

North Carolina Department of Environmental Quality (DEQ)

American Rescue Plan Act (ARPA) State Fiscal Recovery Fund (SFRF)
Subrecipient Project Closeout Process

November 5, 2026

Agenda

1. **Opening**
   The purpose and objectives of today's training

2. **Closeout Dates and Applicable Legislation**
   The key dates and relevant legislation surrounding project closeout

3. **Subrecipient Closeout Requirements**
   The activities and documentation needed for project closeout

4. **ARPA SFRF Closeout Certification Form and Amendment to Funding Offer Walk-Through**
   A demonstration and explanation of two of the documents to be used during the closeout process

5. **Ongoing Responsibilities**
   The requirements extending beyond project closeout

6. **Q&A**
   Time to answer your questions

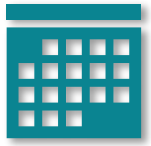


Opening

The purpose and objectives of today's training

Purpose

This session is designed to provide an overview of DEQ's closeout requirements and to define what a "complete" closeout submission looks like from documentation to reporting, including audit and compliance expectations for subrecipients.



Know the Timeline:
Track key dates from the expenditure deadline through record retention



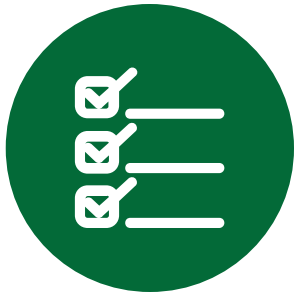
Understand Requirements:
Know what DEQ expects from your organization at closeout



Prepare Your Files:
Confirm your organization's closeout files are audit-ready

"Completion of closeout does not release the Subrecipient from their obligations under state and federal compliance, legal, and regulatory requirements. The Subrecipient will continue to be subject to post-closeout adjustments and continuing responsibilities in accordance with 2 CFR § 200.345."

~ Amendment to Funding Offer and Acceptance, Attachment B



Closeout Dates and Applicable Legislation

The key dates and relevant legislation surrounding project closeout

Where We Are: SFRF Timeline and Key Dates



DEQ Subrecipients		
Milestone	Date	Status
Obligation Deadline	December 31, 2024	Passed
Additional Documents Required as per the Closeout Checklist* Due to DEQ	Within two-weeks of request	**Upcoming**
Signed Closeout Certifications Due to DEQ	Within two-weeks of request	**Upcoming**
Expenditure Deadline	December 31, 2026	**Upcoming**
Record Retention End Date	December 31, 2032**	—

* DEQ compiles and maintains a separate project closeout package for their own record keeping purposes.
** Unresolved audit findings, legal holds, or other requirements may require a longer retention period.

State and Federal Requirements at Closeout

Projects must align with State legislative intent and applicable State and federal requirements.

DEQ Subrecipients		
Requirement	State Reference	Federal Reference
Close out the award after all required work and administrative actions are complete.	09 NCAC 03M .0202; DEQ Subaward terms	§ 2 CFR 200.344 (a)
Confirm that funds were spent in accordance with the intended purpose of the award.	09 NCAC 03M .0202; DEQ Subaward terms	§ 2 CFR 200.344 (a)
Meet applicable reporting and audit requirements by the required deadlines.	09 NCAC 03M .0205(a)–(d); N.C.G.S. § 159-34*	§ 2 CFR 200.344 (b)
Submit all required financial, performance, and contract-required reports to DEQ.	09 NCAC 03M .0205(b)–(d); DEQ Subaward terms	§ 2 CFR 200.344 (b)
Liquidate all award-related financial obligations by the required deadlines.	DEQ Subaward terms	§ 2 CFR 200.344 (c)
Return unexpended grant funds to DEQ upon termination of the contract.	09 NCAC 03M .0703(13); DEQ Subaward terms	§ 2 CFR 200.344 (e)
Confirm that property or equipment purchased with award funds is accounted for.	DEQ Subaward terms	§ 2 CFR 200.344 (g)
Complete post-closeout adjustments and continuing responsibilities.	DEQ Subaward terms	§ 2 CFR 200.345
Confirm that all records are retained through December 31, 2032, or longer as required.	09 NCAC 03M .0202(1); DEQ Subaward terms	§ 2 CFR 200.334

At closeout, your organization is evaluated by DEQ against both sets of requirements.
Your documentation must meet the most stringent of the state and federal standards.

* Non-state entities under the Local Government Commission must meet annual audit and reporting requirements under G.S. 159-34(a).

