



OFFICE OF
HOUSING COUNSELING
LET'S MAKE HOME HAPPEN

U.S. Department of Housing and Urban Development Office of Housing Counseling



Facilitated by
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Best Practices & Lessons Learned, MSO, SHFAs, and Intermediaries

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Training Topics



- Lessons Learned
- Best Practices
 - Budgeting
 - Sub-recipient Award
 - Time and Attendance
 - Quarterly Reporting
 - Processing Reimbursements
 - Sub-recipient Monitoring
- Things to Remember

Lessons Learned

Lessons Learned



Internal Control

- Failure to train new staff (change in personnel)
- Inadequate policies and procedures regarding:
 - Internal Control
 - Cash Receipts
 - Cash Disbursements
 - Payroll
 - Cash Management
 - Time Tracking and Personnel Activity Reporting
 - Cost Policy
 - Program Income

Lessons Learned



Budget

- Inadequate budget assumptions with budget submissions
- Failure to monitor budget vs. actuals
- Failure to submit budget modifications
- Failure to communicate with HUD POC
- Lack of communication between program and accounting to ensure budget compliance

Lessons Learned



Indirect Costs

- Use of incorrect negotiated indirect cost rate
- Incorrect base used to determine indirect costs
- Duplication of costs included in the negotiated indirect cost base



Lessons Learned



Cost Reimbursement

- Use budgeted hourly rates instead of actual rates
- Indirect costs charged included excess amounts
- Inadequate supporting documentation for reimbursements — including personnel, fringe benefits, travel, training, supplies, etc.
- Inadequate time and attendance tracking and reporting. Timesheets do not indicate HUD service hours
- Request not filed timely

Lessons Learned



Quarterly Reporting

- Filed late
- Omission of quarter to date and cumulative to date information
- Failure to file zero activity reports
- Incomplete and/or inaccurate SF-425 reports (LHCAs excluded)
- Incomplete filings, not including all requirements in Article XI, A of the Grant Agreement

Lessons Learned



Personnel Activity Reporting

- Not maintained on a monthly basis
- Not signed by employee and supervisor
- Insufficient information to determine allowability, allocability, and reasonableness



