



## Final Transcript

### **HUD - US DEPT OF HOUSING & URBAN DEVELOPMENT: Completing the Grant Management Questionnaire**

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#### **SPEAKERS**

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#### **PRESENTATION**

Moderator                    Ladies and gentlemen, thank you for standing by and welcome to Competing the Grant Management Questionnaire. At this time, all participants are in a listen-only mode. Later, we'll conduct a question and answer session. Instructions will be given at that time. [Operator instructions]. As a reminder, today's conference is being recorded.

I'd now like to turn the conference over to your host, Petergay Bryan.

Please go ahead.

Petergay

Hello, everyone. Welcome to HUD's Office of Housing Counseling's training on completing the grant management questionnaire. This training is specific to participants in the Office of Housing Counseling Grant Program. So if you are a recipient of another HUD grant but not the OHC grant, then this may not apply to you.

As the moderator stated, audio will be recorded during today's training. The playback number along with the PowerPoint presentation and the transcript will be available to you on the HUD Exchange at [hudexchange.info](http://hudexchange.info). The training digest will also be updated once the webinar information is uploaded to the website.

If you registered for today's training you will have received a handout which is actually a copy of today's presentation in PDF format. That was sent to you by email so you could follow along and take notes. However, if you didn't receive that email, if you click on the control panel on your screen there's a section that says handouts. If you select that section you will see a copy of the PDF form for today's presentation attached.

Towards the end of the session depending on how much time that we have, I may or may not pause for questions. So we'll see how we do on

time today. But if that's the cause and we're taking live questions, then the operator will give you instructions for how you could pose your questions or make your comments. However, if you wanted to ask questions as we go along today's training, there is a questions box on the control panel. So if you expand your control panel and select the questions box, you can type your questions there and we have personnel from BMC who can respond to you immediately.

If you have questions after today's session you could send your email to [housing.counseling@hud.gov](mailto:housing.counseling@hud.gov) with today's topic as the subject line, which is Completing the Grant Management Questionnaire. That way HUD will be able to route your questions to the correct personnel who can assist you. As the moderator said, the phone lines will be muted during today's call and instructions will be given to you if you needed to unmute to pose your questions live.

If you logged into the webinar from your own computer, then you'll receive a thank you for attending email within the next 48 hours. That email is going to serve as your certificate of training. Do note that there will be no attachment. It will just say thank you for participating in

today's training. You want to print that out and save it in your records as evidence that you actually participated today.

Also, if you wanted to go on HUD Exchange to search for the information from today's training you could go to the webinar archive at the email link that's shown on your screen and you could search by date or by topic if you wanted to get that information on the HUD Exchange. Also if you want to receive credit for having attended today's webinar you would select the webinar that you attended and click get credit for this training and it will give you instructions for how you'll be able to then receive credit for having participated today.

My name is Petergay Bryan. I'm an Audit Manager with Booth Management Consulting and really I manage the contract that Booth Management has with HUD's Office of Housing Counseling where we provide technical assistance to participants in the Housing Counseling Grant Program. What that means is that we conduct financial and administrative reviews where we often go on site to agencies to review for compliance with the HUD grant agreement requirements as well as the uniform guidance requirements.

We also provide training such as this or we do one-on-one sessions with agencies on topics that are important to them or topics that they need assistance with. We provide technical assistance. This is one-on-one technical assistance. It could be a question that an agency has or it could be if an agency needs assistance with developing a template or reporting to HUD. We do provide that type of assistance in a one-on-one session.

We also conduct financial analyses so any financial analysis that may be necessary for the agency oftentimes it may be related to indirect costs or calculation of fringe benefits, things like that. We provide that type of assistance under this contract as well. So we have a wealth of experience in providing services to participants of the program. So if agencies have questions relative to the financial management of the grant then we usually provide expert assistance to agencies in that way.

Today we'll be talking about completing the grant management questionnaire, but first we'll discuss what is that. What does that mean to you as an agency? Instances where it might be used. What is a financial management system which is a part of the grant management system? Who should complete the grant management questionnaire? What areas are covered on the questionnaire? And those areas include the accounting

system, quarterly financial reporting, procurement, time keeping and sub-grantee monitoring for parent agencies. And then we'll also talk further about assistance that's available to you as participants in the OHC grant program.

The grant management questionnaire is really a comprehensive questionnaire that's used by us here at Booth Management to gather information about an agency's financial management system. Usually agencies complete it independently or it may be completed by an auditor from our company. Booth Management Consulting, where we sit with someone who is familiar with the financial reporting at your agency. So it could be someone in your accounting department or your finance department, but they have to be knowledgeable of the financial requirements and the financial practices of your agency, and those are the individuals that usually participate where the grant management questionnaire is concerned.

The grant management questionnaire is used in several different situations. One instance could be where while we're doing grant execution package reviews we may identify some issues. And then to investigate further we would ask you to meet with us to complete the questionnaire where we go

over the specific questions to gather more information about your agency, or it may be requested by your HUD POC. Your HUD POC may see areas where they wanted to gather more information about your agency to see, okay perhaps there's a deficiency here. You may need assistance in this area and so they would ask us to complete the grant management questionnaire with you all. It could also be used as part of the financial and administrative review.

