



Final Transcript

HUD – US DEPT OF HOUSING & URBAN DEVELOPMENT: Best Practices and Lessons Learned

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SPEAKERS

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PRESENTATION

Moderator Ladies and gentlemen, thank you for standing by. Welcome to the Best Practices and Lessons Learned conference call. At this time everyone joining by phone is in a listen-only or a muted mode. [Operator instructions].

I'll now turn the meeting over to our host, Robin Booth. Please go ahead.

Robin Good afternoon. Welcome to Best Practices and Lessons Learned for multi-state organizations, state housing finance authorities and intermediaries.

This webinar is being recorded. The playback number and the presentation handouts, transcript, all of it will be available on HUD Exchange within the next one to two business days. I understand that some of you all may be having difficulty opening the handout in the control panel and the webinar. If so, you will be receiving it as well through archive email, and you'll also be able to get the handout and/or the transcripts will be made available and the handout on HUD Exchange.

Your lines will be muted throughout this presentation. We will not be taking any live questions because of the number of participants.

Within 24 to 48 hours you will receive a thank you email that says that this is your Certificate of Training. There will not be any attachment. The email itself becomes your documentation, so please make sure you either print it or save it and maintain it in your file.

As far as questions, we will be taking questions through the webinar control panel. You can ask questions. You should see that box within the control panel and the webinar. We do have staff on the webinar available that will be responding to your questions real-time. If at the end of the presentation we have some time, we will look at any questions that

weren't responded to or answered by the personnel and ultimately attempt to answer them on the line. However, if after the webinar you have additional questions or your question didn't get answered during the webinar, please email them to housing.counseling@hud.gov, and please put Best Practices and Lessons Learned in the subject line item so we know where to refer the question. You can always send those questions any time subsequent to this webinar.

Today's presentation, as I said, is being recorded, and that information will be made available to you.

After completion of the webinar you'll receive a request to complete a brief survey. We really ask that you take a few minutes and complete that survey, provide any additional comments or recommendations for future webinars or how we can improve this webinar. That information becomes critical in developing training schedules in webinars that make sense, and provide the information that you all need to be most effective. So, we would appreciate it if you would take the time to complete that survey that will pop up at the completion of this webinar.

So, on to the presentation. This presentation, Best Practices and Lessons Learned, historically it has been a combination of some of the things we've identified doing financial and administrative reviews. As the Office of Housing Counseling moves more towards taking a proactive approach and providing more technical assistance, one-on-one training, financial analysis and those kinds of services on the front end, there's less emphasis on the actual financial and administrative reviews on the back end. So, this is in line with that whole approach and providing you with information on what some of the doing our reviews, doing all of the services provided, what are some of those areas that we've identified as common areas of either mistakes or non-compliance or pending issues, and then some of the best practices we've seen to help mitigate or minimize or even correct some of those kinds of areas.

So, this is a summary or some feedback from us that will hopefully help you in addressing any areas of concern and/or implementing some best practice that will make your management of the grants that much more efficient and effective.

My name is Robin Booth. I am facilitating this particular webinar as the Audit Principal of Booth Management Consulting. Our firm is the

contractor providing the technical assistance and training, financial analysis, as well as one-on-one training and preparing action plans for the Office of Housing Counseling, primarily in the area of financial management and accounting as it relates to the comprehensive housing counseling grants.

You all may have interfaced with various members of my staff throughout this process, and once again we're using some of the lessons learned and some of the best practices we've identified through the various interactions with MSOs and intermediaries and SHFAs. That's why we've tried to distinguish between what we've seen in those types of agencies as opposed to just your local housing counseling agencies.

We're going to go over some lessons learned. These will be what we historically would say are common findings, but now we just say common areas of potential non-compliance, or where we've identified that we've provided the most technical assistance, or training, or need for guidance. And then some best practices in the key financial management areas of the grant itself, and ultimately some things to remember that hopefully by incorporating some of the things in this particular webinar it will improve

your overall financial grant management of the comprehensive housing counseling grant.

Lessons learned. Well, internal control, under the Uniform Guidance, with there being more emphasis on effective internal controls, you always have to balance the cost benefit of internal controls, especially for smaller agencies. Now, because this particular webinar and best practices are geared toward the MSOs and SHFAs and intermediaries, which tend to be larger agencies, for you all, a lot of you have either had single audits done, where you've had your internal controls looked at, or you have internal audit functions that help mitigate some of the areas of concern relative to internal control. So, even for you all there are some common things that we still see areas of improvement.

Training new staff. Whenever there's a change in personnel, even on a grant, specifically on the HUD counseling grant, that training of staff and indoctrinating them into the financial grant management requirement becomes an issue. Training of staff is critical as an internal control because any internal control is only as effective as your ability to communicate it and then to enforce it. So, if individuals aren't aware of what your internal controls are, then there's no way that they can in turn

comply with it, and it makes it that much more difficult for them to actually conform to it. So, to that extent, training of new personnel becomes critically important.