Lessons Learned

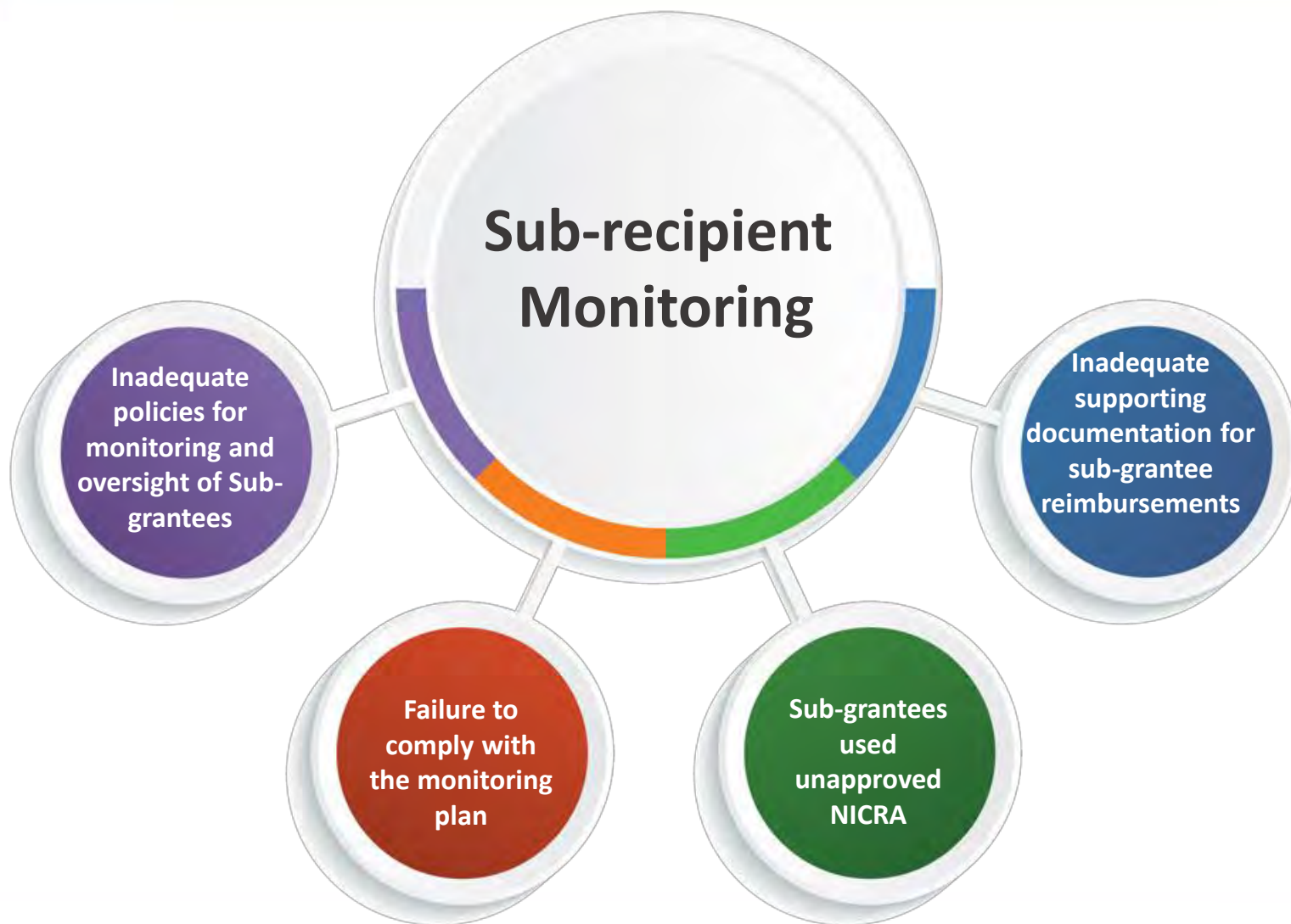


Leveraged Funds

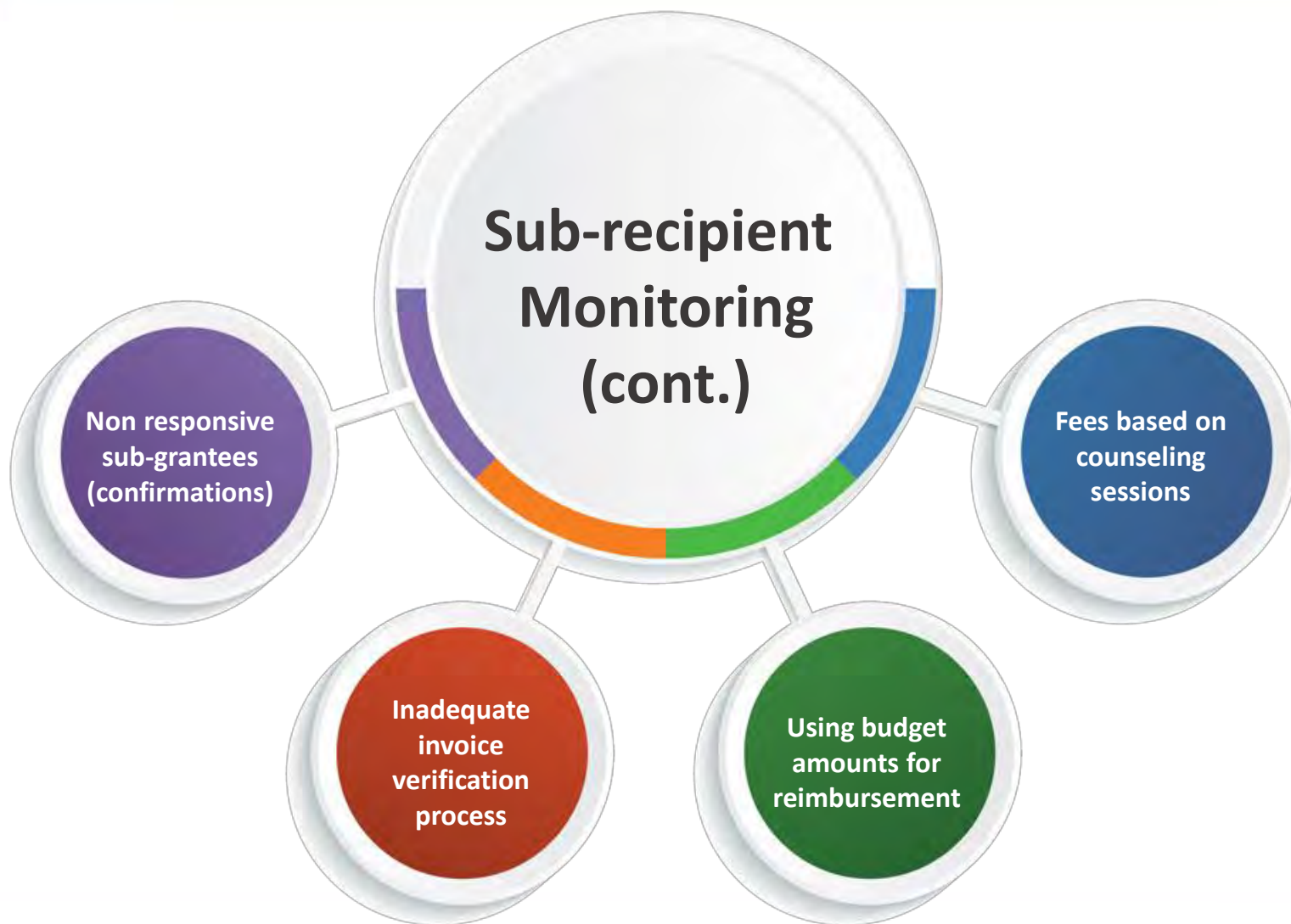
- Inadequate tracking procedures
- Inadequate supporting documentation
- Failure to obtain support for leverage activity from Sub- grantees at regular intervals — quarterly or semi-annually are recommended



Lessons Learned



Lessons Learned



Budgeting

Best Practices



Budget Submission

- Work with accounting to develop itemized budget including budget assumptions
- After submission to HUD POC, verify approval.
- Monitor budget vs. actual and notify HUD POC if possibility of funds not being expended
- Request prior approval for any changes to the budgetary line items
- Notify HUD POC of any changes to the list of sub-grantees and funded branches and their corresponding sub-allocations
- Signature and title of authorized person

Best Practices



Budget Submission

- Verify with HUD POC that the methodology is approved
- Ensure accounting is aware of the approved budget methodology
- Monitor costs reimbursed on a quarterly basis to ensure they do not exceed actual costs



Best Practices



Indirect Costs

- Obtain the most recent NICRA from accounting/finance to verify rate, period of performance, and what costs are included in the base.
- Verify that the costs that can be included in the base per the NICRA are not duplicated as direct costs in the approved budget.
- Request assistance from accounting/finance to prepare or review the computation of the indirect costs prior to budget and reimbursement submission.

Note: An Agency can use a rate lower than the approved indirect rate but not higher. An indirect rate cannot be rounded (i.e. if approved indirect rate is 31.8% it can not be rounded to 32%).

Sub-recipient Award

Best Practices



Sub-recipient Award

- Include a copy of the grant agreement with HUD as an attachment/exhibit to the sub-grantee agreement.
- Provide templates for quarterly reporting, requesting payments and budget modifications to each of the grantee.
- Conduct a post award meeting/conference call with all the sub-grantees/branches and review grant and all of the reporting requirements.
- Verify contact information for all sub-grantees/branches after award. There may be change in personnel.

