



## Final Transcript

**HUD – US DEPT OF HOUSING & URBAN DEVELOPMENT: Financial Analysis and Training**

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### **SPEAKERS**

Peter Gaebrian – Audit Manager for Booth Management Consulting

### **PRESENTATION**

Moderator            Ladies and gentlemen, thank you for standing by. Welcome to the Financial Analysis and Training conference call. At this time all participants are in a listen-only mode. [Operator instructions]. As a reminder, this conference is being recorded.

I would now like to turn the conference over to our host, Peter Gaebrian [ph]. Please go ahead.

Peter

Hello, everyone. Welcome to today's training that is presented to you by the Office of Housing Counseling. If you are a participant in HUD's Office of Housing Counseling Program, then the information will be pertaining to you, but if you do have another type of grant from HUD, but you're not a participant of the Office of Housing Counseling Program, then it may not.

Today, audio will be recorded. The playback number, along with the program presentation and a transcript, will be available to you on the HUD Exchange. The Training Digest is also going to be updated once the webinar is posted. If you registered for today's training, you should have received an email with a copy of the PowerPoint presentation that we'll be looking at today; but if you didn't receive that email, if you expand your control panel, there is a section that says Handouts, just click that and click the document, you can download it and take notes as we go along.

Due to the number of participants that signed up, we won't be stopping for live questions today. However, if you do have questions that you wanted to pose and get responses in real time, we do have personnel online who can answer those questions for you. If you expand your control panel

there's a section that says Questions. You just type your questions there, and someone will be online to respond to your questions immediately.

If after today's training you think of any questions, you can send those to [housing.counseling@hud.gov](mailto:housing.counseling@hud.gov). Again, that's

[housing.counseling@hud.gov](mailto:housing.counseling@hud.gov), and you can see it here on your screen.

Send an email to that email address, and put the name of today's training in the subject line so that HUD can distribute the questions accordingly.

If, for any reason, the lines become unmuted during today's training, we do ask that you go ahead and mute your phones now, so as to not disrupt the training. Again, we won't be taking any live questions, so please just go ahead and mute your phones, just in case, for any reason, the lines become unmuted. We don't want to have any static or any background communications during the webinar.

If you logged into the webinar from your computer, then within the next 48 hours you will receive an email from GoToWebinar. It will be a thank you for attending email. Note that this is going to be your Certificate of Training, so there won't be any attachments or anything like that, but the

email itself will serve as your Certificate of Training. So please go ahead and save that for your records and keep that in your files.

And if you wanted to get credits, you could go to HUD Exchange in the webinar archive. You can search by the date of the training session, or by the topic, and select the webinar by name, and click Get Credit where we'll give you instructions on how to get credit. And, of course, maintaining the email that said thank you for attending the training, would be your proof that you did actually attend the training session and that you can get your credits.

I am Peter Gaebrian. I'm the Audit Manager with Booth Management Consulting. Booth Management, we are the contractors with HUD's Office of Housing Counseling, where we provide financial and administrative assistance to HUD POCs, as well as recipients and participants in the Office of Housing Counseling Program.

Today we'll talk about the various financial services that are available to you all under the BMC [ph] contract. We'll talk about how to request services. Over the period of time that we've been providing the types of assistance that we do provide to HUD POCs and grantees, we'll go

through the different benefits to HUD POCs, as well as to grantees, and we'll let you know again how you can pose any questions that you think of after today.

Financial services that are available to participants in the Office of Housing Counseling Program, it all has to do with anything that's related to the financial aspects of the grants. We do provide various financial control audit assistance, as well as technical assistance to HUD POCs, as well as the grantees. The assistance is available, not only to the HUD POCs and grantees, but any other designated personnel who would benefit from the information.

Right now we provide research and development of monitoring tools. If there are any monitoring tools that HUD POCs, or intermediaries, or current agencies needed to help administer the funds for the OHC grant program, we do conduct research, and we do help with developing these tools that can be used by grantees, as well as sub-grantees or branches.

