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## **CHAPTER 23 PROJECT CLOSE OUT PROCEDURES**

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## 23.1 OVERVIEW

Project close-out is also an important Work Program task for the District LP Administrator. After the project is completed, the District LP Administrator must:

- Ensure that the final invoice is paid.
- Contact the District Financial Services Office to close the contract.
- Notify the District Work Program Office that the final invoice has been paid.
- Ensure any remaining funds are unencumbered.
- Forward a copy of the “Local Agency Program Final Inspection and Acceptance of Federal-Aid Project” form for the LA’s file (**Form No. 525-010-42**).

## 23.2 PROJECT COMPLETION NOTIFICATION

The Department must balance and close the federal project in the fiscal systems of both the Department and FHWA when the job is complete. This is important for several reasons, including, but not limited to, the following:

- The amount of authorized federal funds **may be more** than is needed to cover the total cost of the project. In this case, it is important for the Department to prepare the final modification (decrease) to the federal authorization as soon as possible to release the excess federal funds so they may be used to fund other projects.
- The amount of authorized federal funds **may be less** than is needed to cover the total cost of the project. In this case, it is important for the Department to prepare the final modification (increase) to the federal authorization as soon as possible so that the costs exceeding the authorization can be billed to FHWA for reimbursement to the Department (if the increase is approved).
- The Department should balance and close federal projects for Preliminary Engineering (PE) as soon as possible after final costs are incurred. Federal guidelines call for the Department to close the PE phase before any construction costs are incurred (if the Construction phase is federally funded).
- Even after the LA has paid final costs on a project, it remains open in the fiscal system, and it becomes fiscally “inactive.” FHWA regularly monitors these “projects with no fiscal activity” (starting with no activity for 6 months). The Department must provide repeated written reasons to explain why the project is inactive. Writing these reasons uses staff time and resources in the Central Office and District Offices, especially since there are hundreds of projects in this status.

## 23.3 RESPONSIBILITIES FOR CLOSING PROJECTS

The task of closing federal projects requires the joint efforts and cooperation of FHWA and several offices within the Department, starting with the District LP Administrator. Simply opening a job to traffic or completing the physical work does **not** mean that the project is complete. The fiscal closing process is the final step in completing a project.

It is the responsibility of each District LP Administrator to inform the appropriate staff in a timely manner that a project is physically complete and the closing process should begin. It is important to remember that every project involves several areas within the Department. These offices must perform their own tasks in a timely manner to ensure a successful team effort in closing these projects.

When a project is physically complete, a number of additional tasks must be completed. These tasks will vary depending upon the type of work performed, such as:

- Final cost estimates must be completed.
- Final acceptances must take place.
- Final invoicing must take place.
- Liquidated damages may need to be assessed.
- Post-audits may be necessary.
- Excess encumbrances must be removed.
- Various funding sources (types of federal funds) must be balanced in agreement with established guidelines, depending upon the age and type of the funding sources.
- Costs must be analyzed and occasionally re-allocated if not reimbursable by FHWA.
- Other required federal records must be provided to FHWA.
- Final federal authorization changes must be prepared, submitted, and approved by FHWA.

The following list shows examples of the many offices and staff within the Department and FHWA that are involved in closing federal projects:

- LP Administrators (or designee)
- Statewide Program Coordinators
- District Work Program staff
- District Federal-Aid Coordinators
- District Construction offices
- District Professional Services offices

- District Financial Services (Fiscal) staff
- District Right of Way staff
- Federal-Aid Programs Office
- Program Development Office
- Procurement Office
- Office of the Comptroller
- Office of the Inspector General
- FHWA area engineers
- FHWA Right of Way staff
- FHWA Financial Management staff

Please refer to ***Federal-Aid Instructions*** for complete instructions and specific steps, documentation requirements, and other data important for closing federally funded projects.

## **23.4 FINAL PROJECT INSPECTION**

After the project is completed, the District LP Administrator will make a final visit to the site to inspect the project. If the project has been satisfactorily completed, the District LP Administrator will complete the “Local Agency Program Final Inspection and Acceptance of the Federal-Aid Project” form (***Form No. 525-010-42***) and send a copy to the District Work Program Office after the final invoice is paid.

## **23.5 PROCESSING FINAL INVOICE AND UNENCUMBERING UNUSED FUNDS**

The LA will submit the final invoice to the District LP Administrator/Project Manager for review and payment. If the final invoice is correct, the District LP Administrator/Project Manager will mark the invoice package “FINAL” and submit it for payment. By marking that it is the final invoice, the Comptroller’s Office should automatically unencumber any remaining funds.

## **23.6 NOTIFYING FINANCIAL SERVICES AND FEDERAL-AID COORDINATOR TO CLOSE CONTRACT**

After the final invoice has been paid, the District LP Administrator will contact the District Financial Services Office and request that the contract be closed. The District Work Program Office will be notified that the final invoice has been paid and will receive a copy of the “Final Inspection & Acceptance of Federal-Aid Project” form for their file.

## **23.7 RESOURCES**

Local Agency Program Final Inspection and Acceptance of Federal-Aid Project (Form 525-010-42)

<https://pdl.fdot.gov/api/form/downloadAttachment/10980794>