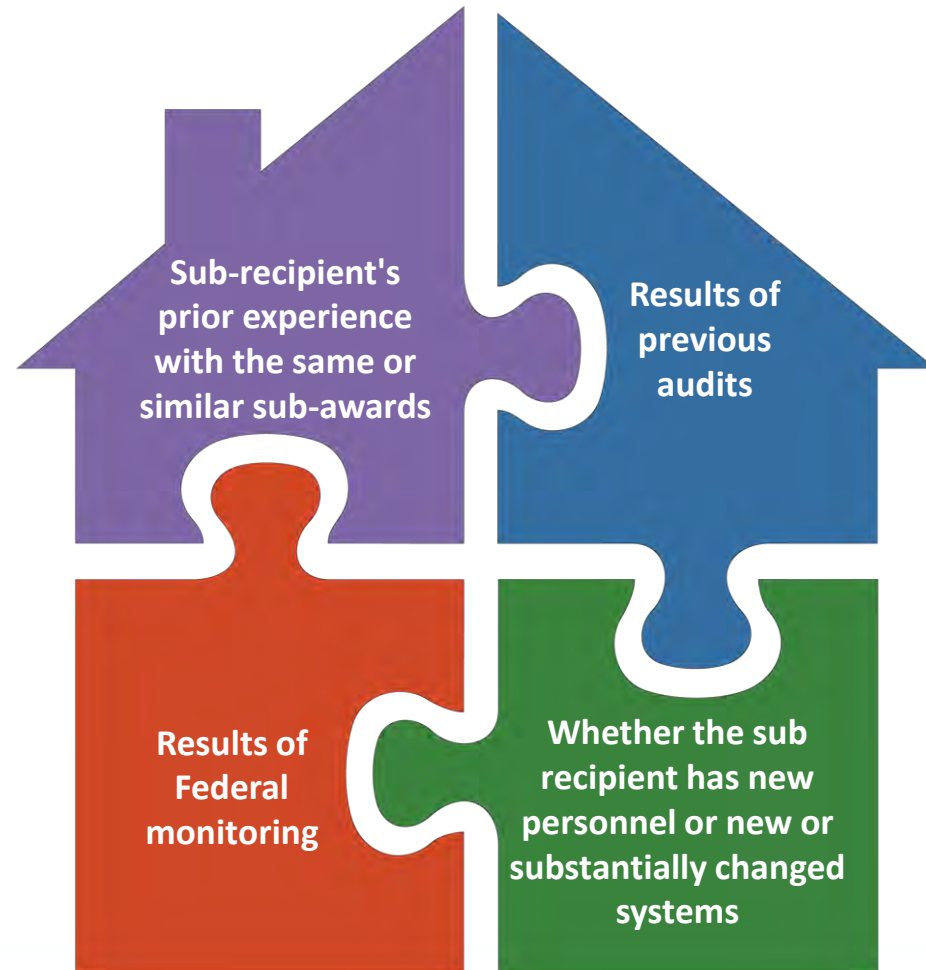


Sub-recipient Award

- Accept indirect cost rates negotiated at the Federal level, negotiate a rate in accordance with Federal guidelines, or provide the minimum flat rate.
- Establish risk assessment factors and perform sub recipient risk assessments prior to final award.
- Monitor the activities of the sub-recipient to ensure sub-award compliance using a standard monitoring process that is communicated to the sub-grantee (i.e. checklist).
- Establish enforcement action against noncompliant sub-recipients.