As I previously mentioned, as part of the contractors with the OHC grant program we do go on site to perform agreed upon procedures where we're pretty much doing compliance audits to see whether agencies are compliant with the financial and administrative requirements of the grants. And in part of us doing that, we would ask that agencies complete the grant management questionnaire as we're doing our preliminary evaluation to kind of get an idea of where the agency is at specific to the areas that the questionnaire covers.

It could also be done as part of an action plan. An action plan is where BMC conducts some type of an assessment with agencies. It could be an assessment to see whether or not you're in compliance with the uniform guidance, or if you're an intermediary we would do an assessment that's

specific to intermediaries where we're checking to see if you're following all of the requirements of the uniform guidance as it relates to how they mandate that agencies treat their sub-grantees.

It could also be where we're doing an assessment of your procurement process for compliance or if you are a new agency that's just now coming into the network or you're having receiving the first OHC award or you haven't received the award in a while. We also could ask you to complete the questionnaire in that case so that we could get more information to see okay, this agency may need assistance in this area versus that area.

Another way that the questionnaire could be used is part of the financial capability assessment, where when we conduct the financial capability assessment we're really looking at agencies' financial capacity to perform the grant. So we do a lot of analyses to determine whether or not the agencies are able to financially perform under the grant.

The next we'll talk about is the financial management system. We refer you first to the uniform guidance part 200.302 which speaks to financial management in general. It pretty much states that for non-federal agencies it's including your financial management system, your processes for



documenting your compliance with the federal statutes and the terms and conditions of federal awards.

You want to make sure that your system is sufficient to preparing reports that are required by the grant program. You want to make sure that your system is able to track funds to a level of expenditures that are adequate to establish that the funds were used with the terms and conditions of the award. Pretty much that's what a general financial management system looks like.

For the FMS or financial management requirements we do refer you to these regulatory requirements. So the first one would be the code of federal regulations which is 24 CFR 1.6 which gives you guidance on compliance, what agencies need to look at to make sure that they're complying as far as their financial management system.

The 24 CFR 84.21 talks about the various standards for a financial management system that you must adhere to. Part 200 of the uniform guidance talks about the cost principles and the audit requirements for federal awards in general, but part 200.302 talks about financial management which we just looked at on the previous slide. It also has

specific internal control requirements that you want to make sure that you're adhering to as participants in the OHC grant program.

Then also you want to make sure that you're reading your grant agreement especially article 10 that talks about the regulatory requirements there.

And the self-certifications that you made during the grant execution process, you want to make sure that you're adhering to those. One of the things that you did certify to or you will certify to in the grant execution process is to say that you have a sound financial management system that's capable of accounting for the transactions relative to the HUD grant program.

Other requirements that you want to make sure that you are compliant with includes your HUD handbook. Particularly chapter 5 talks about your financial management systems. And also any generally accepted accounting principles or generally accepted government accounting standards, you want to make sure that you pay particular attention to these regulatory requirements as you go forward with the grant. If you're not in the accounting department you definitely want to get your accounting or your finance department involved just to make sure that you are compliant with these requirements.

Another important point we want to make with respect to financial management systems is that you must maintain documents. So this is your financial records, supporting documents and any other documents relative to the grant program for a period of three years from the end of each grant that you have received from HUD. So for the FY '18 grant which the period of performance doesn't expire until September 2019, you want to make sure that you have the documents for this grant year for another 3 years after the end of that time, as that is the required record retention period for all federal grants.

Also you want to make sure that your grant management system is able to identify all of the federal awards for your agency. So if you receive multiple awards from different federal entities, you want to make sure that you are segregating those in your accounting system and accounting for them properly. If you receive multiple awards from HUD you also want to make sure that those are properly segregated and accounted for as well.

A key self-certification which is really a best practice that we like to encourage agencies to do is to make sure that throughout the period of performance of the grant you're comparing the actual cost that you're

incurring to the budgeted estimates on a quarterly basis. So you want to make sure that you're maintaining accuracy and that if there are potential deviations from your budget you'll know ahead of time so that you can communicate those deviations to your HUD POC.

The next section to talk about is what areas are covered by the grant management questionnaire. The first area has to do with your accounting system. So your accounting system is made up of your policies and procedures that flow down from management, the internal controls that you implement, your accounting systems; that's your general ledger where you're actually recording the transactions, the financial statements that are produced from your accounting system and how you treat personal identifiable information.

The next topic has to do with the quarterly financial reporting. So you're looking at the specific elements that need to be reported on, your billing methodology for your specific agency for how you will bill HUD. Also if you have sub-grantees how you'll make sure that you'll get information from your sub-grantees in time in order to report to HUD timely, also your budgeting process. How is your budget developed?

Does your budget include sufficient details for your assumptions so that when you're actually doing your quarterly financial reporting you're making sure that you're including specific items that were in your budget on your quarterly financial report and you're making sure that there are no deviations. Of if there are deviations that you're reporting those deviations to your HUD POC timely in order to get approval and the revised budget.

