentation
- (11) Specialty supporting documentation (e.g. Environmental and Historical requirement documentation, etc.)

**Note:** Environmental and historical documentation may be required for Category A work related to temporary debris site approvals.

- (12) Audit reports, if available
  - (13) Signed project certifications
  - (14) Signed P4
  - vi) Scan and upload all documents to PR DRS
  - vii) Submit the Closeout Packet to the Closeout Supervisor for approval.
- c) Proceed to Supervisor Approval

### 3) CL Supervisor Approval

The Closeout Supervisor completes the Supervisor Approval.

- a) Review Closeout Packet
- b) Modify minor values and comments or return the review to the Closeout Specialist for major corrections and resubmission
- c) Add the PW to the Closeout tracking spreadsheet with the PW and transmittal letter information
- d) Proceed to COR<sup>3</sup> Management Approval

### 4) CL COR<sup>3</sup> Management Approval

COR<sup>3</sup> Management completes the COR<sup>3</sup> Management Approval.

- a) Review Closeout Packet
- b) Modify minor values and comments or return the review to the Closeout Supervisor for major corrections and resubmission
- c) Sign transmittal letter
- d) Update the status of the PW on the Closeout tracking spreadsheet with the PW and transmittal letter information
- e) Proceed to FEMA Review

### 5) CL FEMA Review

A FEMA representative completes the FEMA review.

- a) If complete and accurate, FEMA creates a Closeout version as needed and closes the project. For reporting purposes, this is known as the federal Closeout date
- b) If incomplete or inaccurate, FEMA returns the Closeout Packet to COR<sup>3</sup> Management. The Closeout Supervisor works with the Closeout Specialist to address open items and resubmit the PW
- c) Proceed to Finance Reconciliation

### 6) CL Finance Reconciliation

The Finance team completes a financial reconciliation of the project based on FEMA's final determination. A Closeout Specialist may assist administratively with this step to deliver the request.

- a) Review FEMA's final determination
- b) Make necessary financial requests for obligations or deobligations to Finance using the previously created over-run supporting documentation packet.

### 7) CL Final Administrative Tasks

The Closeout Specialist closes the project administratively.

- a) If a version was required for Closeout and the Subrecipient has not yet signed a P4, print a copy of the P4 from EMMIE, filtering for the projects you will be closing, for the Subrecipient to sign
- b) Send the *Subrecipient the Confirmation of Closeout Letter* found in Appendix 12-C: Process Tools and Enablers to confirm the project is closed once the P4 is signed
- c) Scan and upload the P4 and the final determination letter from FEMA to the system
- d) Update the Closeout tracker
- e) Move the project to "Closed"

**Note:** If the closed project is the last project in a specific disaster for the Subrecipient, initiate Subrecipient Closeout. In addition, the Subrecipient should be reminded of the retention period for documentation.