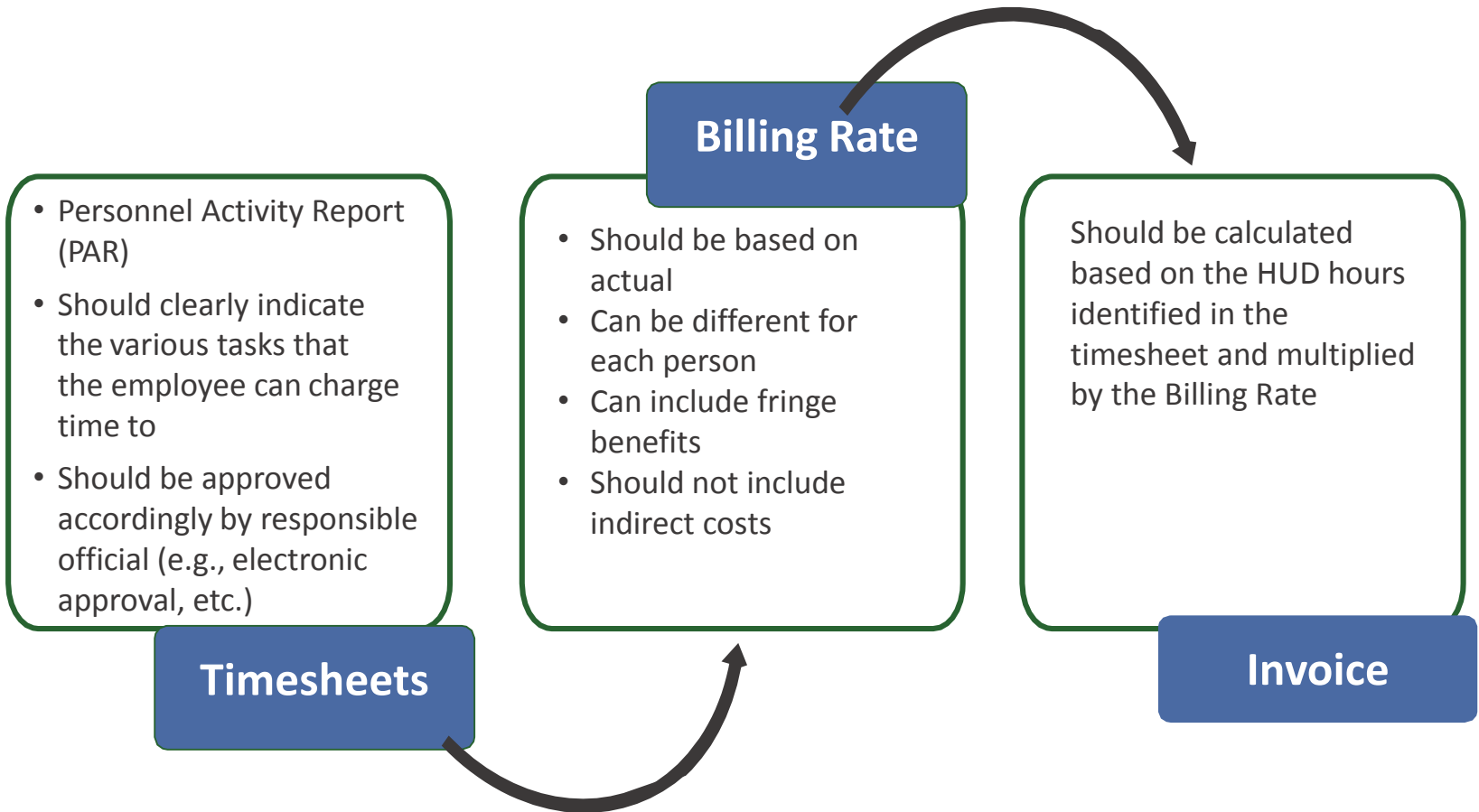
Best Practices

Sub-recipient Award Examples of Risk Factors



Time and Attendance

Best Practices





Time and Attendance

- Ensure time is tracked by task (i.e. HUD grant(s))
- Hourly rates should only include direct costs associated with the HUD grant(s)
- Ensure timesheets are complete and approved
- For personnel activity reporting, establish a charging/billing code by activity that can be included on the timesheet. For example by type of service:

<u>Code</u>	<u>Activity</u>
1001	Direct Counseling
1002	Marketing and Outreach
1003	Follow Up with Client
1004	File management and back office support

Quarterly Reporting

Best Practices



Quarterly Reporting

- Read the reporting requirements in Article XI, A of the Grant Agreement
- Required even if:
 - Not requesting payment
 - There is no activity (No Activity Report)
- Inform accounting of all critical due dates with accounting
- Request accounting to review all quarterly reports and requests for payments prior to submission to HUD
- If amending report, recommend indicating “AMENDED ”or “CORRECTED” on the top of report

Best Practices



Quarterly Reporting (cont.)

