



Rollout of ARPA Closeout



The resource brief is a collaborative effort of the Government Finance Officers Association (GFOA), the National Association of Counties (NACo), and the National League of Cities (NLC). Together, our organizations are committed to supporting state and local governments as they navigate the closeout of the American Rescue Plan Act's State and Local Fiscal Recovery Funds.

The final year of the State and Local Fiscal Recovery Funds (SLFRF) program is underway. Recipients should liquidate all eligible expenditures and begin preparing for a formal closeout upon Treasury's invitation ahead of the December 31, 2026 deadline. ¹ This resource offers a step-by-step overview of everything you need to know to successfully close out the program.

Due to the significant nature of this process for all prime recipients, we strongly recommend assigning or appointing an ARPA SLFRF Compliance Officer Designation who is the lead person responsible for a desk or onsite audit. This person reports directly to the Board in consultation with Counsel and Risk Management.

Key Deadlines

September 30

2026

Deadline to expend and liquidate all surface transportation and Title I funds

December 31

2026

Deadline to expend and liquidate all SLFRF funds

¹ NOTE: The September 30, 2026 expenditure deadline for surface transportation and Title I projects can be commonly missed. It is three months earlier than the general deadline. Any project funded under the 2023 IFR's expanded transportation or Title I categories must be fully expended by this date.

STEP 1 – Stay on Top of Reporting Requirements

- Continue submitting Project & Expenditure (P&E) reports, either annually or quarterly, until Treasury formally completes closeout for your award. For many recipients, reporting may continue through April 30, 2027, unless Treasury initiates early closeout.
- For more information on how to report or solve common issues, see NLC's [FAQs: Meeting the 2026 ARPA SLFRF Reporting Deadline](#)

STEP 2 – Prepare Payments for Liquidation

- The expenditure deadline for SLFRF funds is December 31, 2026. By this date, all incurred costs must be properly spent and liquidated, and funds must have been properly obligated by December 31, 2024
- Only expenditures that are administrative in nature and are related to the closeout of the award may be liquidated by April 30, 2027 (120 calendar days after the end of the period of performance). See Treasury's [FAQ 14.6](#) for more information
- Surface transportation and Title I projects must be expended by September 30, 2026
- Establish burn rate for projects to ensure spending remains on track. Conduct frequent reconciliations, internal monitor meetings, and check ins (no less than monthly) to track progress and burn rates
- Check on outstanding projects and subawards
- Ensure funds are spent in accordance with federal and state requirements

Subrecipient Monitoring

- Stay on top of subrecipient monitoring. Set an early invoice closing deadline one to two months prior to the liquidation deadline to ensure timely documentation of liquidated funds
- Have subrecipients acknowledge an amendment to the subaward agreement via signed letter or email. This documentation should acknowledge the early invoice closing deadline and consequences of noncompliance
- If any subaward modifications were made after December 31, 2024, ensure:
 - The modification did not require re-obligation or additional obligation
 - Documentation of the date of the modification and who authorized it
 - If a subrecipient was replaced: the reason falls within the permitted exceptions (contractor default, going out of business, or termination for material breach)

STEP 3 – Be Invited to Closeout

- Recipients that have fully expended SLFRF funds, completed all required reports, and maintained an active SAM.gov account may be invited to close out on a rolling basis via email from SLFRF@Treasury.gov
- Treasury has indicated that having an active SAM.gov registration is a condition precedent to receiving an invitation to close out. In the meantime, keep your SAM.gov registration active, ensure points of contact are accurate in the Treasury Portal, and review Treasury's [Closeout How To Guide and Checklist](#)
- Once Treasury enables closeout access in the Treasury Portal, invited recipients may begin the process through the "Closeout Reports" section and complete the required closeout certification

What is Closeout?

Closeout is a standard part of the federal grant lifecycle that involves a review by Treasury to confirm that all funds were used for eligible purposes and all reporting requirements were fulfilled. Treasury began offering early closeout in Summer 2025 for recipients that have fully expended their federal awards. While early closeout is not open to all recipients, Treasury is expected to expand access as more entities complete their use of funds. As of Spring 2026, Treasury has opened closeout to a limited group of recipients who have indicated that they are ready to close out. Early closeout invitations are expected to resume in early to mid-Summer.

- During closeout, recipients will finalize documentation, submit their latest P&E report ("Final Report"), and fulfill all administrative responsibilities
- Treasury will review the Final Report and closeout certification. If corrections are needed, recipients will be contacted. Treasury may recoup funds if issues are unresolved

STEP 4 – Prepare for desk review

- Identify policies and procedures that seek to prevent fraud, waste and abuse that your organization maintains, including ones related to:
 - [Internal control framework](#)
 - [Grants management administration](#)
 - [Grant budget development and modification](#) / Grants application and acceptance
 - [Allowable costs and cost principles](#)
 - Time and effort/personnel activity reporting
 - Quality control (QC) and quality assurance (QA)
 - Risk assessment
 - Standard operating procedures (SOPs)

- SEFA Preparation
 - Procurement
 - Subrecipient monitoring (if applicable)
 - Grant accounting and financial reporting
 - Other internal controls for grants
 - Cash management and drawdown
 - Internal monitoring and compliance review
 - Audit resolution and corrective action
 - Records retention and access
 - Conflicts of interest
- Prepare all agencies and subrecipients up front by distributing your entity’s award letter, eligible expenditures, and submitted program reports in order to support a coordinated approach to information gathering and closeout preparation
 - Prepare payee information and ensure all documentation related to obligations and expenditures is organized
 - Recipients should maintain records in accordance with federal record retention requirements and be prepared for audits or desk reviews after closeout. Retain copies of contracts and agreements for five years after closeout
 - Record (print or image) and store each periodic report submitted to federal agencies for easy recall; build a file storage and retrieval SOP before closeout that mirrors your P&E reporting structure so any record can be pulled within a committed timeframe
 - For those prime recipients that reclassified either their own spend or a subrecipients spend, maintain a funds reclassification log. That log should include:
 - Date of reclassification
 - From-project and to-project identifiers
 - Confirmation that total obligated amount did not increase
 - The eligible use category of the new project and the rule authorizing it
 - Approving official and date

Internal Controls

- Ensure departments develop SOPs and maintain strong internal controls
 - If a department follows the prime recipient’s policy on a specific issue, this should be explicitly stated in the department’s policies and procedures
- Maintain accurate and multi-level QC and QA across reporting to granting agencies—including process layout, specific roles and responsibilities for reporting, and cross stepping between submitted reports and audited reports
 - Mini Checklist
 - What controls were in place?
 - How was accuracy maintained in reporting?

- Did the same individual submit all required reports (both to the granting agency as well as the audit)?
- Establish a governing rule log for all spending decisions
 - Because the rules changed four times between 2021 and 2024, each spending decision was governed by a different version of guidance. At desk review, Treasury can ask: “What rule was in effect when you made this decision, and did you follow it?” Prime recipients should maintain a decision log that captures the date of each decision, the governing rule at that time, the eligible use category claimed, and who approved the decision.

Risk Assessment

- Conduct risk assessment before signing contracts with subrecipients and vendors. Document completion of risk assessment in preparation for desk reviews

Appendix:

A. Key Dates & Timeline

Due to the size of this appendix, the full table is available [online](#).

B. SLFRF Rulemaking History – Key Changes & Administration Documentation Requirements

Due to the size of this appendix, the full table is available [online](#).