



# 5 keys to successful COVID-19 grant closeouts

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## Follow leading practices when closing out FEMA grants to reduce risk of funding deobligation.

Federal Emergency Management Agency (FEMA) grants for COVID-19-related costs provided critical lifelines to communities and hospitals that would not have been otherwise able to shoulder the financial burden of pandemic response. However, compounding factors – including nationwide disaster declaration, unique types of costs incurred and a sudden shift to a virtual working world – have also created overwhelming challenges for applicants, states and FEMA.

Closeout is the final step in completing the FEMA public assistance grant process. It takes place once grant-funded work is finished and involves reconciling all documentation for actual amounts incurred to the final project worksheet to confirm compliance. If documentation is incomplete, funds may be deobligated and have to be paid back.

Under ordinary conditions, federal grant closeout can be a daunting process. The nature of the COVID-19 pandemic funding brought additional difficulty.

**Many contracts were procured under emergency and exigent circumstances**, which relaxed certain rules. However, this does not excuse applicants from demonstrating costs are reasonable.

**Large amounts of funding went to large numbers of new applicants**, many of whom lack experience in federal funding compliance. Additionally, hiring and training while shifting to a virtual work environment may have left gaps in knowledge.

**Overlapping programs bring risk of [duplication of benefits](#)** through other governmental pandemic aid or medical payments.

**Costs incurred rely heavily on voluminous, detailed financial documentation**, such as force account labor/equipment records (work performed by city, county or state employees) and contracts for outside labor/equipment.

# Risk mitigation for federal disaster grant closeout

Within 90 days of completing any large project, the subrecipient (applicant) should notify the recipient (state) that the project is finished and provide all documentation. Within 180 days of project completion, the recipient is to provide FEMA the project for closeout review. Chapter 12 of the Public Assistance Program and Policy Guide<sup>1</sup> provides details on FEMA's requirements and certifications for closeout.

If additional **eligible, reasonable and in-scope costs** have been incurred beyond the obligated grant amount, additional funds may be obligated. Ineligible, improperly documented, unreasonable or out-of-scope costs may be deobligated, leaving the money to be paid back.

Five actions to address these challenges and risk when closing out a COVID-19 grant include:

- 1 Document decisions, rationale and actions with easy-to-follow memos that **capture contemporaneous facts**.
- 2 **Educate your team** about duplicate funding and coordinate with other agencies to understand risks.
- 3 **Designate one point of contact** to answer questions and coordinate closeout.
- 4 **Request timely closeout** and regular meetings with state and FEMA representatives.
- 5 Employ widely useful virtual tools, but there is **no substitute for talking face to face** when working through complex issues.

FEMA provides management costs to applicants and recipients to help in administering grants. These can be used to hire employees or consultants who can assist with the grant closeout process.

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<sup>1</sup>[FEMA.gov, Public Assistance Program and Policy Guide, Version 4](https://www.fema.gov/public-assistance-program-and-policy-guide-version-4) (FEMA, 2020).