Also we talk about your timekeeping. What is your system for timekeeping or even personnel activity reporting so that you know that any direct salary or fringe expenses that you're submitting for reimbursement are actually allocable to the grant. We also have a section on procurement. How does your agency handle procurement transactions? Are you following the regulations specified in the uniform guidance?

Then for parent agencies we look at your policies and procedures for sub-grantee monitoring. Are you making sure that you're compliant with the uniform guidance requirement as well as the requirements that you agreed to in the HUD grant agreement? We'll go over each of these areas in the next few slides.

The accounting system section of the questionnaire talks about the policies that you have at your entity. So you want to make sure that you have fiscal policies that are disseminated to personnel who are going to be involved in the key business process areas. Everyone in your entity needs to be aware of what your company's policies are. Then you want to look into internal controls to say okay, what controls do we have to make sure that our policies are going to operate effectively or our policies will be implemented?

Then you want to take a look at your accounting system to make sure that it's capable of recording the transactions that it needs to and to produce the reports that it needs to. Your financial management system as well, making sure that not only do you have a sound accounting system in place, but what records do you have to support that? How does everything work together to make sure that your entire accounting system and financial management system work well?

Your audited financial statements, are you getting your statements audited? Are you making sure that if you can't get them audited you're at least getting a review or a compiled financial statement? Or if you qualify for a single audit are you making sure that you're getting that? Your

procurement, we also take a look at that to see if you're using the prescribed methods for procurement and also how are you treating personal identifiable information?

So with respect to fiscal policy, a policy is a formal guidance that's needed to coordinate and execute activity throughout your institution. So it's your company's guidance for, how are we going to make sure for example if it's a policy on cash received, how are we going to make sure that the way that we treat cash receipts is going to meet the objectives of the company and that everyone in the cash receipts department knows what to do?

When we talk about a procedure, it's an operational process that's required to implement your policy. So once you know what your policy is, you know what you want to be done on the cash receipts front. How will we get it done? Who's going to do it? When are they going to do it? How will they do it? All of that now comes into play when you're talking about the procedures. So you need to have procedures in place and then you need to have your policies in place and then you need to think about what procedures will help you to carry out those policies that you have implemented.

The key business processes for this grant would include your cash receipts, disbursements, timekeeping, reporting procurement, program income and how you account for leverage funds. So you need to make sure that you have documented policies and procedures for how you will treat each of these business process areas. So you want to make sure that you're saying, okay, how will we treat receipts for this grant? How will we treat the disbursements? What kind of supporting documents do we need to have for these transactions? Who will review them? The timekeeping. What's our timekeeping policy? Who needs to sign off on time reports? How often does that need to be done? How does that get into payroll for your payroll reporting and your payroll processing?

When you talk about reporting, who runs the report? Who does the reconciliations and things like that. All of these things need to be documented in your fiscal policies at your entity. When you're looking at program income, how is program income treated? Are you making sure that you're using the deductive method for program income as is required for this particular HUD grant agreement? Because you know there are several ways to treat program income, but for the HUD grant you must use the deductive method.



So in your policy you must therefore say okay, for HUD funds this is how we're going to treat the program income for the housing counseling program. For leverage funds you know during your application process you report to HUD and say we're going to be receiving X amount of dollars in leverage funds. How does your agency then go about making sure that you actually receive the funds for the housing counseling program? How did you account for those transactions? How does that get recorded in your housing counseling fund in your accounting system? What documents do you maintain on file for the leverage funds that you have received? So everything kind of works together to make sure that your accounting system and your financial management system work hand in hand.

Internal control we refer first to the uniform guidance part 200.303 that gives us a definition for internal controls and it states that it's a process that's implemented by non-federal entities. So your agency would implement a process that's designed to provide reasonable assurance regarding the achievement of your objectives in the categories of effectiveness and efficiency of operations, reliability of reporting for internal and external use and compliance with applicable laws and regulations.

So say for example an internal control could be in the cash disbursements business cycle where you have a control to make sure that before we make a payment for a transaction, the transaction needs to be reviewed and approved by a personnel that's probably a senior manager or something like that. In order to verify that you're meeting your objective, you want to make sure that that control is operating effectively.

So not only do you have the policy that the senior manager needs to sign off on it, but it has to also be done. Because you can have it documented but it's not implemented properly if a senior manager is not actually fulfilling their duties. So you have to first make sure that it's a policy at your company and that is also communicated to your personnel anyone who's involved in that process and that you're checking it to make sure that it's operating effectively.

Also in doing so you are able to give some kind of assurance that someone can't just go ahead and make a payment on a transaction without someone else first reviewing it. So you do provide some type of reliability for the reporting for internal and external use by having implemented that control. Compliance with applicable laws and regulations, you want to make sure

that you're doing your processing transactions that are in compliance with the uniform guidance and the guidance that's provided to you in your HUD grant agreement, and also any other federal guidance where you talk about safeguarding of assets and making sure that you have controls in place to protect the agency's funds and to make sure that transactions that are related to federal programs are being used for the terms and conditions of the awards.