We offer training sessions, and this could be for HUD POCs, parent agencies, intermediaries, LHPAs, MSOs, all recipients of the Housing Counseling Grant. We conduct action plans, where we really do like an

assessment of where an agency is, and if we see a deficiency, then we would propose recommendations.

We help agencies to prepare for financial reviews. We also conduct financial and administrative reviews of agencies, as well as sub-grantees. So if we had a parent agency that had their sub-grantees, and they wanted us to do a financial review of their sub-grantees, we do provide that type of service. We offer technical assistance, where we assist agencies in whatever area they may need assistance with. It may be something that has to do with like a policy that needed to get drafted and implemented, or maybe something related to the reporting requirements of the grant that you have with HUD, so we do provide technical assistance in those areas.

At the annual stakeholder's meeting, we usually participate in that, and depending on what the topic is, or what the need is for that year that HUD identified, we do provide training at the annual stakeholder's meeting to participants.

And then we also conduct financial analysis. This is compiled of a range of different activities or services that we provide. We'll go through each of these areas in the next two slides to follow.

Under the training umbrella, we provide a host of different training sessions. The training can be onsite at your request, or it can be done remotely. So whatever's more convenient, or whatever the agency believes will be more beneficial, that is what we would go with, and it would be, of course, at your request.

The first one we have here has to do with the sub-grantee award and monitoring training program. With the Uniform Guidance becoming recently effective, it requires parent agencies or pass-through entities to have a lot more monitoring and oversight policies and procedures in place for how they monitor their sub-recipients. We do half-day or full-day training at the intermediaries, or MSOs or FHFAs [ph], and we'll go through each of the different requirements of the Uniform Guidance as it relates to the sub-grantee award process.

We'll go through what is required of you to have in place in your sub-grantee agreements that you have. We talk about the risk assessment that needs to be done, and help you to think of ways that you could develop your own risk assessment for how you're rating the sub-grantees or your applicants. We talk about different monitoring tools that you can use. We

talk about revenues for noncompliance, going on site and conducting financial and administrative reviews, not just the program reviews. We provide you with templates for the monitoring program. We also provide anything as it relates to how the parent agency would monitor their sub-grantees; and, also, during the award process, certain things that you typically would look for, and how to standardize that information.

Again, at the agency's request, this can be done remotely, or it can be done on site, and we can do it within a half day, depending on the topics that you wanted us to focus on, but if you wanted us to go through the entire program, then it would be a full-day training.

We also offer onboarding training. This is for agencies that are brand new to the Office of Housing Counseling Program, or agencies that have had a lot of turnover within their company, so they have a lot of new employees who are now participating, or who are now involved with the Office of Counseling Program, and they have to get up to date on the reporting requirements, as well as the program added requirements of the grant. And we also provide this training to agencies that, you know, they may have had the grant for several years, but then for the past two or three years they haven't had the grant, just to make sure that you're refreshed



and you know what the new requirements are. Because it does change quite often, what is required of agencies, we do provide this type of training to those agencies.

In the onboarding training, pretty much we go through all of the grant requirements. We go through everything that's in your HUD grant agreements, but we go in more detail as far as letting you know the important things that you want to make sure that you're aware of. We also provide you with samples for the meeting, the reporting requirements, whether that has to do with the quarterly financial reporting, or if it has to do with any personal activity or reporting that your agency would need to implement going forward in order to comply with the grant.

The other training topic that we offer has to do with the Uniform Guidance implementation. For LHPAs and sub-grantees, we do offer this type of training where we are making sure that the areas that were impacted by the new Uniform Guidance, we want to make sure that we help you to fully implement that. So if it has to do with any procurement policies and procedures, or how you're treating indirect costs at your agency, or making sure that you're meeting the single audit requirements, we help those agencies to make sure that you're aware of what is required of you,

so that you're keeping yourself up to date with the new changes of the Uniform Guidance.

As far as action plans, this umbrella has to do with us conducting some level of assessment of agencies. It's usually pretty high level, where we're looking at your status today, and we are checking to see if you are in compliance with HUD's requirements, as well as the Uniform Guidance requirements.

