

## 7. AUDIT & CLOSEOUT

### 7.1 Project Closeout

Project closeout is the process by which the Department determines the awardee has completed the project according to the HOME Contract. This means that the acquisition and construction/rehabilitation have been completed, funds have been drawn and expended, occupancy in compliance with the rules has been achieved, and all required reports and documentation has been submitted.

Project closeout will occur after the Department has completed the initial compliance review of the project and monitoring clearance is achieved with regard to project implementation and initial occupancy. In addition, the awardee must have fulfilled all audit requirements satisfactorily, as discussed below.

However, project closeout does not end an awardee's obligations regarding fulfillment of any ongoing obligations during the affordability period and post-closeout record keeping requirements. The Department continues monitoring the awardee's performance through all affordability periods, especially for rental project.

Furthermore, some awardees may have program income and reporting requirements beyond the affordability period.

#### 7.1.1 Closeout Reports

The final reporting forms include:

- The Final Performance Report – summarizes actions taken by the awardee in implementing the project. This report must be submitted within 3 months of the project's last drawdown.
- The Final Financial Report – details costs for the activities completed under the grant accounting for federal and non-federal funds. This report also must be submitted within 3 months of the project's last drawdown.
- The Final Wage Compliance Report – measures compliance with labor standards on the project, if applicable. This report must be submitted within 3 months of the project's last drawdown. See Chapter 12 for additional guidance on Construction & Labor Standards.

The forms with instructions are available from the Department's website under Reporting Forms & Templates at: . <https://opportunity.nebraska.gov/program/home/#forms>.

### 7.2 Audit Requirements

#### 7.2.1 Notification of Annual Audit

The Department requires all HOME awardees, regardless of the entity type, to comply with **24 CFR 200**: *Single audit*. A non-Federal entity that expends \$750,000 or more during the non-

Federal entity's fiscal year in Federal awards must have a single audit conducted in accordance with 24 CFR Part 200 Subpart F Scope of audit except when it elects to have a program-specific audit conducted in accordance with paragraph (c) of this section.

The Department does recommend that entities conduct an audit annually, regardless of the amount of expenditures.

### **7.2.2 Auditor Selection**

Awardees that are required to have a single audit must follow federal procurement procedures in selecting an auditor to perform the audit.

The use of a Request for Proposal is generally the most appropriate method of procurement since auditor qualifications are critical to having a proper audit performed. Criteria for selection of an auditor may include previous experience with audits of HOME or other federal programs and single audits. Additional information should be obtained to assure that the auditor is a CPA or licensed public accountant. Verification of the completion and timeliness of previous audits should be made and an assurance that the auditor is independent.

### **7.2.3 Single Audit Costs**

If an awardee is required to have a single audit, they may charge each open federal grant a portion of the audit costs for the fiscal year audited. The allowable portion of audit costs to be charged to each grant is determined by dividing the expenditures of a federal grant in a fiscal year by the total expenditures of the local government in that year. The resulting percentage is then multiplied by the total audit cost to determine the allowable audit cost for that grant.

If the awardee feels that the allowable audit cost determined using the calculation method discussed above does not reasonable reflect a HOME grant's share of the audit cost, the awardee may request that the Department grant a waiver of this provision and approval of a greater share of the audit cost to be charged to that grant. The request must include information from the auditor as to why the calculated audit cost is not representative of the actual audit costs incurred.

Audit costs may only be charged to the awardee's general administration activity under the approved HOME budget. If an awardee's budget does not contain general administration as a use for HOME funds, the budget may be amended to move HOME funds from another use to general administration if requested by the awardee and approved by the Department.

### **7.2.4 Audit Submission**

Completed audits must be received by the Department the earlier of 30 days after the entity receives the auditor's report or nine months after the end of the audit period. For example, an entity with a September 30 fiscal year-end date would be required to submit the audit 30 days from when the audit is received, but no later than nine months after the entity's year-end or June 30 of the following year. If an audit is not received by the appropriate date, the Department will consider sanctions such as suspending payments until the audit is conducted.

Audits must be conducted in accordance with Generally Accepted Government Auditing Standards and 24 CFR 200.501. The auditor's responsibilities are described in Subpart E. Program-specific audit requirements are found in 24 CFR 200.501(c).

The appropriate CFDA number must be used in the Schedule of Expenditures of Federal Awards, 14.239 for HOME. The HOME grant number and amount must also be identified in this schedule. Local expenditures (matching funds, etc.) should not be included in this schedule.

The entity is responsible for follow-up and corrective action on all audit findings. At the completion of the audit, the auditee shall prepare a corrective action plan to address each audit finding included in the current year auditor's report. The corrective action plan shall provide the name(s) of the contact person(s) responsible for corrective action, the corrective action planned, and the anticipated completion date.

Upon completion of the audit each entity must:

1. Submit a copy of the single audit to the Department; or
2. If there were no single audit findings or questioned costs, the entity may provide written notification to the Department that an audit was conducted in accordance with A-133 (including the period covered by the audit, the name, amount and CDFA number of awards from the Department). A statement must be included stating that there were no current or continuing prior year findings or questioned costs.
3. Submit to the Federal Clearinghouse identified in A-133, one copy of a signed data collection form (SF-SAC), and one copy of the reporting package for the clearinghouse to retain as an archival copy, and one copy for each federal awarding agency when the schedule of findings and questioned costs disclosed audit findings relating to federal awards that the federal awarding agency provided directly to the entity. (Awards from the Department come to the entity as pass-through awards, not directly from the United States Department of Housing and Urban Development).

### **7.2.5 Certificate of Completion**

The Certificate of Completion Letter will specify any follow-up actions required by state or federal regulations; however, this letter constitutes a certificate of satisfactory completion of project requirements.

- The Department continues to monitor rental projects throughout the affordability periods.
- The awardee is required to submit reports beyond the Certificate of Completion, such as program income reports and rental housing compliance reports.
- The awardee must maintain appropriate records beyond the Certificate of Completion.

## **7.3 File Retention**

92.508 establishes the recordkeeping requirements for various HOME activities. Records required for projects are in §92.508(a)(3). Ongoing recordkeeping requirements after project completion and closeout are described in §92.508(c). Generally,

- Files related to the implementation and completion of the project must be maintained for five years after completion;
- Legal documents that impose the affordability period requirements must be maintained for five years after the affordability period; and
- Rental project occupancy records must be maintained for the most recent five years of occupancy.

Specific requirements by type of project are summarized below.

#### Rental Records:

- General records must be kept for five years after project completion.
- Tenant income, rent and inspection information must be kept for the most recent five years, until five years after the affordability period ends.

#### Homebuyer and Homeowner Rehabilitation Records:

- General records must be kept for five years after project completion.
- Resale/Recapture records must be kept five years after the affordability period ends.