So when you take a look at what the expense was for, you want to make sure that it's something that was allocable to the HUD grant and that it wasn't just for something that's expressly unallowable for the grant and that way you make sure that you're maintaining compliance with the laws and regulations.

The uniform guidance further goes on to tell non-federal entities such as yourself what are items that you must do as recipients of the federal award. One of the things that you must do is you have to make sure that you have established and maintained effective control of a federal award that provide reasonable assurance that the non-federal entity is managing the federal awards in compliance with the federal statute regulations and terms of the awards. So you want to look at all of your policies and

procedures and make sure that you have controls in place to make sure that you can achieve this objective here.

The next thing is that you want to make sure that you comply with the federal statutes regulations and terms and conditions of the awards. So first of all you must know what those statutes are. So that is why we make sure that we reference what the requirements are for your agencies and we also point you to the direction of which areas are the key business process areas and where in the HUD grant award you need to go to look at to see the terms and conditions of the award and what compliance measures must be met.

Also you're responsible for evaluating and monitoring compliance. So it's not sufficient to just have the policies and procedures in place, but it's management's responsibility to evaluate that and monitor that. So if you have a quality control process where periodically you want to make reviews so that you're making sure that the controls that you implemented are actually operating effectively continuously. While you're doing the evaluations, if there are any areas of non-compliance then you want to make sure that you're taking prompt action, and those actions should be documented in your policies and procedures. So in your policies and

procedures you want to describe what happens when there's non-compliance when a certain policy is not followed. You want to make sure that that is also communicated to your employees.

Also you must take reasonable measures to safeguard personally identifiable information and other sensitive information. So first you need to understand what's PII and how you can make sure that you're safeguarding that and that you're not leaving personally identifiable information in open spaces where anyone can have access to that.

The same section of the uniform guidance tells us that non-federal entities should be in compliance with the standards for internal control. So the green book or the coastal framework. This is a suggestion that agencies follow the green book or the coastal framework because everything is already prescribed there for you, but you are not required to strictly follow them. You can use them for guidance as you develop your own internal controls for your agency if you haven't already done so. Or you could take a look at it just to see okay, maybe I could sharpen or enhance my policies and procedures that I have at my company already by taking a look at the green book or the coastal framework.

Here we have an integrated framework where the green book and the coastal is integrated and you can see what that looks like in the form of a diagram. Pretty much this model is it first defines internal control as a process that's affected by upper-level management. So it's the management who actually define what your controls would be and then they push it down to employees in your organization. So first you want to think of the control environment. What are the integrity and ethical values that are upheld by management and communicated to employees? What's management's commitment to competence and how do they show that?

What's management philosophy and operating style and how does that flow down to the employees in the organization? When you're talking about risk, look at your company's objectives. How do you identify the risk? How do you break it down by process and what type of analysis does your agency do in order to identify the risk and then to manage the changes in the company's atmosphere as your risk level may change?

When you talk about the control activities you want to look at the policies and procedures that you have. How do you then make sure that they're applied correctly? How do you make adjustments for any change? And how do you deal with continuity and any backups that need to be done?

How does it look when you're talking about the effectiveness of communication or just information that's flowing through your company? What's the quality of that information? Monitoring, what types of monitoring does your agency use? The ongoing monitoring procedures that are performed, are there separate evaluations that are done? How do you treat deficiencies and things like that? So pretty much that's what the green book and the coastal framework together would help you to define and outline. And you could use this as a guide if you wanted to make enhancements to your own internal controls at your own agency. Again, this is not required, just a suggestion.

Good internal controls really do support efficiency. You have your policies and procedures in place. You communicate them to your employees. Everyone is on the same page. You do your monitoring check and you do your tests to see whether or not the controls are operating effectively. Then you realize that it does promote efficiency and effectiveness in the workplace.

It also helps you to maintain compliance with laws, regulations and policies as well as with the grant award requirements. If you know what

the grant award requirements are, you know what the laws are. You document those. You share them with your employees. You provide training to them and you're checking, you're doing your continuous monitoring. Then you can have a workplace where you know that we're maintaining compliance with the applicable laws and regulations. Also, they seek to eliminate fraud, waste [ph] and abuse at the end of the day.

Some additional concepts, management is always responsible for establishing and maintaining controls. It's always the responsibility of the management at your company to do so. Also you want to make sure that controls are applied to not just the manual procedures that are performed at your agency, but any electronic systems that you use; you want to make sure that they're controls in those electronic systems as well.

Also very important to note is that no system of internal control can be considered completely effective. So you want to bear that in mind as you go along. So that's why you have to continuously assess the controls that you implement to see whether or not they're operating as designed.

Finally, you want to consider the cost versus benefit. If it's too costly to implement a certain control, then you may want to consider mitigating



controls that could help you to maintain some level of assurance that fraud, waste and abuse is not happening. For example, a lot of smaller agencies, they may not be able to fully segregate certain duties at their entity. However, instead of hiring new personnel which they can afford to do, they will make sure that okay, we're utilizing our board of directors or we're utilizing the executive director to make sure that it's not just one person who's doing everything. Even though we can segregate it to at least five people working on different aspects of a project, you can segregate it enough where you have one main person who's working on something. The executive director comes in and reviews it and then the board of directors also get involved.