Just as far as policies and procedures, a lot of even the larger agencies, you all have a lot of, I'll say, oral communications or internal policies and procedures. But a lot of times it may be that either your existing manuals haven't been updated timely, so they haven't incorporated some of those changes necessarily in the grant or in federal regulations, especially under the Uniform Guidance, into your existing policies and procedures relative to internal control.

So, what we're seeing there is just a lot of it is a matter of just updating existing policies and procedures, existing controls to make sure that you're now in compliance with the more rigorous requirements under Uniform Guidance. So, areas such as cash receipts, cash disbursements, payroll, time tracking and personnel activity, cost policies, what we've seen is that you need to revisit those policies to make sure that they've been updated, generally within the last three years is what we say, and that they've been updated to ensure compliance with the new Uniform Guidance.

In the area of budgeting. Some of the key lessons learned, inadequate budget assumptions. Budget assumptions don't have to be lengthy narratives going into my new details of how you've developed that particular budgetary line item. But you should provide sufficient information for HUD to determine if that budgetary line item complies with the cost principles under Uniform Guidance. Is it reasonable? Is it necessary? Is it consistently treated? Is it allocable to the grant? So, in doing that it may be that you have to provide some information for us to make that determination.

Just thinking about some of the things we've seen in the grant execution process, specifically when you're looking at the approval of budgetary line items, it may be that there's an assumption that because you say, for instance, that I'm going to use part of this for supplies, that just indicating the budgetary line item is supplies, is that sufficient? No. We need to know what supplies and how are those supplies allocable to the counseling grant. If you're buying supplies that you're going to use throughout the agency, then that shouldn't be a separate budgetary line item, that should be incorporated within your indirect cost.

Another area is travel. We'll see budgetary line items for travel, okay, what's the purpose of the travel? Because we have to determine if that purpose is allocable and allowable. What's the estimate of the travel amount, because we're trying to determine if the travel is reasonable. So, one or two sentences saying that there's two individuals that will be traveling to this conference on this date, well, not even that date, this conference and they will be staying for this period of time, and then given an estimate associated with that, that's sufficient. But what we've seen is that a lot of times that information is not provided and needs to be requested so that we can make a determination if that budgetary line item meets the requirement of the Uniform Guidance.

Failure to monitor budget versus actual. We're hoping that some of the proactive approach that OHC has taken as far as more involvement in the grant execution and approval of the budgetary line items and getting the kinds of assumptions and explanations that as agencies you'll use that approved budget, where now you know this is what we finally approved, you'll make sure that that approved budget is in fact the budget that you use throughout the actual grant.

Of course, that's assuming that if there's any change in personnel they're made aware of that as a budgetary line item and that accounting is also aware that this is the approved budget, so if they're responsible for actually allocating the actual cost of the grant, they know whether a line item was approved and whether they can charge those costs. So, of course it gets to communication, but we're hoping that having spent more time on the front end with the budget approval process, that the budget versus actual becomes less of an issue. The same thing with budget modifications, the same thing with communicating with HUD POCs, and the same thing with communicating between a program and an accounting office.

As a part of being more proactive on the budget approval side, it forced some agencies to have to go back to accounting to find out, okay, we included this on the budget, or something as simple as your indirect rate, are we using the right indirect rate? So, by taking a much more proactive and really going through the approval process during the grant execution process, that forced more communications between the program and accounting area, it forced more communications with the HUD POC, because if we had any other questions or if the HUD POCs had questions they've often referred them to us for clarification and it forces improved

communications relative to budget modifications and actuals. So, once again, taking the approach to be more proactive as opposed to reactive when performing financial and administrative reviews should help to address some of these lessons learned.

Still lessons learned, this is whole indirect costs, just understanding if you have a negotiated indirect cost rate how do you apply it to the grant fund using the budget that you're proposing. And part of that is understanding when we say base, meaning what's the base that you're applying the rate to, understanding what that base is and if you have a negotiated indirect cost rate agreement, it tells you what the base is that you can multiply your rate by.

If you're using the 10% de minimis rate, then it becomes a matter of determining what's the modified total direct cost base—which is the required base that you have to use for the 10% de minimis rate—and then make sure you're applying that 10% to just those costs. A lot of that we've, once again, identified during the grant execution process. So, we were able to help agencies make those adjustments and make those corrections on the front end. So, then as you're applying the rates through

your quarterly submissions or requests for reimbursements, you know you're applying them the correct way to the correct base.

And another issue, especially when trying to come up with how to apply the 10% de minimis rate, is duplication of costs included in your indirect cost base. One of the things you have to be careful of if you have a NICRA, even with the 10%, is that the budgetary line items that you're proposing are not in fact included or incorporated into your negotiated indirect cost rate. Because if they are, then you can't include them as a direct cost, they become part of that whatever percentage or whatever rate that you are approved for, whether it's the 10% or through a NICRA. They're incorporated in that percentage, so they can in fact, be a direct budgetary line item.

So, those are the kinds of things that we're still seeing as we go primarily now though through the grant execution process, not necessarily as much through the financial and administrative reviews.