Knowledge Check No. 1

What is the record retention end date according to DEQ's subaward agreement terms and conditions, provided there are no conditions requiring a longer retention period?

A **December 31, 2026**

B **January 15, 2027**

C **December 31, 2032**

D **December 31, 2036**

Knowledge Check No. 2

How will the program expenditure deadline impact your organization's project?

A **Your project may continue to spend funds after the deadline if the project remains active.**

B **Any unexpended funds may be retained for use on other organizational priorities.**

C **The funds must be expended by the deadline, and any unexpended funds must be returned to DEQ.**

D **The program expenditure deadline has no impact on my organization's project.**



Subrecipient Closeout Requirements

The activities and documentation needed for project closeout

What a Successful Closeout Looks Like



Programmatic

- All work completed
- Deliverables accepted by DEQ
- Performance objectives achieved



Financial

- Final reimbursement requests submitted to DEQ
- Costs reconciled and allowable
- No outstanding obligations or unspent balance
- Close all sub-subrecipient relationships (sub-subawards, contracts, etc.)



Compliance

- Monitoring/audit findings resolved through corrective actions
- Not debarred/suspended on SAM.gov and have an active UEI
- Required reports submitted to DEQ



The Complete Closeout Package

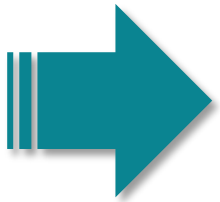
A closeout package is the complete set of required documents, reports, and certifications that must be retained to formally close out an award. These documents help your organization confirm that subaward requirements have been met.

What "Complete" Means at Closeout

A complete closeout package confirms that all required administrative actions, financial transactions, and reporting requirements have been fulfilled.

Documentation Perspective

- ARPA SFRF Closeout Certification Form signed
- Required closeout documentation submitted
- All financial activity with vendors, sub-subrecipients, and beneficiaries completed
- Expenses supported by contracts, invoices, receipts, timesheets, and proof of payment
- Procurement documentation complies with federal, state, and local regulations, as required
- General ledger reconciled to the ARPA SFRF Closeout Certification Form, as well as expense documentation



Submission Perspective

- ARPA SFRF Closeout Certification Form signed and submitted
- Monitoring or audit findings resolved and documented
- Record retention policy and procedures verified through December 31, 2032, or longer as required
- Having a complete closeout package confirms compliance and indicates records are ready for review or audit

Submitting closeout forms to DEQ ≠ maintaining the documentation behind them.
Auditors do not stop at the closeout forms—they test the evidence that supports them.
Project files must tell a consistent story.

Closeout Package Contents

A complete closeout package should contain the following documentation supporting programmatic, financial, and compliance requirements.



Award Package



Financial Records



Expense Documentation



Progress Reports/ Inspection Checklists



Audit Records



Monitoring Records



Correspondence Records (decisions/guidance interpretations)



Reconciliation Records



Property Disposition Records



Closeout Letter

What Your File Should Show

Years from now, an auditor or reviewer may ask four questions -

A clear file answers all of them.

1. **Q: What was accomplished?**
   Support: Accepted deliverables, completed objectives, and final performance data.

2. **Q: How were the funds spent?**
   Support: Final drawdown, reconciled costs, general ledger and reports to DEQ match, and supporting documentation.

3. **Q: Why were the expenditures allowable?**
   Support: Cost documentation tied to the approved policies, procedures, and budgets.

4. **Q: Was compliance met?**
   Support: Monitoring completed, findings resolved, corrective actions documented, active SAM.gov UEI, no debarment or suspension

Teams Chat: Of the four questions, which one do you see as the biggest challenge?

Closeout Process: Step-by-Step



Before you start closeout, take another look at your **subaward** and **subsequent amendments** to confirm that they are still accurate—project scope and budgets can change over the life of an award and documents need to match to the current state.

Receive DEQ Closeout Requirements

- DEQ shares Closeout Checklist, ARPA SFRF Closeout Certification Form, and modifications to subaward agreements, if needed
- Meet with DEQ to discuss closeout progress and/or technical assistance, as needed

Return Required Closeout Documentation

- Sign, return, and retain a copy of the ARPA SFRF Closeout Certification Form and modifications to subaward agreements, as applicable
- Gather missing required project documentation and return it to DEQ

Archive Project Documents

- Retain all project documentation through the required record retention period for audit readiness
- Maintain a copy of your project's Closeout Letter once received from DEQ



ARPA SFRF Closeout Certification Form and Amendment to Funding Offer Walk-Through

A demonstration and explanation of two of the documents to be used during the closeout process

Knowledge Check No. 3

When should subrecipients return the signed ARPA SFRF Closeout Certification Form and any outstanding documentation to DEQ?