The next section of the questionnaire has to do with your accounting system. This really is your general ledger. You want to make sure that it's being maintained by someone who's knowledgeable of accounting practices for one, and then also of how to utilize the system. You want to make sure that each period periodically you're reconciling your financial transactions to the reports that are being produced by your accounting system.

Another key thing that you want to make sure that happens is that the person who is entering transactions, you want to have someone like a supervisor to review and reconcile the transactions that the junior level staff had entered the transaction.

Also you want to have a system in place that's going to help you to identify and exclude any unallowable costs from the grant accounting. You know for the HUD grant there are specific transactions that are not allowed for reimbursement under the grant. For example, debt, alcohol, things of that nature. You want to make sure that your system identifies those types of transactions and making sure that those are never included in the fund for this OHC grant program. And also you want to be able to separate direct and indirect costs in your accounting system. So talk to your accounting department, making sure that your system that you have in place is capable of segregating direct and indirect costs.

You can exclude any unallowable costs. You are able to reconcile transactions to reports and also that you have a separate fund in your accounting system for each grant. So as I have mentioned before, you want to make sure that each grant is accounted for separately. Your HUD grant, every year that you receive a grant from HUD you want to make

sure that there's a separate fund that's set up for that specific year unless you can run reports for that particular grant year showing all of the transactions that related to the HUD program for that year.

The next section that we'll look at has to do with the financial statements. There are different types of statements that we usually look at. Audited financial statements, this the most expensive type of financial statements that you could receive. It's usually performed by an independent auditor and it provides the highest level of reporting that you could get from your financial statements to see whether or not it's in compliance with generally accepted accounting principles or GAAP. Your auditors usually come in and do extensive testing procedures to see whether or not your financial statements were materially misstated or not.

The second type of report is a review. This is less expensive than an audit and it provides you with some assurance. You would say [ph] it provides limited assurance that no material modifications that should be made to your financial statements for them to be in conformance with GAAP and we don't perform testing procedures here. It's mostly done based on analytical procedures to give you some assurance or limited assurance as to whether or not there are material modifications that need to be made.

The next level or type of report is the compilation. This is the least expensive. It is the lowest level of reporting and it provides no assurance that your financial statements are in conformance with GAAP. So it's basically just a representation by management where the auditors come in and they just compile your statements. No testing procedures were performed. There is no assurance that's provided. So we don't know whether or not it's consistent with GAAP or not.

Agencies that expend \$750,000 or more in federal awards during their fiscal year are required to receive a single audit. It is a type of audit that is different from a financial statement audit. So we want to make that clear. For agencies that do meet this requirement for this grant, you are required to submit that information to your HUD POC once it's completed.

For agencies that do not qualify for the single audit, then you have the financial statement audit that needs to be performed. And I just on the previous slide spoke about the different types of financial reports that can be provided. The audited financial statement is the one that provides the most or the highest level of assurance to say whether or not your financial statements are in compliance with GAAP or not. It is required by the

HUD grant agreement that agencies receive a financial statement audit at least every two years, but the smaller agent LACAs [ph], they could submit a reviewed or compiled financial statement. It doesn't have to be audited but it has to be at least reviewed or compiled.

For FHFAs [ph] intermediaries or MSOs however, they should always submit audited financial statements to HUD during the grant execution process. The different types of audit opinions that come with the financial statement audit has to do with the unqualified opinion or a qualified opinion, a disclaimer or an adverse opinion. An unqualified opinion is basically where your auditors are indicating that the information that's presented in your financial statement is clean or it's free from material misstatements in accordance with GAAP.

For the modified opinion or the qualified opinion, it's similar to an unqualified opinion except that your auditors are saying that they can't express an unqualified opinion for several reasons. One of the reasons may be that the company couldn't present its financial records in accordance with GAAP. So it's a modified opinion because they can't say it's free from material statements or it's presented in accordance with GAAP because it's not in this case.

A disclaimer of opinion, however, is where its auditors are given a disclaimer to say they cannot express a definite opinion. This can be perhaps they had—it can be due to the lack of properly maintaining financial records or if they didn't have sufficient support from management. So your auditors are disclaiming and saying they can't express an opinion. Or an adverse opinion is where the auditors are saying that there's been a gross misstatement and possibly fraud in the preparation of the company's financial records. So that's what those different types of audit opinions mean and these are relative to financial statement audits.

When we talk about procurement, this is another section of the questionnaire. So procurement is really the purchase of commercially available goods or services that's in connection with a grant supported project or a program. So any purchase that you make with the HUD funds could fall into the procurement category. You want to make sure that you have policies and procedures for procurement.

In the past it was only required that agencies who expended over \$25,000 in HUD OHC funds procuring goods or services that they needed to have

policies and procedures, but the new uniform guidance requirements has changed and it now requires that all agencies have procurement policies and procedures if you're going to be using the HUD funds to purchase commercially available goods or services.