On the cost reimbursement side, using budgeted hourly rates instead of actual rates, I know it feels like, and I know new agencies, sometimes they're not as familiar, or it may be, well, how do I know what my actual

rates are going to be during the budgetary process, which again gets into having strong assumptions based on historically how you've used funds, or how you've done a budget for the housing counseling grant. But you have to use actual rates, even if you're doing the fixed cost reimbursement method, as opposed to just the hourly method, or just the budget submission, you still have to use actual rates.

So, you have to know what you'll be paying somebody if it's for labor, what you actually will be paying them to provide those services. So, you have to know, one, who would we want to include? Is it just housing counselors? Okay. So, are also including executive directors, or admin? Then what is the actual hourly rates we're paying them?

Indirect cost charge excluded excess amounts. You're still including amounts that exceed what's the allowable base under the cost reimbursement. So, the cost reimbursement, remember, when you're doing your indirect costs you still have to base it on the percentage of costs you're actually asking to be reimbursed for at that time period.

So, just because you're approved, let's say you do your budget and based on your budget and the indirect cost rate it looks like that you have

indirect costs up to a certain dollar amount that you can take on that particular grant, the issue is that as you're doing your actual cost reimbursement request as a part of your invoicing to HUD you can only multiply the indirect costs by those costs on the reimbursement that are consistent with the base. You can't just say, oh, my budget says that somewhere along the line I'm going to get these dollars for indirect costs, so I'm just going to take some each quarter. No. You still have to be able to multiply your indirect rate times the correct reimbursement base and then at that point determine this is how much of that indirect cost I can take in this particular reimbursement.

Inadequate supporting documentation. Now, on the front end we won't see this as much, but I know, for instance, intermediaries require a lot of their sub-recipients to give them all of their supporting documentation when they're submitting their cost reimbursement so that they can then process and approve them. So, we're still seeing that not having adequate supporting documentation for travel or training, it really gets tough with things like supplies, where unless you've clearly identified these supplies are specific to HUD counseling, you have to get in to figure out how much of the supplies were used for the HUD counseling grant. So, things like

that, having the correct supporting documentation becomes somewhat more challenging.

Inadequate time and attendance tracking and reporting. Actually, I think it's improving in this area, even though there's an issue with the reduced requirement in Uniform Guidance for how you're doing your Personnel Activity Reporting, I think this will be one particular lesson learned that will become less of a factor, that may not show up in future best practices and lessons learned because you now have more flexibility on how you're doing a Personnel Activity Report and your timekeeping, which I think ultimately will reduce the administrative burden. So, hopefully this one will be one that comes off the list.

Then of course requests not being filed timely. It's very difficult, especially because you all are required, for the most part, to do the SF-425, the federal financial report quarterly, and that information is ultimately incorporated and rolled up into a much larger basis of reporting. It's important that the requests are done timely and it reflects the activity during the period requested.

So, that always becomes a challenge. That still is a challenge, especially I know for some of you if you have subs, and your ability to submit the cost reimbursement request is contingent upon their ability to submit it to you timely, so ultimately you can submit it to HUD because you have to roll up, I know that is a challenge.

So, what we've tried to do is work with intermediaries and other parents that have that situation to come out with a time table that makes sense, a time table where sub-recipients have to submit certain documentation and then giving them sufficient time to roll that up into the submission ultimately to HUD. But that remains the lessons learned.

Quarterly reporting. It's the same thing, late filing, the whole admission of quarter-to-date and cumulate-to-date information, that has not changed in this grant since its inception. But that still becomes an issue, just understanding when you have to submit quarter-to-date and then cumulative-to-date information, that you have to file a zero report unless you filed a final report. So, at that point the HUD POC knows that they're not expecting any additional reports, a POC can't assume that there's no additional quarterly reports coming because you didn't submit it.

Until you submit a final report, you have to submit a zero report reflecting that no for this particular quarter, and even in your zero report, unless you've had no activity you still have a cumulative-to-date amount. It just will be the same as the last report. But the HUD POCs can't make any assumptions that you have nothing to report for a quarter just because maybe you've recognized on your end that you've expended all the funds. But until they get a final report, you have to submit a zero report.

Incomplete and inaccurate, SF-425. We try to do more training to address this, but as I said, that information rolls up into much larger, more HUD agency-wide reporting than just out of the Office of Housing Counseling, so it's important that that information is completed accurately. We notice more that it's incomplete, meaning certain line items aren't completed because people aren't quite sure what to put, what dollar amounts go in those line items. So, we hope that through continued training, both through webinars and one-on-one, that that becomes less of an issue.

Then incomplete filings and not including all the requirements of the grant agreement. As I said, the requirements in this section, for the most part, have been consistent for the grant and it's just a matter of complying with all of the requirements for quarterly reporting.

Personnel Activity Reporting. This first one is lessons learned. It wasn't maintained on a monthly basis, and now since you don't have to do that you have to be able to show that you have a system for maintaining it. It's just it no longer has to be on a monthly basis. You still have to make sure everything is signed by an employer and supervisor.

