



Final Transcript

HUD-US DEPT OF HOUSING & URBAN DEVELOPMENT: Overview of Financial and Administrative Reviews

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SPEAKERS

Petergay Bryan

PRESENTATION

Moderator Ladies and gentlemen, thank you for standing by and welcome to the Overview of Financial and Administrative Reviews. During today's conference call all phone lines are in a listen-only mode. We will have an opportunity for a question and answer session. [Operator instructions].

As a reminder, today's conference call is being recorded.

I'd now like to turn the conference over to our first speaker, Petergay Bryan. Please go ahead.

Petergay

Hello, everyone. My name is Petergay Bryan. I'm an Audit Manager with Booth Management Consulting. Today we're going to be doing an overview of Financial and Administrative Reviews as they relate to the HUD Housing Counseling Grant Program.

As the moderator said, the audio is going to be recorded, and the playback number along with the presentation and handouts are all available to you on SharePoint. During the presentation, your lines will be muted. If you look on your control panel to the right, you will see the handouts, which is the actual PowerPoint presentation for what we're going to be going over today.

At the end of today's training, within 24 to 48 hours, you will receive a thank you email. Please use that as your Certificate of Training. There won't be anything else specified in the email and there will not be any attachments, so that alone will be what you keep for your records.

During the session I will pause for questions, most likely towards the end, and at that point I will let the moderator know and he'll provide instructions on how you can pose your questions live. However, if you have questions during the presentation, if you look on the control panel,

you will see a bar that says Questions, similar to what's on your screen here, and we do have staff from Booth Management Consulting who will be answering any questions that you have during the presentation.

Again, please keep your lines muted so that you do not cause any interruptions during the training. We'll just go ahead and get started with the presentation from here.

Again, I'm Petergay Bryan, Audit Manager with Booth Management Consulting. Today, we'll talk a little bit about who is Booth Management Consulting, what's an agreed upon procedure and engagement. We'll talk about the Financial and Administrative Reviews. We also call those FARs, so you will hear me refer to a FAR, and that's the same thing, which has four phases: the planning phase, the site visit phase, the reporting phase and the technical assistance phase, and of course we'll get into each of the various phases later on today.

We'll also talk about the common findings that we've noted while conducting these types of reviews, some lessons learned over the years, we've been doing this for over three years now, some frequently asked

questions by agencies, and of course we'll be taking any questions that you may have related to the process.

Booth Management Consulting is an SBA Certified Minority and Woman Owned accounting firm. We're located in Columbia, Maryland. Our lead Principal is Robin Booth. If you've participated in any of our trainings, you may be familiar with that name. We also are staffed with CPAs, accountants, and financial analysts, and we have over 25 years of experience in performing compliance audits for state, local and federal clients.

The Project Manager is Robin Booth, I'm the Audit Manager, and we have Delbert Strawther and Joshua Lee, who are Lead and Staff Auditors on the project. If you guys do get selected and do have a financial and administrative review, you'll most likely be working with one of us.

An agreed upon procedures engagement is pretty much what the financial and administrative review is, it's where we perform specific tests and procedures that have been agreed to between HUD and the company, Booth Management Consulting. We're pretty much testing for compliance with the agreement, so that's your HUD Grant Agreement, as

well as regulatory requirements such as the Uniform Guidance and any of the federal regulations that relates to agencies that receive funding from federal awards.

We do provide a report on the results of those procedures. The report goes to HUD as well as your HUD POC, as well as you, yourself as the agency would receive a copy of that report. The procedures that we perform, they are not, in any way, an audit. We do not provide an opinion. What we do is just we simply assess whether or not the agency was compliant with the requirements of the HUD Grant Award as well as the regulatory requirements, and the testing procedures that we perform, they're very specific based on areas that may be determined to be high risk or very critical compliance areas for the HUD grant agreement.

Agencies may have questions as far as what are the financial requirements, because previously I said we're testing for compliance of the financial requirements or the regulatory requirements as well as the HUD Grant Agreement. Here, we have a compliance compendium, so whatever is specified in your NOFA, or your grant application, or your HUD Grant Agreement, the Uniform Guidance, or any other applicable federal

regulations, this is the compliance compendium that you must be in compliance with.