- Monitor the reimbursement to date for sub-grantees and notify HUD POC of sub-grantees/branches that may not expend the approved funds.
- Reconcile quarterly reports to request for payments and the approved budget.
- If the report will be late, request an extension prior to due date in writing.
- All reports, except for request for payments, should be submitted to HUD POC.

Quarterly Financial Reporting

Quarterly Financial Reporting



Intermediaries, SHFAs, MSOs FY16-17 Grant Agreement

For each Sub-grantee and Branch, Grantees must submit a separate report containing the following items. Grantees that manage networks of counseling agencies and also provide direct housing counseling services at the Grantee's main office must also submit a separate report containing the following items for the direct housing counseling services provided at the Grantee's main office.

1. Grantee's name, address, and Grant number as they appear on the Grant document;
2. Start and end dates of the report period;
3. Hourly rate. Identify each counselor or other employee whose time/activity is being billed to the Grant, the individual's title, and the hourly billing rate used to calculate reimbursement from HUD or a Parent Organization for that individual's time/activity; or, in the event of fixed-price reimbursement, document actual expenses. Explain the method used for calculating hourly rates, e.g. where benefits are included in the rate;
4. Fixed-Price Reimbursement. Grantee must document actual expenses which must be reasonable and does not exceed actual costs.
5. Staff hours. Indicate for each relevant counselor and other employee the total number of hours being billed to the Grant cumulatively and for the quarter. For each individual whose work time will be reimbursed from the Grant, multiply the relevant hours by the relevant hourly rate (see item #3) and indicate the cumulative total and total for the quarter;
6. Itemized Accounting of Actual Costs. Submit a detailed, comprehensive itemized accounting of actual costs listing expenses for each distinct quarter, and the Grant period to date, under the Grant. At a minimum, the accounting must include the following as applicable: salaries, fringe and other benefits, training, travel, rent, phone, postage, supplies, technology/equipment, marketing, and indirect costs. The accounting must itemize the expenditure of each dollar being billed to the Grant. The itemized accounting of actual expenses may be submitted on form HUD-424 CB, or in a format of the Grantee's choosing if the form HUD-424 CB does not provide enough detail. Any deviation between the itemized accounting of actual costs and the budget submitted at the time of Grant execution must be explained in detail and approved by the GTR.

Quarterly Financial Reporting

Intermediary, MSO, SHFA FY16-17 Grant Agreement



Intermediaries, SHFAs and MSOs must also submit the following HUD Housing Counseling Grant network-wide information, for each reporting period and the cumulative period:

1. **Sub-allocations.** A listing of: (a) the Sub-grantees and Branches and corresponding HUD housing counseling sub-grant amounts and allocations, for each quarter and cumulative period; and (b) a Dun and Bradstreet Universal (DUNS) Identifier number for each. This data is required by a Notice published by the Office of Management and Budget, Amending Federal Financial Assistance-Related Forms To Include Universal Identifier (73 Fed. Reg. 32415 (June 6, 2008)), to ensure compliance with the Federal Funding Accountability and Transparency Act of 2006 (Pub. L. No. 109-282). Should additional requirements become applicable, HUD reserves the right to amend this Grant Agreement;
2. **Administrative Cost.** A detailed accounting for how all administrative funds were spent for each quarter and cumulatively. Administrative funds are funds used to run the program and not passed through to Sub-grantees or allocated to Branches, but spent by the Intermediary, SHFA or MSO for activities including training, travel, salaries, and equipment..
3. **Billing Methodology.** Explain clearly the methodology employed to reimburse Sub-grantees or Branches. (For example, include the formula for calculating a counselor's hourly rate attributed to the Grant, or how each cost is calculated for fixed-cost counseling/education activity). Also, indicate the process used to ensure that the fixed cost reimbursement rate does not exceed the actual cost of providing the housing counseling services for which Sub-grantees and Branches request reimbursement;
4. **Form HUD-9902.** Intermediaries, SHFAs and MSOs must ensure that Sub-grantees and Branches update the Form HUD-9902 electronically through the Housing Counseling System (HCS) so that the appropriate *HUD Housing Counseling Grant Activity* column(s) reflects activity funded with HUD Housing Counseling Grant or sub-grant funds.
5. **Federal Financial Report.** Complete and submit the Form SF-425, summarizing financial data, including program income, for each quarter. The form can be accessed at http://www.whitehouse.gov/omb/grants_forms.
6. **Required Certification.** In accordance with 2 C.F.R. § 200.415(a), include a certification, signed by an individual who is authorized to execute the certification on behalf of the Grantee, which reads as follows: "By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise. (U.S. Code Title 18, Section 1001 and Title 31, Sections 3729 – 3730 and 3801 – 3812)."