So, remember timekeeping and Personnel Activity Reporting, they're one of the only types of transactions that have to be confirmed totally internal to the agency. So, that employee's signature is signifying that they acknowledge I've done this work on this grant and this is the activities I performed for these hours. Then the supervisor is attesting that, yes, I'm confirming that this person did this work on this grant for these hours and they did these activities.

Then of course you have to make sure you have sufficient information to determine that it was allowable, allocable and reasonable, and that's where the activity comes in. So, we've had training, we've done webinars, one-on-one training, technical assistance, and it's about different ways to report personnel activity that's less burdensome, especially since now you have so much flexibility.

Of course one of the leading ways we recommend is to use activity codes so that it's pretty consistent and anybody charging to the grant, it's a consistent method for determining what activities they performed. And that in and of itself makes it easier to meet the requirement to determine if the cost of whatever work they performed was allowable, was it consistent with what should allocable to the comprehensive housing counseling, and was it reasonable when you look at the time charged for that work, leverage funds, inadequate tracking procedures, failure to maintain supporting documentation, especially if you're getting funds from another source, do you have [indiscernible] letters, what do you have to verify that other source, are you tracking it within your accounting system or your reporting system for this particular grant.

And then getting the required leveraged activity from sub-grantees on regular intervals, which for those parents of sub-grantees, that's part of your oversight and monitoring requirement. So, we still see those as being areas of underleveraged funding that tend to be non-compliant.

From a sub-recipient monitoring, inadequate policies and procedures for monitoring, failure to comply with the monitoring plan, confusion with what NICRA sub-grantees have to use. We've had parents that have

advised sub-grantees that they have to use the parent's NICRA or the sub-grantee believes that the parent has to use their NICRA. What we've tried to really clarify is that each agency, if they have an approved NICRA they have to use their approved NICRA rate. You don't adopt the rate of someone else. And if you don't have NICRA, you have the right as a sub-grantee to elect a 10% de minimis rate, and the parent agency cannot tell you, no, you can't take that rate because you can't use the 10% de minimis rate if in fact you are eligible.

Inadequate supporting documentation for sub-grantee reimbursement.

We've been asked through technical assistance and financial analysis to review quarterly reports, a HUD POC may ask us to review quarterly information submitted by a parent that includes sub-recipients, and we note that it may be insufficient documentation, or some sub-recipients are very good and give complete, but then others they provide less complete information. But it appears as if there's no monitoring or no attempts to get every sub to be consistent in the documentation that they're submitting.

As far as inadequate policies and procedures, that goes back to the findings to the parents themselves, that everyone at this point should have

updated, reviewed their existing policies and procedures and ensured that they were compliant with the Uniform Guidance that has been implemented over the last few years.

Then failure to comply with your own monitoring plan. You may have a monitoring plan and your monitoring plan says “x,” are you doing what your monitoring plan says? Now, if you believe your monitoring plan is too burdensome, or too aggressive, or whatever it is, you need to then develop a plan that makes sense for your agency. But whatever that plan is, you have to stick to that plan. So, the failure to even stick to your documented monitoring plan is now, that’s progress because before, I can tell you last year some of the findings were that you didn’t have a monitoring plan, so that’s less of an issue before. But now you’ve created these monitoring plans, are you compliant with your own plan?

Some other areas, non-responsive grantees. Even in a grant execution process for some of the parents we assisted with reviewing their grant execution packages so that they could award the grants, just some recipient not being responsive, whether it was change in personnel, change in contact information. So, the parents have to ensure that they have the most recent information from these sub-recipients, that there is ongoing

communication and that when there are issues to be addressed that they have something in place that if a sub-grantee isn't communicating that they in fact can take whatever measures to improve those communications.

Inadequate invoice verification process, meaning that either when sub-grantees are submitting their information to the parents, you're responsible for reviewing their invoice, their request for reimbursement, and ensuring that it's compliant before you submit it to the HUD POC as a part of your total invoicing as a parent.

Sub-recipients using budget amounts for reimbursement. We see this a lot, and some of it has to do with the communication between a parent and the sub, where the sub has been awarded a certain amount as a sub-recipient, as a sub award, and some parents, they don't require these subs to submit a budget based on the approval amount, which is another issue. So, they're using basically whatever they've been awarded as the amount that they're going to request for reimbursement spread out evenly over each quarter.

We're seeing it less, and I think, once again, it's because there's a more proactive front end approach to trying to do better training with parents to make technical assistance more available to sub-awardees too so they also make sure that they're in the loop with understanding what the requirements are. But it's still an area of concern.

Fees based on counseling sessions. Now, of course, under, I believe it was the FY16 grant, beginning with that grant you're allowed to use a fixed reimbursement billing methodology. Of course you have to have all the supporting documentation and be able to explain the methodology if questioned, and then come up with a counseling fee. But that has to be based on an approved methodology, which in fact the parents in this instance would be responsible for approving.

So, at that point, once they have the approved methodology for the cost reimbursement for the counseling sessions, then they can do it. But the responsibility is on the parent to approve the sub-recipient billing methodology to ensure that if they are requesting to use the fixed reimbursement method that they've provided sufficient documentation to support whatever fee amount they come up with for those counseling sessions.