A **Within one week of request**

B **December 31, 2026**

C **Within two weeks of request**

D **December 31, 2032**



Ongoing Responsibilities

The requirements extending beyond project closeout

Record Retention

For this program, records should be retained through at least

December 31, 2032*

Record Retention Reference: Five years from the end of the subaward agreement as stated in **09 NCAC 03M .0202** and **.0703**, longer if any audit exceptions remain, plus any additional period required by applicable DEQ guidance.*

Your organization should...

Keep a complete project file

Subaward, financials, reports, and supporting documentation.

Have a named person responsible

Not a department. A designated person whose role includes producing records on request. Leadership understands and supports that responsibility.

Confirm records survive turnover and time

Accessible years later, regardless of who is still on staff

Ask Yourself: *Could someone locate, explain, and produce the project file during a future audit or other review?*

* Unresolved audit findings, legal holds, or other requirements may require a longer retention period.

Single Audit & Continuing Responsibilities

Single Audit

2 CFR 200.501 (Uniform Guidance)

Threshold: The Single Audit threshold increased from $750,000 to $1,000,000 under the 2024 Revision to the Uniform Guidance.

Which applies? The new threshold applies to a subrecipient's first fiscal year beginning on or after October 1, 2024, not to the award issue date or project start date. A subrecipient spending down an older award may still be subject to the new threshold, so always verify your fiscal year before determining whether a Single Audit is required.



At closeout, determine:

- Is a Single Audit required for the closeout year? Has it been scheduled or completed? Submit your single audit to the Federal Audit Clearinghouse (FAC)
- Did any findings affect the SFRF award?
- Have corrective actions been implemented?
- Is any prior-year audit follow-up still open?



After closeout, the subrecipient still must:

- Retain records for the full retention period
- Respond to audit and oversight requests
- Provide supporting documentation on request to DEQ or U.S. Treasury
- Cooperate with DEQ or U.S. Treasury on future reviews
- Resolve questioned costs if they arise

Recap: What DEQ Expects from its Subrecipients

1

Start now — don't wait

- If spending is complete, begin reconciliation and gather documentation.
- Gather up-to-date contact information for your organization and share with DEQ should questions arise during the closeout process

2

Closeout all sub-subawards and contracts

- All sub-subrecipient relationships (sub-subawards, contracts, etc.) must be closed prior to commencing project closeout.

3

Revisit subaward agreements and subsequent amendments, as applicable

- Project scope and budgets may have changed — verify accuracy before initiating closeout with DEQ.

4

Account for property and equipment

- If applicable, request instructions from DEQ to document the disposition of any property and equipment acquired with ARPA SFRF funds.

5

Communicate proactively

- Notify your DEQ point of contact when you're ready to closeout.
- Share any expected closeout deadline issues early.

Important: Completing your closeout package affirms that your project is federal audit-ready today, remains subject to 2 CFR Subpart F requirements, and is responsible for any post-closeout errors.

Knowledge Check No. 4

If project spending is complete, should you wait for the formal closeout process before beginning preparations?

A **Yes—wait until the formal closeout process begins before taking any action**

B **No—begin reconciliation and gather documentation to prepare for formal closeout process and any requests for information that may result from the process**

Knowledge Check No. 5

When is the program expenditure deadline?

A **December 31, 2026**

B **January 15, 2027**

C **December 31, 2032**

D **December 31, 2036**

After the Expenditure Deadline

After the expenditure deadline passes, subrecipients must meet certain requirements to comply with the U.S. Department of the Treasury regulations.



Subrecipients Should:

- Continue to retain all project records through December 31, 2032, or longer as required
- Reconcile financial and expenditure documentation including general ledger activity, invoices, and payments
- Respond to requests from DEQ for additional documentation or information
- If needed, request additional funds from DEQ for closeout activities as part of uncashed checks that DEQ may reissue



Subrecipients Should Not:

- Incur any programmatic or administrative costs
- Destroy, overwrite, or make unsupported changes to project and closeout documentation
- Assume a project is closed out until the Closeout Letter has been received from DEQ

Additional information can be found in the U.S. Treasury Compliance and Reporting Guidance for SFRF Funds and the U.S. Treasury SFRF Final Rule Frequently Asked Questions (FAQ)



Q&A

Time to answer your questions