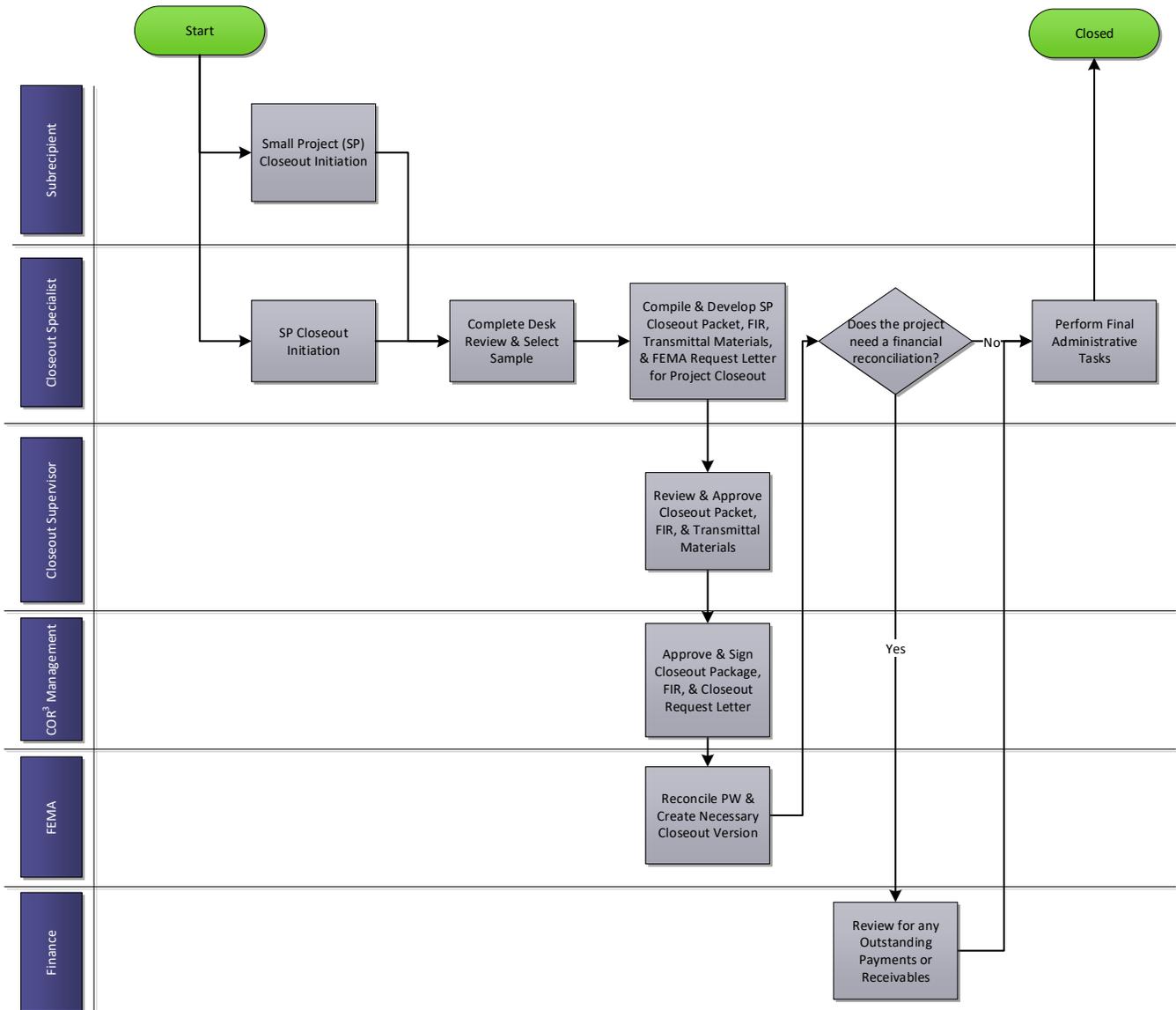
## Small Project Closeout Process

### Small Project Closeout Process Introduction

Upon completion of all small projects for a specific disaster, small project Closeout begins.

### Small Project Closeout Process Flow

An overview of the small project Closeout process flow is shown below.



## Small Project Closeout Process Overview

Upon completion of all small projects for a specific disaster, the small project Closeout begins. The procedures performed are as follows:



Small projects are closed together for each Subrecipient unless a Subrecipient decides to do a small project netting. In this process, the Closeout Specialist will review 100% of each small project to confirm for eligibility, compliance, and completeness.

## Small Project Closeout Detailed Process Steps

### 1) CL Initiation

Either the Closeout Specialist or the Subrecipient begins the Closeout Initiation process. The final owner of the step is the Closeout Specialist.

#### *Option 1, Subrecipient Initiation:*

- a) Subrecipient requests Closeout when work for all small projects in a disaster are 100% complete, on an individual basis.
  - i) Request Closeout through *Small Project Closeout Request letter* found in [Appendix 12-C: Process Tools and Enablers](#), or
  - ii) Request Closeout through PR DRS

**Note:** Project is assigned to a Closeout Specialist based on location and type of disaster. See Closeout Assignment section above for additional details.

- b) Closeout Specialist reviews project to confirm eligibility for Closeout

**Note:** Project is considered eligible for Closeout when work is 100% complete; expenses have been supported, validated, and paid; and there are no pending version requests, appeals, or OIG audits.

- c) Closeout Specialist sends the approval or denial *Closeout Acknowledgement communication* found in [Appendix 12-C: Process Tools and Enablers](#)
  - i) Scan, if necessary, and upload Large Project Closeout Request letter, if submitted physically
  - ii) If the Closeout request was denied, the project is no longer in the Closeout process

#### *Option 2, Closeout Specialist Initiation:*

On a monthly basis, the Closeout Supervisor will review quarterly reports to determine which Subrecipients have reported all small projects are 100% complete for a specific disaster. Those projects are given to the Closeout Specialists according to Closeout assignments. Then the Closeout Specialist will:

- a) Confirm all small projects report 100% complete
- b) Review additional criteria to confirm eligibility for Closeout
- c) Send *Closeout Acknowledgement communication* found in [Appendix 12-C: Process Tools and Enablers](#)

**Note:** The Closeout Acknowledgement communication includes acknowledgement of project initiation into Closeout, an overview of the purpose and process of Closeout, document retention needs, and potential upcoming visits.