Budgeting. In the area of budgeting, just communications with accounting, we've still noted that we're still trying to get agencies to really communicate internally between the program area and accounting, to develop these budgets. For your agencies that you have larger budgets than the LHCA's and you have more budgetary line items historically, just making sure that accounting is also aware of the budget line items you're including on it, so that when they're doing the actual accounting and allocation of costs due to the grant that they're allocating the approved budgetary cost to the grant.

I think one thing that has been one of the best practices now that we have done with the budget commission, not around best practices is that through the grant execution process there's more emphasis on identifying what's the approved budget. So, this is now identified as an approved budget, so everyone knows that this is the budget that ultimately was approved for the use of the funds for this grant.

As far as your budget submission, you want to monitor budget versus actual and notify your HUD POC if funds have been expended. This is just a best practice with that submission. Communicate with your HUD POC through email. Thank goodness for email where you can send

communications that are available and people can access anytime and anywhere.

So, just make sure you're communicating with them about any changes, especially for parents that have subs. That's why you have to really monitor your subs' activities. You don't want to wait until the last quarter of the grant to realize that you had certain subs that haven't utilized their funds.

So, it may be that they're not going to utilize their separate award amounts, and you get in a situation where funds may need to be recaptured. Ideally, OHC would like not to have to recapture. If you're monitoring your sub activity and you're taking a proactive approach, earlier in the process you can identify particular utilization by sub and communicate with them, are you going to use the award, where are you?

Maybe we need to do a mod and reduce the amount of award to this sub and give more to another sub who's doing more activity. But again that gets into just the best practices, the monitoring of the budget versus actual, which is facilitated by the grant agreement, which requires you to show budget versus actual now as a part of your quarterly reporting.

So, looking at that, especially when you're looking at sub-awards to look at to make sure that utilization is in line with the progress on the actual grant, you want to request approval for any changes in a budgetary line item, that is required. Once again, if you're monitoring your budget and you're paying attention each quarter, you can do that sooner rather than later, giving everybody time to get an understanding of what you're requesting and then to get the proper approval.

You want to notify the HUD POC, and communications is just really important. These don't have to be lengthy communications, these are just keeping everybody informed. And I already talked about the changes of your sub-grantees or your branches and the corresponding sub allocations, and just making sure everybody's aware of, especially if it could result in funding being recaptured, which is not the ideal situation for anybody.

All your budget submissions, especially with sub-awardees, make sure that an authorized person has signed the budget. The authorized person, that person is taking responsibility for how the funds will be utilized. Also, it's funny, when people have to sign and take responsibility for a document, a lot of times it will get looked at closer than if it's just somebody submitting some numbers to HUD for a grant. So, it's

important to make sure that you have that signature, and it's required under the Uniform Guidance.

Some other best practices you want with the budget. Make sure all your billing methodologies are approved during the grant execution process, so that you don't slow up your payments once you start the actual grant process when you're submitting your quarterly reports and your request for reimbursement. If your methodologies are approved as a part of your grant execution process, as long as you apply that methodology then you shouldn't have any impediments or anything that will impact the timing of the payment of your request for cost reimbursement.

As I said, your accounting should know what your approved budget is, especially if they're going to be the ones that ultimately are updating the accounting system to show the allocations and post costs to the correct grant. Then monitor costs reimbursed on a quarterly basis, budget versus actual, which is a grant requirement.

So, if you're monitoring that on a quarterly basis, then you should know if you're going to need to request a modification to maybe reduce one budgetary line item and increase another looking at your usage. But that

means that not only are you preparing a report, but you're reading them and then making management decisions to determine what, if any, changes you may need to do, or communications you may need to have to make sure your budget versus actual stay on point.

For indirect costs, some of the best practices. Make sure you have your most recent NICRA from accounting and finance. We know that a lot of times the program areas take a lead role in preparing these budgets, but make sure you have the most recent NICRA agreements if in fact the agency has an agreement, and that's in the form of requesting it. If you have a NICRA agreement that appears to be aspiring, talk to accounting and find out what the status is. Have we submitted the proposal to whatever the cognizant agency is to see where we are in getting new and updated rates.

Get an understanding of what the new rates will be. If the new rates are going to be less than the rates that are on your existing NICRA, you may want to use the reduced rates for purposes of budgetary because you know that if they're approved they're going to be the rates and they're less than what was on the expiring NICRA, that kind of communication. Verify what costs can be included in the base. You may not be sure how to apply

the indirect rate, so you can request technical assistance from your HUD POC for us to make sure you understand how to apply it and you can request your accounting.

If you're in a program area and you're the person that's responsible for doing the cost reimbursement and you're the one that has to compute once you do that quarterly request for reimbursement, how much of that is indirect cost and you're not sure, then you need to either request technical assistance through OHC or communicate with your accounting department to make sure you're applying that NICRA the correct way, which is what I just said in the last bullet.

Also, the whole comment about using a rate lower than the approved indirect rate, if, in fact, you have a rate that is expiring, is also noted here. That's just some best practices.