So again, your policies, these are clear and simple statements of how your agency intends to conduct the services and giving the employees who will be involved in the procurement process a set of guiding principles for how they will make their decisions going forward. The procedures though, they describe how each of your policies will be put into action. So it talks about who's going to do what, what steps they need to take in order to do what, and what forms and documents must be used for the different type of procurement methods.

There are five methods of procurement. So your policy needs to speak to each of these if they're applicable to you. We have agencies where only the micro-purchases are applicable to them. So they only have policies and procedures for micro-purchases. That's fine.

You want to design procurement policies and procedures that suits your agency's needs and it's not always a one-size-fits-all. You have to do it. You have to make sure that your policies are specific to your agency.

So the first type of procurement method or first method of procurement is for micro-purchases and it's for purchases up to \$3,000. With these types of procurements you don't need to have quotations or proof that you have multiple quotations or anything like that in your documentation. So you would just document how you treat those and you also want to document how you made sure that you're using equitable distributions for how you're making your selections for who to purchase it from.

For small purchases these are for purchases above \$3,000 up to \$150,000. You do need quotes from companies or vendors. So you want to document your process for that. However, you do not need costs or a price analysis to be documented.

For sealed bids these are for purchases of over \$150,000 and usually for construction process. Price is usually a major factor so you want to document how your procurement department will look at that, what documents need to be used for sealed bids, how the bids will be done. All



of that must be documented and the procedures also need to be documented as well.

For competitive proposals for purchases over \$150,000, these are usually fixed price or cost reimbursement proposals. You do need a request for proposals with the evaluation methods that you're considering. So all of those should be documented in your policies and procedures. And for each procurement file, if it has specific evaluation methods you want to make sure that those are documented as well.

For a sole source method of procurement these are usually unique transactions where there's no competition necessary but you do want to have a justification for your sole source purchases. And also in your policies and procedures you want to document the type of instances where this procurement method may be used. We do offer a training on procurement. That's coming up in December where we talk about each of these methods of procurement in detail and help agencies to clarify how you would go about documenting each of these methods of procurement.

Conflicts of interest. The uniform guidance part 200.318 talks about conflicts of interest. It really lets you know that you must—and whenever

you read the uniform guidance and you see must, you know that your entity has to follow these guidelines strictly. If it says should then you can use it as something that's cautionary or it's suggestive, but when it says must you have to do it.

So you must maintain written standards of conduct for that covering conflict of interest and governing acts [ph] of your employees that are engaged in the selection award and administration of contracts. So please refer to this part of the uniform guidance which talks about the procurement standards and the conflict of interest statements that you must have documented. It says that you have to make sure that you have conflict of interest governing the actions for anyone pretty much in the procurement department.

No employee officer or agent may participate in the selection award or administration of a contract that's supported by a federal award if he or she has a real or apparent conflict of interest. Then it goes further to give you an example of where conflict of interest may arise and that's basically where that employee officer or agent and a member of his or immediate family, his or her partner or an organization which employs or is about to employ any of the parties that I just mentioned, has a financial or other

tangible interest or personal benefit that they could gain from that contract.

So you want to pay particular attention to that.

Also you want to make sure that you have written standards of conduct for how you treat any type of potential conflict of interest, whether in factual or appearance. You want to make sure that you have all of those documented. HUD had an integrity bulletin in 2016 talking about seven keys to handling conflicts of interest.

First you want to know the requirements. So first you want to look at the uniform guidance, the section on conflict of interest. Make sure you read through and document that in your company's standards for conflict of interest. Then you want to train your employees so it's not only in your documented policies and procedures, but your employees know what's required of them.

You want to also create procedures that are in compliance with your policy for treating conflict of interest. Make sure that you're implementing your regulations of the uniform guidance as they relate to the conflict of interest. Know the consequences and also you want to

make sure that you document the consequences for having conflict of interest.

Request an exception. So if you see where there's a potential, you want to make sure that you're disclaiming that and then get help. If you need assistance, you're not sure what to do, how to treat something, you're not sure if this is a conflict, then you want to get help. So you could reach out to your HUD POCs and see who you could speak to in order to get further assistance.

When we talk about personally identifiable information, the uniform guidance does give us a definition of what that even means. This is also called PII and so it means information that can be used to distinguish or trace an individual's identity, either alone or when it's combined with other personal or identifiable information. So information that can be linked to a specific individual and this can include—you can find some of the information in phone books or public websites or public listings. But they could include your first and last name, someone's address, work phone number, email address, home phone number and things like that.

So PII is not just a one-size-fits-all type of thing either. It's a case-by-case basis and you want to note that I may have a particular set of information here but once it's linked and it's not considered PII in and of itself, but once it's linked with additional information and made publicly available, then it becomes you issuing PII to the public, and that could pose the clients or whomever you're dealing with at risk. So you want to pay particular attention to that and you want to make sure that you have policies in place to safeguard PII. And you want to make sure that whatever your policies are at your company you want to make sure that your employees are aware of what those policies are and that you're checking to make sure that PII is safeguarded.