- d) Scan, if necessary, and upload Subrecipient response for records, if submitted physically
- e) Proceed to Specialist Review

## 2) Specialist Review

The Closeout Specialist completes the Specialist Review.

- a) Determine if a time extension is needed
  - i) If the work completion date is outside of the Period of Performance for the project, submit a time extension request. Further information can be found in [Appendix 12-G: Work Completion Time Frames](#).
  - ii) If the time extension is approved, continue
  - iii) If the time extension is not approved, inform the Subrecipient of the time extension denial and an explanation of how it affects project Closeout
  - iv) If the time extension is not necessary, continue
- b) Determine the Subrecipient risk ranking using [Appendix 12-D: Desk Review Risk-based Decision Guide](#) to determine the sample size for the project review
- c) Choose a selection of small projects based on the risk ranking to confirm a site inspection has been complete. If the first sample fails, make a note to deobligate necessary dollars and choose a second sample using the risk ranking guide.
- d) Collect necessary documentation for Closeout, including, but not limited to:
  - i) All versions of a PW
  - ii) Reimbursement requests and supporting documentation
  - iii) Documents pertaining to special conditions, such as environmental permits
  - iv) Insurance proceeds supporting documentation
  - v) Insurance obtain and maintain supporting documentation
  - vi) For further details, see the *Closeout Documentation Checklist* in [Appendix 12-C: Process Tools and Enablers](#)
- e) Prepare the CRR found in [Appendix 12-C: Process Tools and Enablers](#) for the project. This document summarizes the Closeout reviews.
- f) Compile the Closeout Packet. For small projects, this includes copies of:
  - i) CRR
  - ii) All files and invoices to the total Project cost, including over-runs, procurement documentation, and any methodologies used to build out support
  - iii) All versions of the PW
  - iv) Time extensions indicating the work was completed within the period of performance

- v) Official Letters, this may include:
  - (1) FEMA Letter extending the period of performance, if necessary
  - (2) FEMA Letter clarifying the incident report periods
  - (3) FEMA Letter clarifying the emergency procurement timeframe
  - (4) Emergency procurement timeframe opt-in letters from the Governor, Municipalities, etc.
- vi) Inspection reports indicating the work has been completed
- vii) Insurance documentation, this may include:
  - (1) Proof of Loss
  - (2) Statement of loss
  - (3) Insurance policy in place at the time of the disaster
  - (4) Insurance policy to prove obtain and maintain
  - (5) Insurance settlement documents
  - (6) Insurance Commissioner's Certificate
- viii) Additional sources of funding documentation
- ix) Specialty supporting documentation (e.g. Environmental and Historical requirement documentation, etc.)
- x) Audit reports, if available
- xi) Signed project certifications
- xii) Signed P4
- g) Scan and upload all documents to PR DRS
- h) Submit the FIR, Closeout Packet, and transmittal letter to the Closeout Supervisor for approval.
- i) Proceed to Supervisor Review

### **3) CL Supervisor Review**

The Closeout Specialist completes the Site Review. This step follows the same steps as large project Closeout.

### **4) CL COR<sup>3</sup> Approval**

COR<sup>3</sup> Management completes the COR<sup>3</sup> Approval. This step follows the same steps as large project Closeout.

### **5) CL FEMA Review**

A FEMA Representative completes the FEMA review. This step follows the same steps as large project Closeout.

### **6) CL Finance Reconciliation**

The Finance team completes a financial reconciliation of the project based on FEMA's final determination. A Closeout Specialist may assist administratively with this step to deliver the request. This step follows the same steps as large project Closeout.

**7) CL Final Reconciliation**

The Closeout Specialist closes the project from an administrative standpoint. This step follows the same steps as large project Closeout.