For sub-recipient awards, some of the best practices. Include a copy of the grant agreement with HUD as an attachment. We actually saw a lot more of that in the grant when we worked with some of the parents during the grant execution process, where whatever the sub-award document was, or grant agreement was, it incorporated, if not the entire HUD grant

agreement, but the most critical parts within that sub-award agreement.

That way you don't find yourself, well the sub-recipients are getting all of the information they need to ensure that they're also compliant with the grant agreement because, as you know, it's a pass-through.

So, whatever clause is in your grant agreement as an MSO, intermediary or SHFA, to the extent you have a sub-award it also applies to them. So, it takes out any kind of communications gap and not understanding what the requirements are.

Provide templates, which we actually provide a lot of technical assistance to parents who have subs with templates that they can use so that they're getting information consistently from all of their subs across the board. Not only does it at least reduce the time period you have to spend on re-doing documentation because you're not looking at different submissions and different formats and different information, but it also should improve the overall quality of the documents you're submitting to HUD POCs as a part of your quarterly reporting and your reimbursement.

And you can always do training with them on how to use the template, and templates can be designed to help to ensure that the information rolls over

and rolls up into the overall reporting consistently, comparably, where you can compare information because it's in a similar format. So, we've been doing a lot of that, more through technical assistance and one-on-one training.

After you get through the grant execution process, either through a webinar, you should do some kind of post-award meeting and conference call to make sure that you go over what the requirements are again. Once again, if you do spend time on the front end, hopefully that means that submissions and reporting and request for reimbursements all will come in at a high level, which will make that grant management that much more efficient.

You want to make sure you have the most recent contact information with sub-grantees and branches, and put in place, ensure that they're aware that if there are any changes that they need to notify you and provide you with that information in a timely manner, especially if they're changing personnel. As you know, under the uniform guidance, that is now one of the 21 written communications that grantees are supposed to communicate to the federal government, if there's any change in key personnel.

Sub-recipient award best practices, you have to accept indirect cost rate from the sub-recipient, so understand that you have to accept those. You do want to establish some risk assessment factors and sub-recipient risk assessments prior to final award, so you want to do that.

I know that there's oftentimes a period of time where you're waiting to hear from HUD on what your final award amount is as a parent, well, during that process you should be working on your risk assessments as a part of the award process for sub-recipients and your risk scores so that when you do find out how much money you've received, you've already set up your risk assessments. So, now at this point you're just applying, based on your risk scoring, you're applying that award amount for each of the sub-grantees that fall within certain risk categories.

If you do that while you're waiting for that award information, then once you get the notification of how much you've been awarded, then you're already applying an existing risk scale and risk scoring. So, you don't have a delay or you don't have to delay the grant execution process.

You want to monitor the activities of the sub-recipients to make sure that they're complying with the requirements, and this could be desk reviews,

check lists. A lot of you, at least from a financial management perspective, you request sub-recipients to submit a lot of information, well, submit complete information, including supporting documentation as a part of their reimbursement process.

Well, if in fact you're doing that, as long as you have it in your monitoring plan and you can evidence that from a financial perspective we're monitoring a lot of the activity because of the level of supporting documentation they have to submit with the request for reimbursement, that could be sufficient. It's just how you document it and then what information you maintain in your file to document that in fact you have done that level of review.

So, it could be that you have a check list that you use for whenever you're doing the quarterly monitoring, or they've done a request and your check list is reviewed all the time, she's reviewed personnel activating reporting, reviewed receipts submitted with travel, whatever it is, so that it's clear that you've done all of that review, and that becomes the monitoring activity. As long as it's consistent with your risk scoring and those other things, that could be sufficient, which once again could reduce the overall administration of sub-recipients.

Then you have to establish enforcement actions with distributing your policies and procedures. For sub-recipients that are not compliant or consistently compliant, yes, you have the risk score, but under the Uniform Guidance it says that you have to have enforcement actions, which could include withholding of payment or request for reimbursement.

But if you do in fact include that, you have to ensure that whatever the basis you're using, it's documented, it's written, and the agency's aware of it, and then you're doing it consistently. You can't do it to say to one agency, because you didn't submit your quarterly reports on time we're going to withhold payment until you do.

But then another agency that doesn't submit theirs on time as well, but maybe because they've been with you longer or the level of service they provide you go ahead and make their payment. You can't do that. It has to be consistent enforced and it has to be based on your enforcement policies, which should be documented.

These are some of the sub-award examples of risk factors here that we talked about. This comes straight from the Uniform Guidance. Just when

you're going through and doing your risk scoring and coming up with your risk factors, these are some of the things you want to keep in mind: prior experience, previous audits, they've changed in personnel and if they've been subject to any other federal monitoring. So, those are just some risk factors that you use.

For time and attendance, your time sheets, one of the things we recommended is you add activity codes to your time sheets so that when the person completes their time sheet, and they have to complete a time sheet for all the work performed. You can't just do time sheets just for HUD, they have to be total timekeeping, where they're showing all the work performed for that time on that time sheet on that day, or whatever method that you use for timekeeping.