So again, agencies should have policies and procedures in place to ensure the safeguard and disposal of PII including how you're storing it. Who's responsible for protecting the information and what disciplinary actions you're going to take for those who don't adhere to your policy? And all of this needs to be communicated to your employees so that they know what's at stake.

The next section has to do with quarterly financial reporting. The quarterly financial reporting of the questionnaire talks about the reporting

requirements per the HUD grant agreement, the billing methodology that agencies use and budgeting, the budgeting process that you use during the grant execution process. So for LACAs and sub-grantees as well as any parent agency that provides direct housing counseling, you are required to submit each quarter and at the end of the grant your name, address and grant number as they appear on your grant document, the start and end dates for the period that you're reporting on.

You want to identify each counselor or employee whose time is going to be charged directly to the award. You want to list them by name and title, their hourly rate and then the hours that you're billing for that period.

Also you want to list if you are using fixed price or if you're approved to use fixed price reimbursement then you document your fixed price amount and the line items of the types of services that you provided and how many of them you provided should be documented.

The next thing you want to document is an itemized accounting of actual costs. So salary and fringe, marketing, any capacity building costs, audit fees, things like that. You want to itemize those for each period and cumulative to date. Then also to include the required certification which is basically saying by signing this report I certify that to the best of my

knowledge the expenses that are being submitted for reimbursement are true and consistent with the terms and conditions of the award.

For intermediaries, FHFAs and MSOs, if you do not provide direct housing counseling services, then you want to report on your sub-allocation. So a listing of your sub-grantees or your branches, their corresponding housing counseling amounts. For each quarter and period to date you want to include how much you have paid them or how much you reimburse them for that period and your subsequently submitting to HUD for reimbursement.

Also you want to itemize your admin costs. So these are costs that you as a parent agency incurred for running the program but you want to itemize that. Maybe you're charging the salary for someone who does the reporting. They work directly with your subs, gather the information. So you want to include their salary and fringe. Maybe you also provide training to your sub-grantees that you wanted to include in your admin costs. You want to itemize all of those and show the amounts incurred each quarter and then cumulative to date.

Then you also want to document your billing methodology where you're explaining your methodology for reimbursing your sub-grantees or your branches. So you want to talk about the frequency. What is the process that you use? What documents do you review to make sure that the cost that you paid your subs or your branches for, they were actually for costs that are directly allocable to the HUD grant award.

The HUD form 9902 which is really a programmatic requirement. And LACAs and sub-grantees are also required to submit that to HUD as well. Then for parent agencies you also must submit the federal financial report, which is the SF Form 425 for each quarter as well as one for the end of the year. The billing methodology that you submit should be consistent with the methodology that was approved during the grant execution process. I know everybody is going through the grant execution phase right now and you're developing your budgets. You're looking at your assumptions and things like that.

In the methodology that you submit you want to make sure that it's consistent with the approved budget. Whoever you budgeted for during the grant execution phase you want to include them during the grant year. Of course if there are changes then that's when you would talk to your



HUD POC and submit a budget for revision to your HUD POC and have them review and approve that.

The methodology should also clearly demonstrate that the agreed upon methodology is being used to charge HUD. And if you're using fixed price reimbursement you want to document your methodology for making sure that the costs for each fixed price line item don't exceed the actual costs for those line items, and that should be documented in your methodology.

All grantees that have fixed price reimbursement, again, you want to document that actual expenses must be reasonable and the fixed price line items don't exceed the actual costs. And then for the itemized accounting of actual costs you want to provide a detailed, comprehensive itemized accounting for actual costs showing the expenses for each quarter and the grant period to date also. So you want to have a column that's for this quarter that you're reporting on and then a cumulative to date column as well.

You want to make sure that the accounting is consistent with your approved budgetary line item. So if you were not approved for that

budgetary line item during the grant execution process, then you can't submit that for reimbursement during the grant year. So if you come up on a case where I was going to bill for training but now I want to use the funds for travel, you need to get a prior approval from your HUD POC in writing and you should submit a revised budget to your HUD POC and have them approve that before you submit your quarterly financial report for reimbursement.

I say that because any deviation between your budget and your quarterly financial report that was not approved by your HUD POC would result in a finding if you guys got selected for financial and administrative review. Remember, the financial and administrative reviews can be done one year after the end of the grant year, two years after the grant year, or up to three years after the grant year. So you want to make sure that you're keeping proper documentation on file so that if you guys do get selected for a review three years from now, you're looking at the most recent budget and you're looking at the most recent quarterly financial report that you would have submitted to HUD.

When we talk about timekeeping we're looking at whether or not employees charging time to the grant are required to maintain a PAR. A

PAR is some type of a personnel activity report. Basically when HUD is reimbursing for direct salary costs or direct expenses, someone said that they provided direct services whether it's like a pre-purchased counseling or something like that for the HUD grant.