For agencies who have been receiving HUD grants for a period of time, you may be familiar with the OMB circulars: A102, A110, A87, etc. Not all of these various OMB circulars have been compiled into the uniform guidance, and that's where you would go to do any research for any questions that you may have relative to the Cost Principles or the Administrative Principles related to the HUD Grant Agreement.

One thing that we wanted to point out had to do with the period of performance. In most recent years, the period of performance has spanned over an 18-month period versus a 12-month period. For example, the FY'17 grant, it ended March 31, 2018 versus September 30, 2017, and of course that began October 1, 2016.

For the most recent HUD Grant Agreement that you have, if you were selected for a review, this is the fiscal year that we would most likely be taking a look at, and it would encompass any HUD Grant activity during that period of performance that we were reviewing.

Also, important to note is that if you needed an extension to any grant period, so for future years because this time has passed, but for future years, if you had issues, perhaps spending all of the money during the period of performance and you needed to request an extension, you would have to do so within 30 calendar days prior to the scheduled expiration date. You would have to submit a request to your HUD POC in February at the latest, or on March 1st, to get an extension to the period of performance.

While we do perform the financial and administrative reviews, depending on what year we will be reviewing, if you did receive an extension for your period of performance, we would be reviewing that extended period as well. For example, if you receive a six-month extension or a three-month extension, we would definitely be reviewing the entire period of performance of your grant to the extended period.

Okay, so the FARs, as I mentioned before, have four phases. There's the planning phase, the site visit phase, the reporting phase and the technical assistance phase. The planning phase usually happens within 30 days of the site visit, and that's where we try to assess, do a preliminary assessment of the agency that we're going to be reviewing.

The site visit really is usually one business day. In some situations we may start one evening and finish the next day in the afternoon, but we try as much as possible to really not disrupt your business flow and to just only be there for one business day.

The reporting phase happens, typically, up to two weeks after the site visit. There's usually a little bit of time where we do some wrapping up before we start the reporting process. The technical assistance phase, it usually takes us between 30 to 60 days after issuing the report to then provide you with technical assistance, if necessary, after conducting the review.

We'll go through each of the different phases, starting off with the planning phase, and we have pretty much eight steps in the planning phase, which I will go in detail on what's included in each step of the planning phase.

Prior to the site visit, typically what happens, HUD selects at random a listing of agencies that we would need to perform a financial and administrative review for. In the planning phase, we do communicate with the HUD specialist, or if you are a sub-grantee, we would

communicate with your parent agency to receive any documents that you may have submitted to them during the period that we're reviewing.

A notification letter would be submitted, would come to you from HUD, just letting you know that you've been selected for a review, and it would also specify the period that we would be reviewing, whether it's FY'17, FY'16, FY'15. Subsequent to that, you would receive an email with a request for documentation from Booth Management Consulting, and that would be the initial documentation request. We would specify a listing of documents that we would want to look at, and that includes your policies and procedures, the flow chart of individuals in your organization, narratives for the roles and responsibilities of those individuals, any grant-related documentation, so, for example, your Grant Agreement or the HUD Form 1044, and we would then begin the process of conducting a preliminary evaluation for your agency.

During that preliminary evaluation, while we're reviewing the policies and procedures content, we're typically looking at who has the ability to access your bank statement. When we're looking at for the cash receipt cycle, for example, we're looking to see who has the ability to open the bank statements, who's opening the mail, receiving payments, who's

doing the reconciliation, who is preparing the billing documents, who's posting to the general ledger, who has the ability to create credit memos or make changes to your master files and who's performing your bank reconciliation.

When we're looking at the policies and procedures for your cash disbursement cycle, for example, we're looking at who has the ability to authorize a purchase order, or to issue a check, or to initiate an electronic funds transfer, who can sign checks, who has the ability to record accounts payable and cash disbursement transactions to your accounting system, and who's performing the bank reconciliations for the accounts payable to the general ledger and approving your budget.

When we look at the policies and procedures for your time and attendance, we're looking to see what kind of information are you sharing with your employees. Are you requiring that the time sheets are being signed by an employee as well as their supervisor? How are you determining whether or not the time that's performed is based on after the fact determination of hours worked? How are you making sure that each individual is preparing their own timesheet?