But one of the best practices is to add activity codes so that that person, they're not only indicating, I charged it to this particular HUD grant, but I did this activity for this number of hours, you have the employee's signature, you have the supervisor's signature, and everything is fine.

As far as billing rate, especially since now during the grant execution process a lot of you know what your approved billing rates are, so

whatever billing rates you included in your budget or your grant execution, they're the rates that you have to use throughout the process. So, there should be a review, or you should check to make sure whatever rates you're charging in the actual costs of reimbursement are the rates that were approved.

Now, if the rates have changed, you need to request a budget modification, because that's going to impact maybe the level of services and the dollar amounts you're going to be able to bill against that budgetary line item. You can have different rates for different people, so you want to align that with whatever is in your approved budget, your friends, so pretty much want to make sure you use that budget versus actual, not just in total dollar amounts, but also in the rates for personnel costs that you included in that.

Once again, this is just an example of some activity codes for time and attendance. If you wanted to use that approach to include it on your time sheet, and this particular activity, the activities could be based on how you all charge your time to HUD. So, this is just some examples of the types of activities that you could use.

Some best practices for quarterly reporting. Whenever you get a new grant, make sure you go back and re-read the whole grant in its entirety, but pay attention to the reporting section just in case there have been changes. Don't assume that the grant will never change. I remember the first year that the requirement to do an actual versus budget was included in a grant, many agencies, because they just assumed the terms were the same, weren't doing that. So, now, over time and through being identified as being non-compliant, they're doing it.

But don't assume that a grant is always the same. And if there is a change in personnel, make sure you give them that section of the grant agreement so that they can review it and be aware of what the requirements are.

Remember that if you have no activity you still have to do a zero report and that you still have to do a quarterly report even if you're not requesting any reimbursement at that time. Until you submit a final report that is accepted or approved, you have to do quarterly reporting, even if there's zero activity, and even if you're not requesting any reimbursement at that time.

Accounting. There should be a communication to accounting of all critical due dates, so that if you need any information from them, that that information can be available timely. Ideally, you want somebody from accounting, financial analysis, somebody to review your quarterly reports and request for payment to make sure that, one, for instance, they can check them to make sure that whatever rates that were approved in your budget are the rates that are being used in the actual quarterly reports and on the request for reimbursement. They could check that the proper budgetary line items are being charged, things of that nature. But somebody should correct it.

Another best practice is if you're resubmitting a quarterly report or you're correcting a quarterly report or reimbursement report, put "Amended" or "Corrected" on the top of the report so that if someone picks up the file a year and a half from now, or if you're doing your final report and you're trying to pull together all of the information to do the final, you've identified that there was an amended or corrected report so you're not using the wrong information.

I've said this multiple times on the sub-grantees, just monitor those requests for reimbursement to date, look at it. If you have a sub-grantee

that's not reporting timely, or reporting no activity over an extended period of time, that warrants a call or follow up to make sure that they're going to utilize the funds. Don't wait until the end of the grant to realize that somebody, a sub-recipient didn't utilize the fund. That should be done throughout the process.

If you're going to be late, you need to request an extension in writing from your HUD POC. If your sub-recipients are going to be late, they need to have the same process in place with you all, and then if that impacts your reporting you need to then request an extension from the HUD POC as well.

All reports should be submitted to the HUD POC, except if you're a sub that of course is submitting it to the parent. But all reports should be submitted directly to the HUD POC.

This is just going over the new grant agreement, what the reporting requirements are. As I said, the biggest change is you have some fixed price reimbursement. That's not an option. And the itemized accounting of costs, which is the budget versus actual. That was added to the

agreement in the FY '15/'16 grant. This is just, once again, for your quick reference, to make sure you're aware of what those requirements are.

Now, the other thing is under Uniform Guidance you have to affix this certification to all annual financial reports and requests for payment. So, when you're submitting a request for payment, please remember that this exact language should be affixed, meaning on whatever your request for payment is, and it has to be signed by an authorized individual. Generally, that individual should be the individual that signed the initial budget, unless it's going to change.

Best practices so that your reimbursements get processed timely. Make sure you're in compliance with the grant agreement, because of course reimbursements are tied to your quarterly report, so you want to make sure you've met all of those requirements. You should have a payment review and accepting process for your sub-recipients. That gives you sufficient time to do the reviews that you need to do prior to submitting that information timely to HUD, to the POC.

So you need to make sure you've incorporated that timeline to give you a review of the subs' work. And part of that can be helped by using

templates where you're getting comparable information from all of your subs, as opposed to trying to understand subs presenting their information in whatever format they choose and you then trying to make sure you understand how the sub is submitting their information.

For sub-recipient, monitoring policies and procedures. But make sure they're policies and procedures you can stick to, that you can actually put into place. We recommend a monitoring schedule. Come up with a schedule at the beginning of the grant period of when you're going to monitor, and then what type of monitoring. Is it going to be a [indiscernible] risk assessment part, am I doing a desk review versus an on-site, or maybe just my monitoring of the request for reimbursement because this agency falls into a low risk category agency.