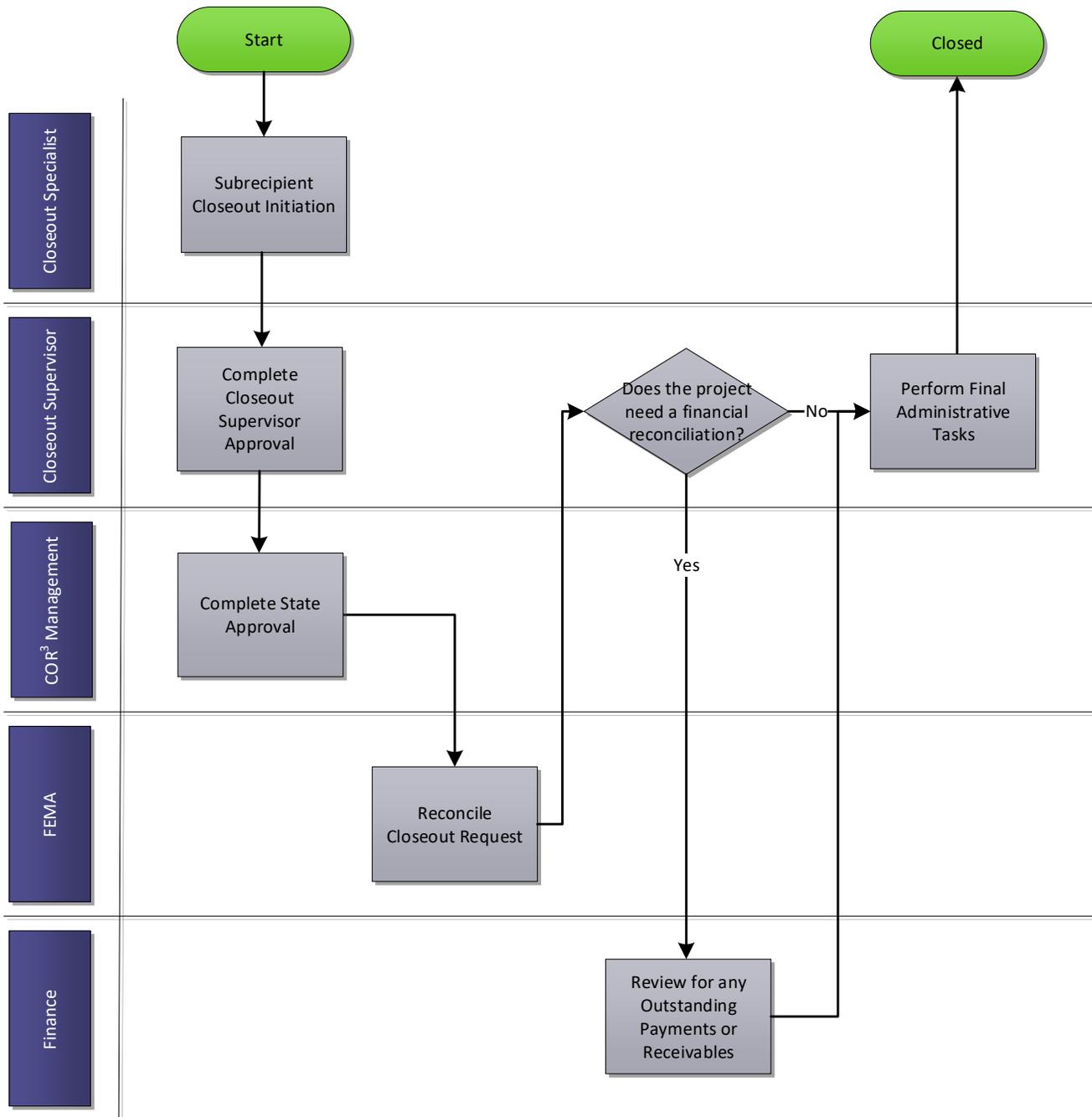
## Subrecipient Closeout Process

### Subrecipient Closeout Process Introduction

Upon Closeout of all projects for a Subrecipient in a specific disaster, the Closeout Specialist initiates Subrecipient Closeout. During this process, the Closeout Specialist confirms with the Subrecipient that all projects and administrative funds for a disaster have been closed according to federal guidelines.

### Subrecipient Closeout Process Flow

The Subrecipient Closeout process flow is shown below.



## Subrecipient Closeout Process Overview

Upon closure of all projects for a specific Subrecipient in a specific disaster, Subrecipient Closeout begins. The procedures performed are as follows:



Prior to step 1. Subrecipient Closeout Initiation, Subrecipients ready for Closeout will be held in a queue called 0. CL Pending. After step 6. Final Administrative Tasks, closed Subrecipients will be held in a queue called 7. Subrecipient Closeout.