Do you specify that there may be penalties for falsifying or tampering with timesheets? How are you making sure that the hours that are worked and documented, that those are accurate? Is the agency sharing information on how would they go about making corrections to timesheets that may have been submitted and approved and processed, but later on they realize that there was a mistake that was made, and they needed to make a correction, are you communicating that type of information to your employees?

For preparing Personnel Activity Reports, or alternatives to the Personnel Activity Report, are there many procedures for making sure that the activities that are being performed by employees, are you making sure that is captured properly? Are you making sure that it's accurate? Are you making sure that the activities performed are allowed and properly allocated to the various grants that you may be able to build into?

For agencies that have subgrantees, we do also review the parent agency's monitoring process. In this case, what we typically do first is that we would send out confirmation letters to your subgrantees confirming the amounts and the dates of the disbursements that you've made to your sub. We would also conduct interviews with a sample of your subgrantees to kind of get an idea of what types of monitoring activities have taken place

relative to the grant. Have the parent agencies communicated to their subs reporting due dates, the type of information that they need to submit to them and periodically how frequently, what types of supporting docs, what types of templates are being shared, do they provide training, and things of that nature.

We also take a look at the parent agency's policies for risk assessments, how does the parent agency conduct risk assessments? Do they do evaluations of their subgrantees? How frequently do they do those?

We also do spot audits on a sample of a subgrantees' files just to verify that whatever information the parent agency shared with us in their policies and procedures, or how they monitored their subgrantees, just to make sure that everything falls in line with what their policies and procedures has been. We also do testing to make sure that the policies and procedures that are specified are actually adequate and in line with what is required of parent agencies per the uniform guidance.

Whenever we review the procurement cycle, we are typically looking at the policies and procedures for the different strategies they have for procurement and administrative requirements. We're trying to see what

the different authorization levels are to initiate our secured purchases, what are the various contracts or vendor requirements, and what are the procedures for receiving goods and services and verifying that they were received in an okay state? Also, we're reviewing it to see what is the process for making payments? Are there different levels of approval that need to happen prior to payments being made? Things of that nature are what we're looking for when we typically look at your procurement policies and procedures.

Additional documents that we request and review during the planning phase would include your general ledger for the fiscal year under review. Each agency, once you receive a HUD grant, you are required to setup a different accounting fund for the HUD grant. We would request from you to send us your general ledger for the specific HUD fund for the year that's being reviewed.

We'd also request that you'd submit to us your audited financial statements, your management letter, the OMB A133 statement and clearinghouse submission, if it's applicable to you, a listing of your cash receipts and disbursements as they're related to the HUD Grant Program, the federal financial report for intermediary or pass-through agencies, and

a listing of your leverage funds. Also, we would take a look at a listing of subgrantees that you may have and the funds that they may have received.

If you're an agency that would be applying an indirect cost to the grant and you had a negotiated indirect cost rate agreement, we would also take a look at your NICRA and would request from you the schedule of indirect costs that you are charging to the grant so that we could layer on due testing for that part of the review.

Also, in the planning phase, we speak with your HUD POC or a parent agency, where we request any vouchers or any payments that have been made to you by HUD or by your parent agency, if you're a sub. We would also request a copy of the grant agreement and the Form 1044 from the HUD POC or your parent agency.

We would also request the leveraged funds that you may have submitted to the parent agency or to HUD during your application process and also, your final approved budget and any amendments. We'd talk to the HUD POC or the parent agency about any concerns that they may have about your agency so that if there's anything that we need to just pay specific

attention to while we're conducting the review, that we would be aware of those.

Then if there were any performance reviews, we'd also take the performance review letter and review that and take anything that was noted into consideration while we're onsite conducting the financial administrative review.

Between three to five working days prior to the site visit, after we've already requested the initial documents, which I previously mentioned, and we've spent some time really gaining an understanding of your agency's tone, the policies and procedures that you may have, the nature of the costs that you may have submitted for reimbursement and things of that nature, and once we got your general ledger for the housing counseling fund, we would then submit a sample selection of transactions. We would specify the supporting documents that we would be requesting for review to verify the costs that you've submitted for reimbursement.