We have to be able to determine that the work that was performed is actually allocable to the HUD grant and the only way that we can do that is if your timekeeping system is detailed enough to show that the activities that were performed can be charged to the HUD grant. Maybe you provided some type of a housing counseling service that's not reimbursable by HUD's OHC grant program. Your timekeeping system should be detailed enough to let us know whether or not the service that was performed is directly related to the HUD project.

You want to see are the charges based on actual timesheets and approved payrolls? Are activity or program codes used to separate funding sources and are timesheets or personal activity reports signed? We always encourage that timesheets or personal activity reports are signed by the employee who's performed the work as well as a knowledgeable supervisor who can say yes, that person did provide that service.

When we look at the activity reporting it should be detailed enough to let us know that this is something that's directly related to the housing counseling program, and this is something that's reimbursable under this type of a grant. You want to pay particular attention to these things and make sure that your policies and procedures are consistent with this methodology, just making sure that agencies are able to go detailed enough so that we know whether or not the activities are reimbursable under the grant.

Here we have a sample of a personnel activity report. If you look at the legend on the bottom half of this spreadsheet you'll see where we typically break it up in the types of activities that are usually reimbursable under the housing counseling grant. So it may be one-on-one counseling, some group counseling sessions, training, marketing and outreach, travel or admin.

In the What's Included column we put a brief description of what type of services are usually included in each of the different categories. And up at the top we see the personal activity report for the week where the employee would go in and say, I did some pre-purchase counseling on Monday. On Tuesday I did some admin work. Wednesday I did some

training, and then they have the different categories for different grants, a special news grant that they may have.

So whatever report that you have you want to make sure that it's descriptive enough so that someone will know that the work performed is actually allocable to the HUD grant award. And this here is an example of how an agency who uses a manual personal activity reporting system can do so and be in compliance.

For parent agencies that have sub-grantees you want to make sure that you have a sub-grantee agreement in place. So the questionnaire talks about that. It asks questions on that. Also we're looking at whether or not it incorporates the flow down clauses and language from the HUD agreement, making sure that that's flowing down to the subs because there are certain requirements that need to be met by parent agencies as well as sub-grantees. So we're looking to make sure that parent agencies are communicating that to their subs.

You want to have a documented sub-grantee award process so we're asking questions on that to determine whether or not you do. Also to see whether or not you have a documented sub-grantee monitoring plan and

what does that plan look like? Is it a plan that's sufficient? And also do you offer training and technical assistance to your sub-grantees? So the questionnaire asks questions pertaining to this.

Assistance that's available to you as participants in the housing counseling program. As you may or may not be aware, as participants this is free of cost. It's assistance that's available to you. We do technical assistance where we help agencies to develop or modify or even update their policies and procedures.

We can also help you to develop a personal activity report or a quarterly financial report that would be in compliance with HUD's requirements. We conduct financial analyses for agencies and that includes conducting grant execution package reviews. So if you're a parent agency and you wanted us to review the grant execution packages for your sub-grantees, we do that and then provide you with a recommendation. We also conduct the grant execution package reviews for HUD POCs and provide the HUD POCs with a recommendation for what to do.

We conduct financial capability assessments and this is for agencies that have not had an audited financial statement done. We do the assessment to

see whether or not the agency is able to financially perform the grant. We conduct risk assessments, financial review of sub-grantees, accounting system reviews to see whether or not your accounting system is set up properly to account for the grant and record the transaction for the grant properly and issue reports. We look at your indirect cost methodology and then we also review quarterly financial reports and personal activity reports for accuracy.

We do training sessions where we can train staff on quarterly financial reporting, how to maintain adequate supporting documents, how to review submissions from sub-grantees. We do training on overview of the grant requirements. So if you're a new agency and you just wanted to make sure that you know what's required of you as a participant in this program, we do provide that training.

We provide training on grant financial reporting. So we look at the financial reporting requirements of the grant to make sure that you're informed on what needs to be done. Also we do training on personal activity reporting and timekeeping systems, as well as how to prepare the federal financial report.

We also conduct action plans which is pretty much like a readiness assessment for compliance with the uniform guidance and we provide recommendations for training or technical assistance if necessary.

If you were interested in receiving this type of assistance you would first reach out to your HUD POC. If you're a sub-grantee you'd reach out to your parent agency and then the parent agency would reach out to the HUD POC. You would state the assistance that's needed and the person who will be the point of contact if the assistance [ph] is approved. Once the HUD POCs get the information then they communicate with HUD GTMs letting them know the assistance needed. And if it is approved then we contact you directly to provide the assistance that's needed.

If you have further questions, please send them to [housing.counseling@hud.gov](mailto:housing.counseling@hud.gov) with Grant Management Questionnaire as a subject line. I want to thank you all for having participated in today's call. I'm looking at the questions and I see that everything has already been answered.



So again, thank you so much for participating in today's call and if you have any further questions just please send an email to [housing.counseling.hud.gov](mailto:housing.counseling.hud.gov). Thank you.

Moderator

Ladies and gentlemen, that does conclude your conference for today. Thank you for your participation and for using AT&T Executive Teleconference. You may now disconnect.