## Subrecipient Closeout Detailed Process Steps

### 1) Subrecipient Closeout Initiation

The Closeout Specialist completes the Subrecipient Closeout Initiation.

- a) Confirm all projects in a disaster have been closed according to standard Closeout procedures
- b) Review the total payments to confirm the correct administrative rates were applied to the account and paid to the Subrecipient
- c) Compile necessary documentation to verify payments match the total approved amount
  - i) If the payments do not match the approved amount, consult with the Closeout Supervisor.
- d) Confirm with the Subrecipient that they are ready to close out the particular disaster
- e) Draft a transmittal letter to FEMA to request Subrecipient Closeout
- f) Proceed to Supervisor Approval

### 2) Supervisor Approval

The Closeout Supervisor completes the Supervisor Approval.

- a) Review request for Subrecipient Closeout
- b) Modify minor values and comments or return the review to the Closeout Specialist for major corrections and resubmission
- c) Update the Closeout tracker
- d) Proceed to COR<sup>3</sup> Approval

### 3) COR<sup>3</sup> Approval

COR<sup>3</sup> Management completes the COR<sup>3</sup> Approval.

- a) Review request for Subrecipient Closeout
- b) Modify minor values and comments or return the review to the Closeout Supervisor for major corrections and resubmission
- c) Update the Closeout tracker
- d) Proceed to COR<sup>3</sup> Approval

#### 4) FEMA Review

A FEMA representative completes the FEMA Review.

- a) Review request for Subrecipient Closeout
- b) Modify minor values and comments or return the review to the Closeout Supervisor for major corrections and resubmission
- c) Proceed to Subrecipient Closeout

#### 5) Finance Reconciliation

The Finance team completes a financial reconciliation of the Subrecipient based on any FEMA final determinations. A Closeout Specialist may assist administratively with this step to deliver the request.

- a) Review FEMA's final determination
- b) Make necessary financial requests for obligations or deobligations to Finance.

#### 6) Final Administrative Tasks

The Closeout Specialist closes the Subrecipient administratively.

- a) Update the Closeout tracker
- b) Scan and upload any necessary documentation to the system
- c) Notify the Subrecipient their disaster has been closed
- d) Move the Subrecipient to "Closed"

