



HOME Program Monitoring Series

Session 2: Program Oversight, Financial Management, and Match

Spring 2021



Overview

Presenters

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HOME Monitoring Webinar Series Overview

Understanding Monitoring April 13, 2021			
General Administration	Program Oversight and Financial Management; Match Exhibits: 7-25 7-33 April 15, 2021	CHDO Exhibit: 7-32 April 20, 2021	Oversight of Program Partners & Their Written Agreements Exhibits: 7-34 7-35 7-36 April 22, 2021
	Homebuyer Development Exhibit: 7-27 April 27, 2021	Homebuyer Assistance Exhibit: 7-28 May 4, 2021	Homeowner Rehabilitation Exhibit: 7-26 May 11, 2021
	Rental Exhibit: 7-29 April 29, 2021	TBRA Exhibit: 7-31 May 6, 2021	Long-Term Rental Compliance Exhibit: 7-30 May 13, 2021



Webinar Objectives

- Introduce two CPD Monitoring Handbook Exhibits (7-25 & 7-33) & HUD monitoring of PJ for program oversight requirements & match
- Identify regulatory requirements and related documentation and compliance questions in the Monitoring Exhibits
- Recommend steps to prepare for HUD monitoring



Order of Topics to Be Discussed

Regulatory Requirements			Program Design
Program Oversight	Financial Management	Match	Program Design & Considerations (beyond Regulatory Requirements)
Policies & Procedures	Financial Systems	Match Requirements	Use of Partners
Partner Oversight	Cash Management	Match Documentation	Updating P&Ps
IDIS	Internal Controls		Enhancing Financial Mgt
	Eligible & Allowable Costs		Maximizing Match



For which topics do you have more than 1 year of experience?

A. Program oversight

B. Financial management

C. Match

D. More than 1 of the above

E. None of the above





Regulatory Requirements for Program Administration

Key Program Administration Requirements

24 CFR Part 92

- 92.504 – PJ responsibilities for day-to-day oversight of program and all partners, including
 - Written agreements with all parties implementing activities
 - Monitoring requirements
- 92.502 – Disbursements and IDIS
- 92.503 – Program income, repayment, and recaptured funds



Uniform Administrative Requirements

- 92.505 – applies 2 CFR Part 200 admin requirements to HOME
 - Except where HOME Rule has specific requirements
- Uniform Administrative Requirements – 2 CFR Part 200
 - Subpart D, Standards for Financial and Program Management
 - Subpart E, Cost Principles
 - Subpart F. Audit Requirements
- In addition to HOME Exhibit 7-25, HUD will also use Chapter 34 Exhibits:
 - Exhibit 34-1a (replacing 34-1) covers financial management and audit topics
 - Exhibit 34-2 requires sampling of costs for meeting cost principles



Program Match Requirements (Exhibit 7-33)

NAHA Section 220

Each PJ must contribute to affordable housing “not less than 25 percent of the funds drawn from the jurisdiction's HOME Investment Trust Fund in such fiscal year”

Final Rule: 92.218-.222

- 92.218 Amount of matching contribution
- 92.219 Recognition of matching contribution
- 92.220 Form of matching contribution
- 92.221 Match credit
- 92.222 Reduction of matching contribution requirement



Introduction to CPD Monitoring Exhibit 7-25 and 7-33

Guide for Review of Program Oversight, Financial Management, and Cost Allowability

Participating Jurisdiction (PJ):

Click or tap here to enter text.

Subrecipient(s): Click or tap here to enter text.

PJ Staff Consulted:

Click or tap here to enter text.

Name(s) of Reviewer(s)	Click or tap here to enter text.	Date	Click or tap here to enter text.
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Instructions: This Exhibit is designed to assess the PJ's and/or State recipients or subrecipient's program oversight, conformity to financial management requirements, as well as costs charged to the HOME program to determine if they comply with [2 CFR part 200](#) *Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards*.

Guide for Review of Match Requirements

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PJ Staff Consulted: Click or tap here to enter text.

Fiscal Year (FY) Match Log(s) Reviewed: Click or tap here to enter text.