Best Practices



Quarterly Reporting

Affix the certification below to all annual financial reports and requests for payments:

“By signing this report, I certify to the best of my knowledge and belief that the report is true, complete and accurate and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information or the omission of any material fact, may subject me to criminal civil or administrative penalties for fraud, false statements, false claims, or otherwise.”

- *The person signing should be the authorized person communicated to HUD.

Processing Reimbursements

Best Practices



Processing Reimbursements

- All disbursements must be compliance with Grant Agreement and the applicable OMB Uniform Grant Guidance.
- Establish an payment review and acceptance process to ensure sub recipients are paid within 3 business days after receipt of payment from HUD
- Provide a template that includes the required documentation for submission with the request for payment

Sub-recipient Monitoring

Sub-recipient Monitoring



Sub-recipient Monitoring

- Written set of policies and procedures that guide the scope and frequency of monitoring activities, including follow up on corrective actions
- Monitoring schedule
- Monitoring checklist
- Risk assessment (i.e., what factors determine the methods and frequency of monitoring sub recipients and programs)
- Review expenses and supporting documentation submitted with request for payments



Sub-recipient Monitoring

- Spot check files for grant requirements
- Issue a “performance report” on compliance review findings on an annual basis
- Follow up on corrective actions on all deficiencies
- Providing training and technical assistance
- Establish a disclosure statement or certification for the sub recipients to complete verifying spending \$750,000 or more in Federal awards and that they are completing a single audit
- Review agreements to make sure minimum sub award requirements are met

Best Practices

Best Practices



Minimum Sub award Requirements

- Sub-recipient Name — which must match registered name in DUNS
- Sub-recipient's DUNS number
- Federal Award Identification Number (FAIN)
- Federal Award Date
- Sub award period of performance start and end dates
- Amount of Federal Funds Obligated by the current action
- Total amount of Federal funds obligated to the sub recipient
- Total amount of the Federal award
- Federal award project description — as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA)

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Minimum Sub award Requirements

- Name of the Federal awarding agency, pass-through entity, and contact information for awarding official
- CFDA number and name
- Identification of whether the award is R&D
- The indirect cost rate for the Federal award



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Minimum Sub award Requirements (cont.)

- All compliance requirements imposed by the pass-through entity to ensure that the Federal award is used in accordance with ALL Federal statutes, regulations, and terms and conditions
- Any additional requirements deemed necessary by the pass-through entity
- A requirement that the sub recipient permit the pass-through entity and auditors to have access to the sub recipient's records and financial statements
- Appropriate terms and conditions concerning closeout of the sub award



Sub-recipient Award

Enforcement Action Available:

- Temporarily withhold cash payments pending correction
- Require more reporting
- Require additional monitoring
- Require additional technical or management assistance
- Establish additional prior approvals

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Sub-recipient Award (cont.)

- Disallow all or part of the cost associated with the non-compliance
 - Wholly or partly suspend or terminate the award
 - Initiate suspension and debarment proceedings
- Withhold further Federal awards for the project or program
- A-133 only specifically stated sanctions that were available when sub recipients did not have required audits completed

Things to Remember



- Read the HUD Grant Agreement
- Share information with accounting area
- Provide sub recipient with all of the pass- through and other key grant requirements
- When possible, standardize and document processes to ensure consistent applications
- Do not hesitate to contact your HUD POC if you have any questions



Please forward any questions to:
housing.counseling@hud.gov

with

**“Best Practices & Lessons Learned –
MSOs, SHFAs, and Intermediaries”
in the Subject line**