**Note:** The Subrecipient should be reminded of the retention period for documentation.

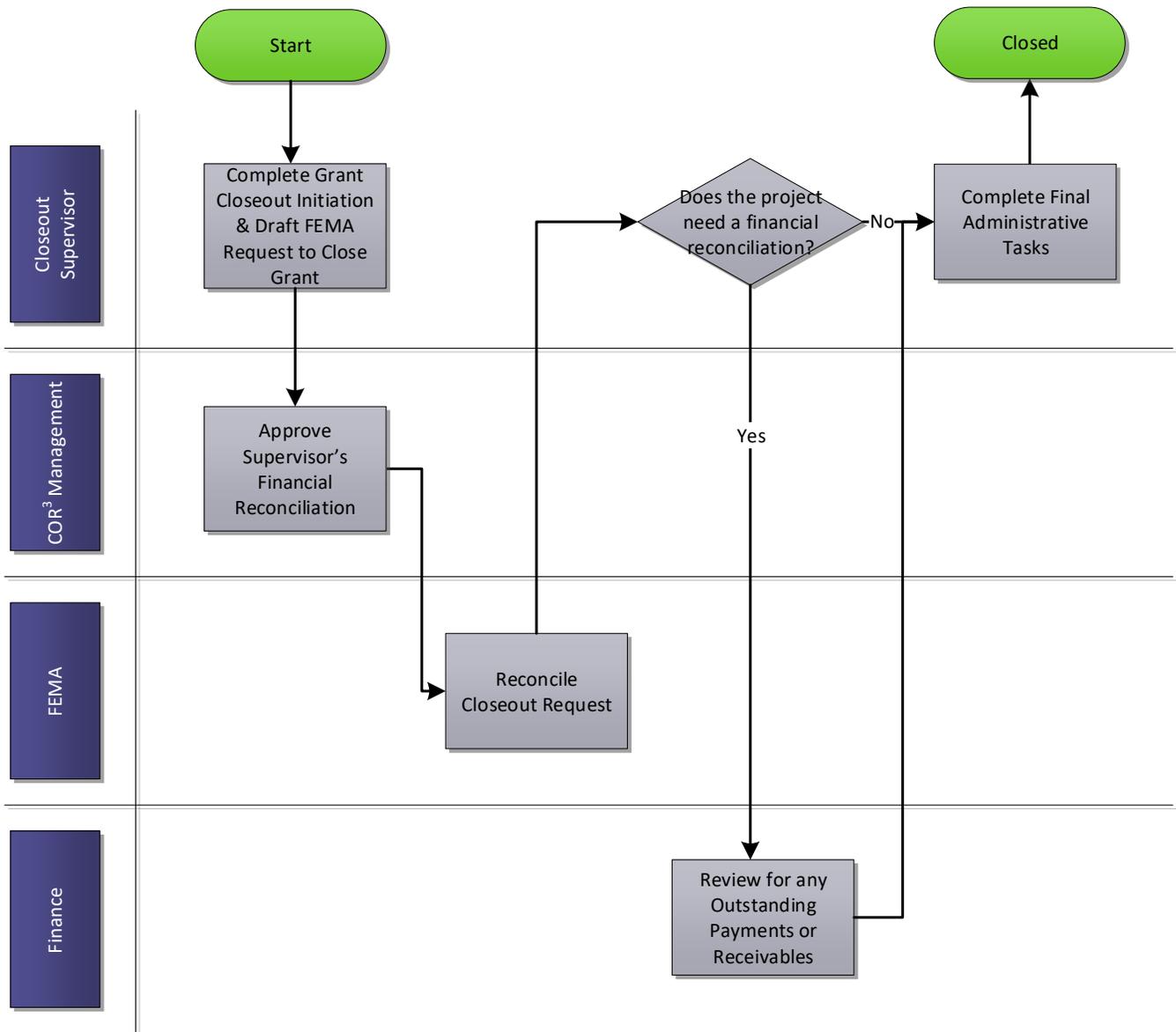
## Grant Closeout Process

### Grant Closeout Process Introduction

Upon closure of all Subrecipients for a specific disaster, Grant Closeout begins.

### Grant Closeout Process Flow

The grant Closeout process is shown below.



## Grant Closeout Process Overview

Upon closure of all Subrecipients in a disaster, Grant Closeout begins. The procedures performed are as follows:



Prior to step 1. Grant Closeout Initiation, grants ready for Closeout will be held in a queue called 0. CL Pending. After step 5. Final Administrative Tasks, closed grants will be held in a queue called 6. Grant Closeout.

## Grant Closeout Detailed Process Steps

### 1) Grant Closeout Initiation

The Closeout Supervisor completes the Grant Closeout Initiation.

- a) Confirm all Subrecipients in a disaster have been closed according to standard Closeout procedures
- b) Review the total payments to confirm the correct administrative rates were applied to the account and paid out for the disaster
- c) Compile necessary documentation to verify payments match the total approved amount
  - i) If the payments do not match the approved amount, consult with COR<sup>3</sup> Management
- d) Draft the final Financial Status Report
- e) Draft a transmittal letter to FEMA to request Grant Closeout
- f) Proceed to COR<sup>3</sup> Management Approval

### 2) COR<sup>3</sup> Management Approval

COR<sup>3</sup> Management completes the COR<sup>3</sup> Management Approval.

- a) Review request for Grant Closeout and the final Financial Status Report
- b) Modify minor values and comments or return the review to the Closeout Supervisor for major corrections and resubmission
- c) Update the Closeout tracker
- d) Proceed to FEMA Review

### 3) FEMA Review

A FEMA representative completes the FEMA Review.

- a) Review request for Grant Closeout
- b) Modify minor values and comments or return the review to the Closeout Supervisor for major corrections and resubmission
- c) Proceed to Grant Closeout

#### **4) Finance Reconciliation**

The Finance team completes a financial reconciliation of the Subrecipient based on any FEMA final determinations. A Closeout Specialist may assist administratively with this step to deliver the request.

- a) Review FEMA's final determination
- b) Make necessary financial requests for obligations or deobligations to Finance.

#### **5) Final Administrative Tasks**

The Closeout Supervisor closes the grant administratively.