Name(s) of HUD Reviewer(s)	Click or tap here to enter text.	Date of Review	Click or tap here to enter text.
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How were files selected?	<input type="checkbox"/> Random <input type="checkbox"/> Non-Random <input type="checkbox"/> Statistical <input type="checkbox"/> Combination (describe): Click or tap here to enter text.
Were additional files selected for review?	<input type="checkbox"/> Yes <input type="checkbox"/> No

+ sections of Exhibit 34-1a, *Guide for Review of Financial Management and Audits*, and Exhibit 34-2, *Guide for Review of Cost Allowability*



Discussion of Topic Areas

Requirements

- Key regulatory requirements on which the Exhibit Questions are based

Documentation

- Items that must be documented to demonstrate compliance, including both policies & procedures and file documentation

Compliance Review

- Compliance determinations that go beyond basic file documentation (as needed)





Monitoring Program Oversight

Policies and Procedures

Requirements

- PJ must have written policies, procedures, and systems
 - Including risk assessment of activities & projects

Documentation

- Written policies & procedures – comprehensive program management procedures as well as P&Ps for specific activities
- Risk-based monitoring plan
- Evidence of monitoring conducted



Oversight of Contractors & Subrecipients

Requirements

- If using contractors, subrecipients, State recipients, PJ must:
 - Have P&Ps to review performance and compliance
 - Review at least annually
 - Take corrective action if lack of progress
- The next webinar will focus on written agreements with these entities

Documentation

- Annual reviews of compliance & performance
- Actions taken if lack of progress



IDIS Project Data

Requirements

- PJ enters required data in IDIS in timely manner
- Project completion within 120 days of final draw
- Occupancy data on completed units

Compliance Review

- Investigate projects/units not meeting deadlines on [HOME Open Activities](#) and [HOME Vacant Units](#) reports





Monitoring Financial Management

Financial Management Systems

Requirements

- Federal financial management standards (2 CFR 200.302-.303)
 - Financial management
 - Internal controls
- HOME-specific requirements
 - HOME funds used for eligible (& allowable) costs (92.206-.209)
 - HOME funds drawn to local HOME account (92.500(c)(1))
 - Funds disbursed in timely manner (92.502(c)(2))
 - Interest earned as program income or remitted (92.502(c)(2))
 - Source and application of PI, repayments and recaptured funds (92.503)

HUD reviewers will use both:

- Exhibit 7-25: HOME-specific requirements
- Exhibit 34-1a: Uniform federal fin mgt requirements



HOME-Specific Financial Management

Documentation

Financial Records and Documentation

- PJ records to support IDIS data

Eligible Costs

- Source and application of funds
- All expenditures for eligible costs

Budget Controls and Account Reconciliation

- PJ records that demonstrate adequate budget controls
- Evidence of periodic account reconciliation

- Written agreements and budgets committing HOME funds for eligible costs
- Invoices and backup documentation supporting the eligible costs incurred
- Internal PJ control procedures to review/verify invoices, draws and disbursements
- Local HOME account statements and reconciliations



Cash Management

Documentation

Disbursements

- HOME funds expended within 15 days of draw

Interest Earned

- Local HOME account is interest bearing
- Interest on advances reported as program income or returned if exceeds 15 days

Reuse of Funds

- Records of source and application of program income, repayments, and recaptured funds



Internal Controls and Program Income

Documentation

Internal Controls

- Adequate budget control, including evidence of periodic account reconciliation

Program Income

- P&Ps and records of timely reporting of program income in IDIS
- Local account funds disbursed before Treasury draws
- Transfer of funds/receivables upon expiration of subrecipient agreements



Cost Allowability

Documentation

Cost Principles

- Direct cost allowability under Part 200 cost principles
- Indirect costs (if charged) at approved rate or de minimis rate

Administrative Costs

- Planning and admin costs within limits and are allowable and allocable
- Staff charged to HOME are working on HOME activities

Pre-award Costs

- Admin costs eligible and after PY start or ConPlan
- Pre-award project costs < 25% of allocation, unless approved by HUD
- Subrecipients authorized in writing to incur costs