One of the types of assistance that we do facilitate has to do with corrective action plans. Here we could help you to take a look at any findings that resulted from a financial and administrative review. Or if we referred to you by your HUD POC, because you had a finding in your financial statement audit, but you wanted to see how you could develop a corrective action plan to address that finding, that is something that we do to offer to you, to agencies, where we can help you to actually develop corrective action plans to address any deficiencies that have been found at your agency.

This type of assistance is usually done remotely, but I'll make the statement that, for any of these types of assistance, if an agency felt like it

will be more beneficial for us to come on site, we can come on site, but a lot of it can be done remotely. It's just about preference.

The next type of action plan that is available to you has to do with an assessment of the Uniform Guidance. Here we will look at the standards that are put forth in the Uniform Guidance for non-federal entities that receive federal awards, and we're going through each of these standards, and we're looking to see if your agency has documentation to show that you are in compliance with these requirements.

Sometimes agencies, they may have implemented policies, or they may have implemented the steps or procedures to make sure that they're compliant, but there's nothing documented as such. We can help agencies to make sure that whatever you have in place, it is documented, and in formal company policy and it's issued to your agencies, but we do the assessment to see where your agency stands as of the date of the review; and then we'll make recommendations for any areas that we see that needs to be addressed, because you don't have the proper documentation in place to show that you are in compliance with the Uniform Guidance requirements.

Another type of action plan that we do has to do with internal controls.

Again, this is very big. Internal controls were always required for

participants of the Office of Housing Counseling Programs, but with the

Uniform Guidance, the guidance requires a lot more from agencies now.

We do conduct assessments of agency's internal control processes so that

we can verify whether or not your documentations show that you're in

compliance with the Uniform Guidance. And once we conduct that

assessment, then we can make any recommendations for technical

assistance or training, depending on what we see. If you guys are fully

compliant, then, of course, we just issue a report back, based on our

review you are fully compliant. But, if not, then we just make

recommendations for how you can make sure that you fully compliant.

Under the financial analysis umbrella, there are several types of assistance

that we do facilitate, but when we talk about financial analysis, it typically

has to do with some financial information that we have to analyze. So the

first one we have here is the financial capability assessment. We usually

do this for agencies that aren't in compliance with HUD's audit

requirements. The Uniform Guidance requires agencies that have

expended over \$750,000 in federal funds to have a single audit done. That

has to be done if agencies meet that requirement. Otherwise, if an agency

doesn't meet that threshold, then you must have a financial statement audit done at least every two years.

Now, for the agencies that they don't expend at least \$750,000 in federal funds during their fiscal year, but they fall in the other bucket where they have to have a financial statement audit done every two years, for agencies that do not have that, then we can conduct financial capability assessments in lieu of that financial statement audit.

So if you are a parent agency and you have sub-grantees that aren't meeting that requirement, then you could refer them to our company, and we can conduct the financial capability assessment where we could really be able to assess and see whether or not the company is able to perform financially under their grant agreement.

The next type of assistance that we provide has to do with the review of grant execution documents, so we do conduct a review of the grant execution packages that agencies submit. Sometimes HUD POCs will ask us to review the grant execution documents of their agencies, and sometimes parent agencies ask us to review the grant execution packages for their sub-grantees. Here we're looking at all of the documents that

HUD requires that agencies submit in the package. So we're making sure that the packages are complete, that they're accurate. We're making sure that when we look at the budget, the budget only includes line items that are allowable for reimbursement under the HUD grant award. Especially this year, FY18, there has been some changes in the types of costs that are allowed to be reimbursed as a direct expense for this grant agreement. So we are looking very carefully at what agencies are submitting for reimbursement, based on their budget, and we're making sure that it's something that, at the end of the day, HUD will reimburse it because it's allowable per HUD's guidelines for the FY18 grant.

We do conduct that type of review for parent agencies, as well as HUD POCs, and then we draft a report to the parent agency, or the HUD POC, letting them know everything that we received, and also, letting them know what the recommendation is, as far as whether or not they should go ahead and approve the package, or reject it.