We'd be reviewing the support to make sure that the costs that you submitted for reimbursement are in line with the terms and conditions of the award and making sure that you have adequate support on file to verify

the transaction. Also, prior to coming out, based on what you've already submitted to us, we would request any clarification of any issues or questions that we may have, and we could solve them before we got out there. We would also let you know which individuals we would like to interview while onsite and get a proposed date and time for the site visit and make sure all of that is sent before coming out.

Again, to wrap up on phase one before I start with phase two, so after HUD selects the agencies that will be receiving a financial and administrative review for the year, they provide a listing of agencies to us, their contractor, Booth Management Consulting. After which, a representative from HUD would send an initial notification to your agency letting you know that you have been selected for a financial and administrative review.

About a week or two later you would receive an email from someone from Booth Management Consulting letting you know the list of documents that we're requesting to review. The list of documents usually includes your policies and procedures for the cash receipts, cash disbursement, grant reporting, timekeeping, procurement, the key business cycles. We would request your policies and procedures for the key business process areas.

We would also request documentation such as your general ledger for the HUD program. We would request your HUD Grant Agreement and the HUD Form 1044. We would also request your organizational flow chart, narratives for personnel who are listed on that flow chart. Then once we started reviewing those documents and getting an understanding of your agency, then we would communicate with you to try to schedule a site visit.

Then about three to five business days before we come out to the site visit, we would send you a listing for a sample request, and we are very specific as far as what documents we need in order to substantiate the expenses that you may have submitted for reimbursement to HUD.

Also, during the planning phase, we do speak with your HUD POC and your parent agency, if applicable, where we get documentation for the payments that you have received from HUD or from your parent agency. We also get documentation such as the leveraged funds that you provided to them during the grant application process.

We also receive from them any performance reviews or audit reviews or desk reviews that have been conducted by them relative to the Housing Counseling Program.

The next phase is the site visit, and we have here a few steps summarizing what usually happens in the site visit phase of the FAR. We're going to be talking about each of these steps individually and in detail as we go through the training exercise. Once onsite, the first thing that usually happens is we have an entrance conference.

The auditor who comes onsite would meet with a representative from your agency, usually personnel from the Housing Counseling Department as well as the fiscal department, and via phone your HUD POC would usually make that call, and the government technical monitors for this contract, one of those representatives would also be on the call, where we would discuss the scope of work, the timing of the work, the timing of the reporting process. Any potential findings that may have come to mind while conducting the preliminary reviews, we would also discuss that in the entrance conference, just to let you guys know that we have some questions relative to this item. Is there anything that you may have to

clarify our questions, and any other matters that are pertinent to the performance of the review.

While onsite, some of the things that we'd do is we would review the flow charts and the policies and procedures and the organizational structure, as well as the narrative that you may have provided. We'll go over that with personnel while onsite just to make sure that we have everything clearly documented and things that you have documented is really the process that takes place at your organization.

As I mentioned before, we would interview one person from your finance or accounting department. That would have to be someone that's involved in the grant process and we'd also interview one person from your Housing Counseling department. Some examples of interview questions could be what is your role and what are your responsibilities as they relate to the Housing Counseling Program, specifically to the HUD grant that the agency received? Did the person, do they understand their agency's code of conduct? Have they received any training as far as compliance with grant-related compliance policies and procedures?

What are the compliance and ethics-related challenges that they may face in their current position? If they did have any concerns or issues, or if they were aware of any potential violation, do they even know how they could report that information confidentially without fear of retaliation? Does the person receive refresher training on their code of conduct, compliance or ethics policies? These are the type of questions that we usually ask during the interview, just to get an idea of the tone at the agency.

For agencies that have subgrantees, we would also try to verify the award and the payment amounts to their subgrantees through the confirmations. When we submit the confirmations to the subgrantees, if there were any discrepancies, we would discuss that with the parent agency while onsite and also with the grantee just to make sure that we are—sometimes, there may be a discrepancy due to timing or something like that.

Just to clarify, any discrepancies that may have occurred, we would definitely get that out of the way while onsite. We would make a selection of the subgrantees files just to verify the parent agency's compliance with their own monitoring policies. If the parent agency has the policy to conduct risk assessments or a merit-based assessment of how they award

grants, we want to see documentation of that. Because if it's not documented, then there's no way for you to prove that so that would be something that agencies have to make sure that whatever they're doing, in their policies and procedures there's a way to evidence that's through documentation.