Monitoring of Match

Key Match Requirements

Requirements

- >25% of HOME funds drawn down from Treasury account
 - Unless reduced partially/wholly by year for fiscal distress or disaster area declarations (92.222)
- Non-federal permanent contributions to the program or projects
 - Match may be for HOME-assisted or certain HOME-eligible housing/assistance (92.219)
 - Specific list of eligible forms of match (92.220)
 - Timing of contribution varies depending on form (92.221)
- Tracked cumulatively
 - Carryforward of credits permitted
- PJ must meet match requirements annually (Federal FY – 9/30)
- PJs must maintain a match log showing match obligations and match credits, and have supporting documentation (current & past match)



New Match Notice Expected

- Expected soon to replace CPD-97-03
 - HUD monitoring of match will follow the new guidance when issued
 - The monitoring section of the Notice will align with the Monitoring Exhibit 7-33
- New Notice will
 - Add sections on homebuyer projects and calculations, also compliance and monitoring
 - Stress appropriate recordkeeping (log and backup documentation) and tracking of carryover match
- PJs should use the Notice (when issued) to review match log and documentation



Program Management of Match

Documentation



Policies and procedures include eligible forms of contributions



Match log and program records include type, amount, and date



Minimum obligation met annually (fed fiscal year)

- PR 33 HOME Matching Liability Report
- PJ CAPER Match report



Adequate documentation

- Eligible source, date, and value calculation



Review of Individual Match Entries

Compliance Review

HUD will sample the match recorded to confirm that:

- Form of match is eligible
- Value of each match is correctly calculated
- Timing of match is recorded correctly



Special Project Match Calculation Rules

Partially HOME-assisted Projects

- > 50% units assisted = entire contribution
- < 50% units assisted = prorated contribution

Mixed Use Projects

- > 51% residential and >50% units assisted = entire match
- If not, prorate to assisted units

Jointly Fund with Another PJ

- If HOME-assisted, PJ providing match decides
- If not HOME-assisted, PJ retains match
- States can keep or allow local PJ to claim match

Non-HOME TBRA

- HOME match eligible requirements:
 - Income
 - Eligible costs
 - ConPlan tenant selection policies
 - Rent reasonableness
 - HQS

HOME Match Eligible

- If not HOME-assisted, meet match eligible requirements (affordability, written agreement)
- Must be eligible form of match for non-assisted housing

Homebuyer Housing

- Match used to reduce price or cover excess development costs





Program Design Considerations

Program Administration Options & Partner Oversight

Is the current administrative structure effective & efficient?

- Is in-house/outsource balance appropriate?
- Are partners performing?
- Do partners have sufficient admin & delivery costs?

Options:

- PJ can outsource more program administrative activities to partners
- PJ can bring activities in-house or move to other partners

Do you have adequate oversight of your administrative partners?

- Is your monitoring sufficient to ensure compliance
- Is your monitoring sufficient to ensure timely performance?
- Are there performance problems that can be addressed with training or TA?
- Are there performance issues that can be addressed with enhanced policies & procedures?



Updating Policies & Procedures

- P&Ps must reflect PJ's program design and operation
 - The detailed procedures beyond the federal requirements
 - To ensure consistency & provide transparency
- Revise/update P&Ps if changes in staff or partners to:
 - Document new roles, if any
 - Update any forms or tools as needed to reflect changes
 - Train new staff



Enhancing Financial Management

- Financial management standards require effective control over HOME funds, IDIS timeliness, and adequate internal controls
- But beyond these requirements
 - Are your policies & procedures meeting financial management requirements AND are they efficient and effective?
 - Are you doing adequate training of staff and partners?
 - Is your process for draws and disbursements too cumbersome/slow?
 - Do you have to rush IDIS data entry to meet deadlines?
 - Do you need to improve your oversight of your partners' handling of funds & documentation?
 - Do you have full control over program income (including partners)?



Maximizing Match

- Identify all eligible match
- Update procedures to ensure match is properly recorded and adequately documented
- Include Match contributions during annual program planning and project selection
- Check Match log and documentation prior to end of federal fiscal year – September 30th



What kind of match compliance issues have you found?