- a) Update the Closeout tracker
- b) Scan and upload any necessary documentation to the system.
- c) Notify the Subrecipient their disaster has been closed
- d) Move the Grant to "Closed"

## Appendices

### Appendix 12-A: Policy and Procedures Specific Terms and Acronyms

Term	Acronym
Code of Federal Regulations	CFR
Closeout Packet	COP
Central Office for Recovery, Reconstruction, and Resiliency	COR <sup>3</sup>
Closeout Review Report	CRR
Direct Administrative Costs	DAC
Department of Homeland Security	DHS
Disaster Recovery Federal Funds Management	DRFFM
Environmental and Historic Preservation	EHP
Federal Emergency Management Agency	FEMA
Final Financial Report	FFR
Hazard Mitigation Grant Program	HMGP
Public Private Partnership	P3
Public Assistance	PA
Private Non-Profits	PNP
Period of Performance	POP
Puerto Rico	PR
Puerto Rico Disaster Recovery Solution	PR DRS
Pass Through Entity	PTE
Project Worksheet	PW
Regional Environmental Officer	REO
Request for Reimbursement	RFR

Refer to Chapter 1 (Appendix 1-A) of the Disaster Recovery Federal Funds Management Guide for general Disaster acronyms.

## Appendix 12-B: Roles and Responsibilities

Role	Responsibilities
Closeout Specialist	The Closeout Specialists are responsible for executing Closeout procedures for individual large and small projects.
Closeout Supervisor	The Closeout Supervisor provides QA/QC for the Closeout Specialist. They review Closeout Packets submitted by the Closeout Specialists and report to the Closeout Manager.
Closeout Team	The Closeout Team includes the Closeout Specialists and Closeout Supervisors.
COR <sup>3</sup> Management	COR <sup>3</sup> Management is comprised of the COR <sup>3</sup> PA Officer, and/or the PA Officer delegates.
Site Inspection Team	The site inspection team performs the physical site inspections as necessary during Closeout.
Finance	The Finance team includes the COR <sup>3</sup> staff responsible for making payments to and requesting deobligated funds back from Subrecipients.

### Appendix 12-C: Tools and Process Enablers

Title	Large Project	Small Project
Closeout Acknowledgement Communication	Closeout Acknowledgement Approval Letter (WIP) Closeout Acknowledgement Denial Letter (WIP)	
Closeout Certification		
Closeout Documentation Checklist		
Closeout Initiation Letter		
Closeout Review Report		
Closeout Site Inspection Form	Closeout Site Inspection Form (WIP)	
Closeout Site Visit Sign-In Sheet		N/A
Closeout Workbook		CO Workbook Procedures (WIP)
Confirmation of Closeout	Large Project Confirmation of Closeout (WIP)	Small Project Confirmation of Closeout (WIP)
Site Visit Follow Up Letter	Site Visit Follow Up Letter (WIP)	N/A
Subrecipient Closeout Request Letter	Large Project Closeout Request (WIP)	Small Project Request for Closeout (WIP)

## Appendix 12-D: Desk Review Risk-based Decision Guide

The following table highlights the percentage of review required based on a Subrecipient’s risk ranking:<sup>8</sup>

Subrecipient Risk Ranking	1 <sup>st</sup> Review	2 <sup>nd</sup> Review	3 <sup>rd</sup> Review	4 <sup>th</sup> Review
 Low Risk	5%	+5% = 10%	+20% = 30%	+70% = 100%
 Medium Risk	10%	+10% = 20%	+20% = 40%	+60% = 100%
 High Risk	20%	+20% = 40%	+40% = 100%	N/A

A sample passes if there are zero inaccuracies found within it. The following describes the decision flow Closeout Specialists will use in conducting Closeout reviews:

### Determine if 1<sup>st</sup> Sample Passes Review

- YES: Another sample is not required; continue with Closeout
- NO: Once the Subrecipient addresses deficiencies, validate findings for all sampled expenses. Proceed to 2nd review.

### Determine if 2<sup>nd</sup> Sample Passes Review

- YES: Another sample is not required; continue with Closeout
- NO: Once the Subrecipient addresses deficiencies, validate findings for all sampled expenses. Proceed to 3rd review.

### Determine if 3<sup>rd</sup> Sample Passes Review

- YES: Another sample is not required; continue with Closeout
- NO: For Low and Moderate Risk Subrecipients: Once the Subrecipient addresses deficiencies, validate findings for all sampled expenses. Proceed to 4th review.
- NO: For High Risk Subrecipient: Notify the Section Chief of the project’s status. Potential actions may consist of:
  - Determining a potential deobligation amount; and
  - Requesting a version.

### Determine if 4<sup>th</sup> Sample Passes Review

- YES: Another sample is not required; continue with Closeout

<sup>8</sup> For **Large PWs**, the percentage means the percent of **expenses** reviewed from each PW; For **Small PWs**, the percentage means the percent small PWs reviewed from the total amount of the Subrecipient’s small PWs.