We'd also talk about anything that may have come up during our interviews with the subgrantees as far as oversight and monitoring that may potentially have conflicted with the parent agency's policies and procedures. We'd also review the quarterly financial reports, each recipient of the HUD award, parent, direct grantee or subgrantees. You all are required to submit quarterly financial reports simultaneously with a drawdown request for payment. We would look at that documentation and we'd also make, based on the sample selections that we've made, we would look at any supporting documentation that you provided for the subgrantees that we selected.

For cash disbursements, once we receive your general ledgers and we look at your quarterly financial reports and we see what expenses you've submitted for reimbursement, if you had other expenses other than personnel costs, those would fall under our cash disbursements testing and

in our cash disbursements testing, we select up to ten cash disbursement transactions, and basically we are making sure that you have enough supporting documentation to verify that the expense was reasonable, allocable and allowable for that award.

We're looking at any purchase orders that you may have on file authorizing the buyer to make the purchase. We're looking at the invoice that you have on file that supports the payment. The documentation of approval, we're looking at your accounting system to make sure that it was recording your accounting system properly. We're also looking for proof of payment.

I will say that a cancelled check is the best source of evidence as far as proof of payment, so we usually request that. But if you have a bank statement or a wire transfer, of course we'll take a look at those as well to support the cash disbursements that you have made for the grant.

Whenever we test your accounting system we do reconcile your general ledgers to the financial statements as well as to your federal financial reports. Do note that the federal financial reports are only required for pass-through entities, so if you are an LHCA, then you would not be

required to submit a federal financial report. If there were any findings identified in your management letter, we would verify whether or not those findings have been resolved. If they haven't been resolved, we would see whether or not you had a corrective action plan that addressed that finding.

We would reconcile reports, the quarterly financial reports, to your general ledger. For those who file federal financial reports, we reconcile it to that as well. We do perform a walkthrough of your accounting system to determine how costs are being charged to the grant. We want to make sure that agencies are properly accounting for HUD funds.

For agencies who submit personnel costs, so that means wages and salaries for reimbursement, we do perform time and attendance testing. First, we look at your policies and procedures for timekeeping, which I previously mentioned. In addition to that, we select up to five employees to determine whether or not documentation exists that supports the fact that the employee works during the period that they are billing for, so that could be evidenced by a timesheet.

Also, we are verifying the employee's hourly rate based on payroll information. And based on the methodology that the agency uses to calculate hourly rate, we're going to be recalculating that based on your methodology, provided that your methodology is reasonable.

We would also look at your timesheets for charge codes. A lot of agencies have different charge codes for various grants and that is how they allocate the payroll expenses to the grant. We would first look at your charge codes, see what those charge codes mean, look at your timesheets to see if it matches up to what you submitted for reimbursement to HUD or your parent agency, any leave requests that you put in, your completed timesheets. We would also be taking a look at those for the period as well.

If you have a Personnel Activity Report or an equivalent, we would take a look at that as well to see the types of activities that were worked on during the period and how your agency was able to determine what activities can be built with a HUD grant. So, we would look at the Personnel Activity Reports for that information and then do a reconciliation of the activities that are documented on your Personnel Activity Report or an equivalent form, and we'd reconcile that to the

quarterly financial report to make sure that the hours that are documented, they reconcile on both reports.

When conducting quarterly financial reporting testing, we are looking to see if it was submitted timely. It's very important that agencies submit these reports timely to their HUD POC or their parent agencies, so we look at the submission date of the quarterly financial reports. We also take a look at all of the elements of the quarterly financial reports and make sure that it was completed properly and that all of the calculations were also done properly.

We do reconcile each report to the HUD Grant Agreement, and while conducting our cash management testing, if any funds were received in advance of expenditures, we do trace those to your general ledger and we're checking to see what did the agency do with these advanced funds, just to see if there are any weaknesses in your cash management policies.