A. No match log

B. Match not calculated properly

C. Both issues above

D. None-our match files are in perfect order





Preparing for HUD Monitoring

CPD Monitoring Exhibits 7-25 and 7-33

Guide for Review of Program Oversight, Financial Management, and Cost Allowability			
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HUD Monitoring

CPD Monitoring Handbook Exhibits

- Program Oversight, Financial Management & Cost Allowability (Exhibit 7-25)
- Part 200 financial management (Exhibits 34-1a and 34-2)
- Match (Exhibit 7-33)

Program Oversight and Financial Management

HUD reviews for:

- Written policies & procedures
- Program administrative partners and recipient oversight
- IDIS administration
- Compliance with Part 200 requirements (based on type of entity)

Match

HUD reviews:

- Procedures
- Match log
- Source documentation substantiating the value, timing, and eligibility of contributions



Preparing for HUD: Document Assembly

Document Assembly

- IDIS reports
- PJ CAPER Match report
- Past audits & monitoring
- Citizen inputs
- Fin mgt & Match P&Ps
- Monitoring Exhibits

**Self-
assessment**

**HUD
Monitoring**



Preparing for HUD: Self-Assessment

**Document
Assembly**

Self-assessment

- P&Ps review
- Documentation review (fin records & match)
- Monitoring questions review

**HUD
Monitoring**



Pre-monitoring Self-assessment

Regulatory Compliance

- Policies and procedures
- Written agreements and docs
- Regulatory limits and requirements
- Eligibility documentation

Program Performance

- Program status (IDIS)
- Production vs. ConPlan goals

Monitoring & Evaluation

- PJ monitoring
- Response to prior monitoring
- Citizen comments/media
- Staff skills/training
- Changes to program

<https://files.hudexchange.info/course-content/home-monitoring-webinar-series-understanding-monitoring/HOME-Monitoring-PJ-Self-Assessment-Handout.pdf>





Resources & Tools

CPD Monitoring Handbook

CHAPTER 7: HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME)	WORD
Optional Attachments 7-0 (4 files), Exhibits 7-1 through 7-23, and Attachment 7-1 – (REMOVED)	
Exhibit 7-24 - HOME Pre-Monitoring Checklist	WORD
Exhibit 7-25 - Guide for Review of Program Oversight, Financial Management, and Cost Allowability	WORD
Exhibit 7-26 - Guide for Review of Homeowner Rehabilitation Projects and/or Policies & Procedures	WORD
Exhibit 7-27 - Guide for Review of Homebuyer Development and/or Rehabilitation Projects and/or Policies & Procedures	WORD
Exhibit 7-28 - Guide for Review of Homebuyer Downpayment Assistance Projects and/or Policies & Procedures	WORD
Exhibit 7-29 - Guide for Review of Rental Development or Rehabilitation Projects and/or Policies & Procedures	WORD
Exhibit 7-30 - Guide for Review of Rental Project Compliance and/or Policies & Procedures	WORD
Exhibit 7-31 - Guide for Review of Tenant-Based Rental Assistance (TBRA) Projects and/or Policies & Procedures	WORD
Exhibit 7-32 - Guide for Review of Community Housing Development Organization (CHDO) Qualifications, Projects, and/or Policies & Procedures	WORD
Exhibit 7-33 - Guide for Review of Match Requirements	WORD
Exhibit 7-34 - Guide for Review of Contractor Written Agreements	WORD
Exhibit 7-35 - Guide for Review of State Recipient Written Agreements and Oversight	WORD
Exhibit 7-36 - Guide for Review of Subrecipient Written Agreements and Oversight	WORD

https://www.hud.gov/program_offices/administration/hudclips/handbooks/cpd/6509.2



HUD Exchange HOME Page – Program Management

HOME Topics



HOME Program Administration and Management

The HOME Investment Partnerships Program (HOME) has certain administrative requirements that must be followed as part of daily program operations. A Participating Jurisdiction (PJ) is responsible for ensuring that all HOME funds are used in accordance with these requirements, regardless of whether funds are actually administered by subrecipients, state recipients, or contractors. Each PJ may use up to 10 percent of each year's HOME allocation for reasonable administrative and planning costs.