The other type of assistance that we do under this umbrella has to do—or I've said it just now—doing the review for the sub-grantees, but we also do financial and administrative reviews for sub-grantees at the parent's request. If there is anything that you wanted us to look at, perhaps you

wanted us to help you by reviewing the quarterly financial reports for your sub-grantees to see whether or not it's complying, that is something that we do under this umbrella. We can review your sub-grantee's quarterly financial reports to see if it's accurate, to see if it's in line with the preapproved budget, and to see whether or not the costs are reasonable, allowable, and allocable to the grant as well.

We also conduct risk assessments. We can look at higher risk agencies, as determined by HUD, or as determined by parent agencies. If you feel like this agency has been a little bit problematic, or maybe they just need a little bit more assistance than we're able to give them right now, we can do assessments of that agency to see their financial fitness, and provide you with a recommendation.

We also do the quarterly financial reporting reviews for agencies on behalf of HUD POCs. HUD POCs may request that we look at the quarterly financial reports, or the final financial reports that are submitted from their agencies, and have us review that for compliance with the HUD grant agreement, as well as the Uniform guidance as well.

Another type of assistance under this umbrella has to do with indirect costs. We do assess indirect cost methodology, as well as application. As far as the methodology, some agencies have a NICRA in place, that's a Negotiated Indirect Cost Rate Agreement in place, but the NICRA specifies the period within which a certain rate is applicable, and it also lets you know what base you can apply that rate to.

We'll take a look at the methodology that's prescribed in the NICRA, and then we'll look at what the agency's proposing, like in the budget process, or if it's at the quarterly financial reporting stage, we'll look at how that was applied, based on their quarterly financial report, to make sure it was done properly.

If the agency chose to use the 10% de minimis rate to account for indirect costs incurred by their agency for that year, we would also look at the calculation for that, because you have to make sure that you're only applying that 10% rate to modify total direct costs. So we're helping agencies, it can be at the request of the HUD POC, or it could be a parent agency that's making the request for their HUD grantee, their sub-grantees, or their branches, and we do that type of assistance. We'll help to make sure that the methodology is being properly applied.



We also offer assistance where we'll review single audit findings, and help agencies to develop corrective action plans from financial reviews. We'll help to follow up on any findings that had to do with something financially related, and help agencies to make sure that they are addressing them properly.

For formal technical assistance, we offer a range of assistance here. We provide direction to agencies, as well as HUD POCs, or to stakeholders on guidance. The Uniform Guidance may say one thing, and the participant may need further clarification on how to interpret that guidance, so we can help agencies with that. Like if you're reviewing a particular part of the Uniform Guidance and you're just not sure how to apply those, or how to interpret this guidance, that is something that we can provide assistance with.

We also help with addressing findings from reviews. Anything that's related to the financial aspect of the grant, we can provide some technical assistance to help you to address those findings.

We also assist with developing documents, templates and documents, to make sure that you're complying with the regulations as prescribed by HUD, as well as the Uniform Guidance.

For agencies that have financial capability assessments—so remember a few slides prior, I told you that under the financial analysis umbrella we do financial capability assessments—now, that is where, if an agency hasn't had a financial statement audit done within the required two year time period, we can actually help that agency by conducting a financial capability assessment. Now, in doing so, if we identify any areas for technical assistance, we would make those recommendations, and the technical assistance would then fall under this umbrella for the technical assistance.

For agencies that we assist, we've assessed their Uniform Guidance status to see whether or not they've been fully compliant as of the date of our assessment. If they were not, we would recommend technical assistance, and that technical assistance that we provide would fall under this umbrella as well.

From our internal control assessments, if we take a look at your internal control processes, so we're looking at your policies and procedures, we're looking at the different controls that you have in place over the key business process areas, if we identify any risk, or any breakdown of control, then we can offer technical assistance to help you to address those issues or those deficiencies.

As far as procurements, we can help agencies to modify, update, or even develop their procurement policies and procedures, just to make sure that they are complying, and they at least address the different sections in the Uniform Guidance that talks about the different methods of procurement.