- NO: Notify the Closeout Supervisor of the project's status. Potential actions may consist of:
  - Determining a potential deobligation amount; and
  - Requesting a version.

## Appendix 12-E: Closeout Expense Naming Convention

Document Type	Naming Convention
Disaster-Related	ApplicantName_DR#_DocumentType_[Custom].*
PW-Related	DR#_PW#_DocumentType_[Custom].*
Payment-Related	DR#_PW#_Expense#_WorkType_Vendor_DocumentType_[Custom].*
Procurement	DR#_PW#_Vendor Name_DocumentType_[Custom].*
Correspondence	DR#_PW#_SentDate_Type of Correspondence_[Custom].*

\*Please modify the [Custom] to add any required additional information.

## Appendix 12-F: Use of Excess Funds

The appendix applies to Alternative Procedures for Permanent Work and Alternative Procedures for DAC.

### Allowable Use of Funds

The Recipient or Subrecipient may use all or part of the excess funds for:

- Cost-effective activities that reduce the risk of future damage, hardship, or suffering from a major disaster; and
- Other activities to improve future PA operations or planning.

The Recipient or Subrecipient may use the funds for hazard mitigation on disaster-damaged facilities or facilities not damaged in the declared disaster. However, the mitigation must be applied to facilities that would otherwise be eligible for PA funding. Mitigation measures must be cost effective; the Recipient or Subrecipient is responsible for documenting cost effectiveness.

### Unallowable Use of Funds

The funds may not be used for the restoration of facilities or equipment, or to mitigate facilities, not otherwise eligible for PA funding pursuant to Section 406 of the Stafford Act. The funds may also not be used to:

- Meet the local cost share for PA projects or other Federal awards;
- Pay down debts;
- Cover budget shortfalls;
- Meet operating expenses; or
- Conduct planning and design that go beyond the work related to the PW(s), such as community-wide planning.

## Appendix 12-G: Work Completion Time Frames

Per the Public Assistance Program and Policy Guide, FP 104-009-2, dated April 2018, the work completion time frames (or project deadlines) are defined as the following:

- For debris clearance and emergency protective measures, the timeframe for completing eligible work is six months after the date of declaration of the disaster;
- For permanent work, the timeframe for completing eligible work is 18 months after the date of declaration of the disaster;
- The Federal awarding agency or COR3 may approve extensions when requested by the Subrecipient. Per FEMA 321, if not changing the scope of work or cost, the COR<sup>3</sup> has the authority to extend the time frames for completion of debris removal and emergency work by 6 months and permanent work by 30 months. For all other extensions, the COR<sup>3</sup> must request the extension from FEMA.

## Appendix 12-H: Fixed-Cost Estimates Closeout

### Net cost over-run for a fixed-cost estimate

If the final actual costs are more than the approved fixed-cost PW, a net cost over-run for a fixed-cost estimate exists and FEMA will not approve additional funds unless the over-run is due to a variance between the amount of the actual insurance proceeds received and the amount of the anticipated insurance proceeds used to calculate the reduction.

- If the cost over-run is due to a variance between the amount of actual insurance proceeds received and the amount of the anticipated insurance proceeds used to calculate the reduction, use the procedures for Net Cost Over-Run.
- If the cost over-run is not due to a variance between the amount of actual insurance proceeds received and the amount of the anticipated insurance proceeds used to calculate the reduction, the additional costs are not eligible. The project must still be documented up to total project cost.

### Net cost under-run for fixed-cost estimate

If the final actual costs are less than the approved fixed-cost PW, a net cost under-run for a fixed-cost estimate exists, and the Subrecipient has the opportunity to use the excess funds. If a Subrecipient has one or multiple fixed cost PWs, they still adhere to the standard procedures to request Closeout for each large project within 90 days of the end of the final project's completion date or period of performance, whichever is sooner, from the Recipient. However, for multiple fixed-cost PWs, the Subrecipient does not submit a request to use excess funds until its 90 days after the last project is complete. When the Subrecipient has completed all of the approved scopes of work in all of its PWs and the Closeout Specialist has determined the actual costs incurred are less than the agreed upon aggregate cost estimate, the Closeout Specialist will:

- Generate the Notification of Excess Funds Letter for the Subrecipient
- Review the Request to Use Excess Funds with the description of their intended use of the excess funds, including the scope of work and project timeline. The use must be consistent with the guidelines included in [Appendix 12-F: Use of Excess Funds](#).