So you want to make those determinations in coming up with a monitoring schedule, and then having a check list so that individuals responsible for the monitoring, you can make sure they're all doing the same thing and looking at the same information as a part of your monitoring process. And you have documentation that you can include in that sub-recipient's file to support your monitoring activities. And one option could be that you're reviewing expenses and supporting documentation during the actual

review of request for payments and you've documented that, so then you can say that my monitoring happened at that level for these low risk agencies, for example. And I have a check list to show everything I review when I review my supporting document for request for payments, and based on that this monitoring is sufficient for this particular agency because they're in a low risk category, things of that nature.

Spot check files for grant requirements. Some of you have a lot of grants sub-recipients, so when you're coming up with your monitoring plan and you're putting them in risk categories, you can also look at things like a spot check. Maybe this is really a low risk grantee so it may just be a matter of as opposed to each quarterly report I'm doing this detail, or each request for payment I'm doing this detailed review, I'll select this quarter and do this detailed review and this becomes my sample, and I use this to make a determination if I need to do any more monitoring activity.

You want to follow up on corrective actions on all deficiencies. Don't wait for the HUD POC to inform you, or to become aware of these deficiencies. You should have follow up procedures within your own monitoring plan to go back and to make sure that if there were issues, that

they've been addressed and corrected. And do that until they are corrected.

You can provide technical assistance and training directly. You can request it from your HUD POC for this particular contract. But identify when they need that training and making sure they're receiving it. Once again, it just makes your entire grant management process that much more effective.

In your grant execution, and we saw this in grant executions, you need those disclosure statements and certification statements, and things of that nature. So, in your grant execution, and we saw that with some of the parents that we looked at, is to make sure that they're, whether you're doing it as a part of their submission and having them signed, whether you do it as a part of maybe when you go on-site to that grantee you review all of their certifications and things of that nature, but just make sure you obtain those kinds of certifications.

You want to review agreements to make sure that the sub-award requirements are met, so you want to make sure that any agreement that you have for the sub-awards that is consistent with your HUD grant

agreement and that it's being met. That's why one of the best practices is to just attach the HUD grant agreement.

Just an FYI, remember too that under the Uniform Guidance for the sub-award requirements, all of this information now has to be a part of your sub-award documentation, meaning when you award them you have to obtain this information from them. This is just a reminder. If they don't have a CFDA number and name, you just obtain identifying information from them.

All the minimum sub-award requirements, all compliance requirements imposed by the pass-through, I just want to make sure everything that you're required to do is being passed through to them, and of course that best practice is to add the HUD grant agreement.

These are, once again, all of the terms. This is strictly the language from the Uniform Guidance that we just wanted to put here to remind you that these are some of your requirements, and especially the enforcement actions available. Know that these are some of the things that you can do, if in fact you have sub-awardees that are consistently non-compliant. Remember, it needs to be documented and consistently applied, but these

are liable actions, but whole payments require more increased reporting, increased monitoring, increased technical management and then increased additional prior approval. So, it may be that you say, you know what, you had travel in your budget, before you do your travel we want you to do a travel authorization, and we want to prove it before it goes out, because on the back end we don't want to come back and say, no, that travel wasn't allowable, it didn't meet the cost principles, and then not be able to reimburse you for it, things of that nature.

Things to remember. Read the agreement. You always want to read the agreement. Communicate and share information with your accounting area, especially if, as in the program there, you're taking the lead on the preparation of the various financial reports and quarterly reports and budgets and things of that nature.

You want to make sure your subs have all the pass-through and other grant agreement requirements. So, the recommendation has been to just attach the actual HUD grant agreement. All of your financial information is on the SF-1044 anyway, so the actual sub-grantee agreement from HUD really doesn't disclose any confidential information. But it does ensure that your sub-recipient is aware of what all the requirements are.

When possible, you want to standardize and document processes consistently, whatever it is, the more you have it documented, then the higher the probability, especially from internal control, that it can be monitored and it can be implemented because everyone is aware of what the requirement is, or what the process or procedure is.

Then if you have any questions, don't hesitate to contact your HUD POC. They have resources, such as assistance to various contracts that they can make available to you. They can share information with you. It can be proactive, in that you can run some issues by them so that on a back end when you're requesting reimbursement and things of that nature, once again it doesn't slow up your payment because there appears to be some issues.

So, you want to communicate with your HUD POC. If you're ever not sure who your HUD POC is, there are various individuals, you can go through the food chain of HUD OHC to identify who that person is, in fact you find that.

So, those are just some things to remember. If you have any other questions, at this point we're not going to take live questions. Hopefully

for those that have submitted questions through the webinar control panel, that we've addressed those questions. But if we have not or you have additional questions you can always forward them to housing.counseling@hud.gov. Please, even if you just put best practices and lessons learned in the subject line item, that will help us to distribute the question to the appropriate individuals for a response.

So, I thank you all for your time this afternoon. As I said, if you have any other questions, please send them to that email address. Thank you for your time.

Moderator

Ladies and gentlemen, this will conclude our teleconference for today. We thank you for your participation and for using AT&T Executive TeleConference. You may now disconnect. Presenters, you may remain on the line.