Other technical assistance that we offer, they may be technical assistance that result from financial and administrative reviews, perhaps you were selected for a financial administrative review where an auditor came on site, looked at your program for a specific year that is being reviewed, and if we note any findings, or had any observations of any deficiencies, then we would note that in the financial and administrative review report, and then we can provide the technical assistance that you would need to address those areas of concern.

Also, any technical assistance that arise from the financial analysis work that we perform, or action plan work that we perform, we would provide any assistance that you would need to now become compliant under the formal technical assistance umbrella.

For agencies that are interested in any of these types of assistance, whether it be an action plan or technical assistance, training, or anything like that, here's the procedure, or the process flow, for requesting that assistance. Typically you'd communicate to your HUD POC. Let them know the type of service that is needed. Let them know who the correct person would be for dealing with the issue should the request be approved.

Once your HUD POC gets that information, they would communicate that to the HUD GTM. These are the people who work directly with the BMC [ph], and they would let us know whether or not they approve us working with your agency to address the issue that you're having.

Once that happens, and if they approve the work, then we would contact you directly, we would keep your HUD point of contact informed, and we would then initiate the work. We'd let you know what documents we need. If we first needed to have a kick-off phone call to kind of better

understand the assistance that's needed, then we would do that, but we would communicate with you directly, going forward, to give you the assistance that you would need. And, of course, again, we would keep your HUD POC informed so that they'll know just what's the status of the work.

Some benefits that we have noted that resulted from the type of work that we provide, particularly to HUD POCs, we've seen where in us helping agencies from this aspect, the financial and administrative aspect of the grants, we have seen a more consistent application of the financial management regulations, because more agencies are now doing it the same way, based on the assistance that we provided to them.

We also help with improving the time for completing the grant execution process. Once the HUD POC assigns us the grant institution package, then we work directly with the agency to make sure that we get all of the required documents, and to make sure that everything is standardized.

Because BMC, we're making sure that whatever is listed on HUD's grant execution package checklist is coming, all of it is being submitted, and then, we also have a standard for how each of the documents, or the grant

execution packages should be; and so, we're making sure that it's standardized across the board for all agencies.

We also help with providing HUD POCs with more time to focus on the performance management of the grant. And also help with reducing the risk associated with [indiscernible] by implementing experienced financial analysts and auditors on the financial aspects of the grant.

Some benefits for grantees have been providing comparative assistance to grantees, and help to minimize the burdens of implementing the new regulations. So with the new Uniform Guidance, we've seen where we've been able to help agencies to now become fully compliant with the requirements by giving them one-on-one assistance. Any questions they may have, we answer the questions directly, and provide questions on a one-on-one basis, which has been more helpful.

We've also seen where it has reduced findings in performance reviews and financial reviews, just because now agencies are more aware of the requirements. We also are able to provide financial and administrative technical assistance to agencies that can be transferred to other federal programs. A lot of our Office of Housing Counseling grantees, they have

multiple federal awards, and what they learn by working with us for the OHC grant, it can be applied to other programs as well.

And we've also seen where we've been able to help parent agencies with their sub-grantees, and to really help minimize the administrative burden on parent agencies as well.

Let me see if there are any major questions that you may have had that wasn't responded to. I think the biggest question that I've seen here, someone wanted to know if there were additional costs for these services. No, all of these services are available to you at no additional cost. This is assistance that HUD wants to make sure that you have. Because you are a participant in the Housing Counseling Grant Program, they want to make sure that you know what the requirements are, and they also want you to know that you have assistance to make sure that you can be fully compliant with the requirements.

That is all for today. I want to thank you all for having participated. If you have any further questions, please send them to [housing.counseling@hud.gov](mailto:housing.counseling@hud.gov), with financial analysis and training in the subject line, so that HUD can distribute the questions accordingly.

Again, thank you so much and have a good day.

Moderator

That does conclude our conference for today. Thank you for your participation and for using AT&T Executive TeleConference. You may now disconnect.