The following types of general administrative requirements are covered in this topic category:

- Written Agreements
- Project Tracking
- Financial Management
- Planning and Administration Costs
- Record Keeping

Find by Resource Type

[Policy Guidance and FAQs](#)

[Guidebooks and Tools](#)

[Videos and Training Material](#)

Policy Guidance and FAQs

FAQs

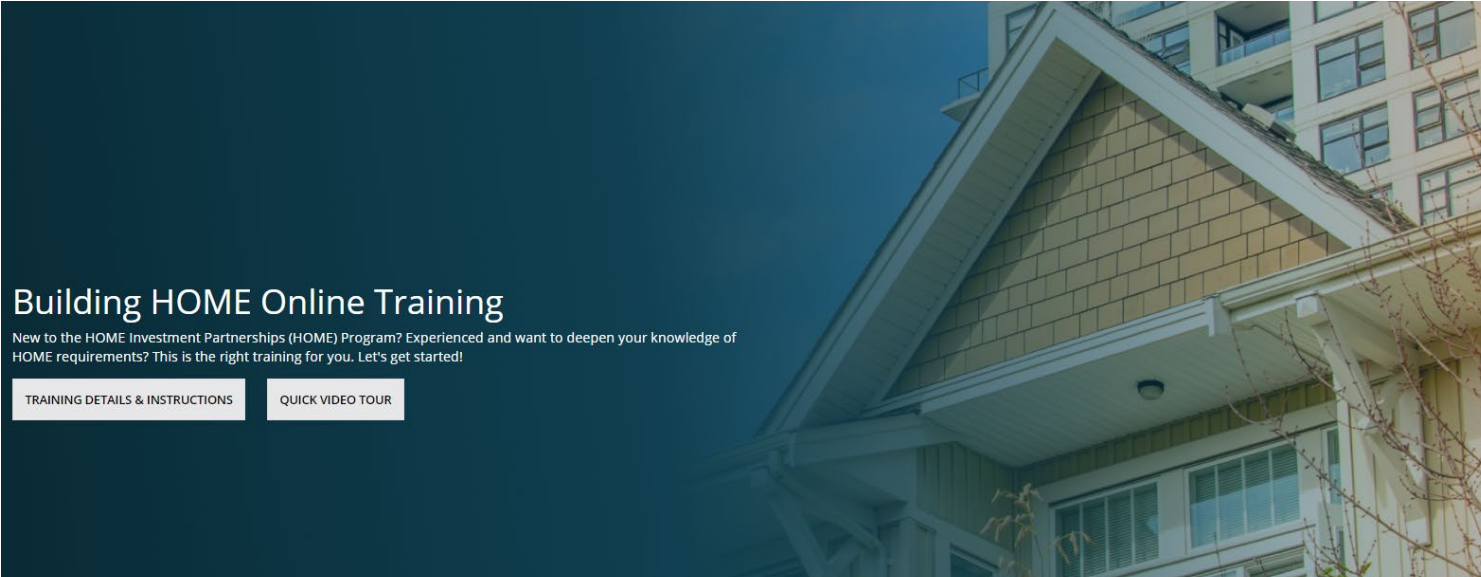
[HOME FAQs](#)

View HOME FAQs organized by topic.

Policy Guidance



Building HOME Online Training



Building HOME Online Training

New to the HOME Investment Partnerships (HOME) Program? Experienced and want to deepen your knowledge of HOME requirements? This is the right training for you. Let's get started!

TRAINING DETAILS & INSTRUCTIONS QUICK VIDEO TOUR

Engaging, self-paced training when you need it

Foundational training for government, nonprofit, for profit, and property management staff

Guidance including notices, HOMEfires, and guides

Challenge questions and exams to test your understanding of the requirements

<https://www.hudexchange.info/trainings/building-home/>



Additional Resources

A New Match Notice will be posted on the HUD Exchange when available.

Self-Assessment Tool: <https://files.hudexchange.info/course-content/home-monitoring-webinar-series-understanding-monitoring/HOME-Monitoring-PJ-Self-Assessment-Handout.pdf>

Need technical assistance to prepare for HUD monitoring? [Request TA on the HUD Exchange](#).





Wrap Up

Questions?



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