For agencies that use federal negotiated in their cost rate agreement, this is also known as a NICRA. Agencies that use NICRA, we would receive a copy of your NICRA, review that to see what does it specify in that document, what rate are you allowed to use per the NICRA and what base

you are allowed to calculate that on. We'd also look at the cost that you charged to the grant and make sure that it's in line with what your NICRA stated, and we'd select some transactions, a sample of five in your [indiscernible] cost pool to determine whether or not they were allowable, allocable or reasonable, and if they received the correct treatment.

For agencies that use the 10% de minimis rate, we would also, of course, make sure that that was calculated properly and that was only applied to modified total direct costs. In the procurement process, while we're doing that testing, we're looking for your basis for the contract. How did you make your vendor selection? Was there any vendor disbarment, certification or justification necessary for lack of competition, and things of that nature. This is really just for agencies who use HUD funds for procurement transactions, so that's if you're using it to procure goods and services.

When conducting the program income testing, we do inquire of agencies as to whether they charge a fee-for-service. If that is the case, then we look at your policies and procedures for how you're tracking those fees, and just making sure that you're doing it in accordance with the uniform guidance.

For agencies who reported leveraged costs or leveraged funds in their grant application, we would of course first get the listing of the leveraged funds that you reported on your grant application from your HUD POC or your parent agency. Once we receive that, then we would reconcile that information to your general ledger as well as any supporting documentation for the donations that you received.

If it's a check that you received or if you can show us in your bank statements and things like that, then we would just verify whether or not you actually received that funding. If you have any agreements for an ongoing basis of receipt of leveraged funds, we would of course look at that as well. Any non-cash donations that you may receive and use as leveraged funds, we would look at your policies for how you are accounting for non-cash leveraged funds that you receive.

For parent agencies that have subgrantees who reported leveraged funds, we would look to see how the parent agencies are making sure that their subgrantees are compliant with the requirement for leveraged funds.

Other procedures that we perform include reviewing the amount that you charged to the HUD grant versus what was reported and reviewing the list

of grant dollars that were provided by the HUD POC. If there are differences between what the HUD POC or your parent agency stated that they paid to your agency and what you reported, then we would have to discuss that further.

After we have reviewed all of the documents that you have provided and between the samples that we've made and the supporting documents that you provided and have conducted the interviews with the various personnel, we would then go ahead and schedule an exit conference.

On the exit conference, usually it's the same people who are present on the entrance conference. Those are the people who are usually present for the exit so that's usually someone from your housing counseling program, someone from our accounting or finance department, your HUD POC or your parent agency as well as the HUD DPM, who is responsible for our contract with HUD grantees.

We'll talk about the purpose of the exit, which is really to summarize the review, talk about things that we've looked at so far. If we have questions, of course we would document any questions on an exit conference agenda. If there are any open items, we would list that there as well. Any outstanding items would be listed, and we would talk about due

dates for any open items that needed to be resolved. You would have ten days after the date of the exit conference to provide any documents that are listed on the outstanding items request list.

Also, at this time, we usually have an idea of any potential findings which we communicate with your agency and then you'd also still have that ten days within which to provide any supporting documents that may mitigate or resolve any potential findings that we have.

We would also talk about the reporting process and the audit resolution process, so we'd talk about how soon you could expect to receive your report or what's necessary to happen before we can draft and then submit the report to you, and if there are any findings that could be resolved. Then, we'd talk about that process as well during the exit conference. We'll talk more about the reporting and audit resolution process later on today.

Phase three, the reporting cycle. We have a couple of steps and of course, we're going to talk about each of these steps in detail in the next few minutes. For agencies that had no findings based on our review, then we would draft a report and we would submit the report to the HUD

government technical monitors. As I've mentioned before, these are individuals who are responsible for the grant that BMC has with HUD and we'd also share the report with the HUD POC or your HUD specialist.

If they had comments or we needed to clarify anything, then they would communicate that to us, and then once that process is done, we'd finalize the report and we'd issue the report to the HUD GTM, your HUD POC as well as you, the agency. If, however, you did have findings, you would have ten days after the exit interview or the exit conference to provide us with any additional information that you have that could resolve or mitigate that finding.

If it's a case where there was a finding that the agency didn't have enough supporting documents, you have an additional ten days to get that supporting document submitted to us, so we could resolve that. Once that part is done, we would send a draft report to the HUD GTM and your housing counseling specialist or your HUD POC and if they had any comments or questions, we'd incorporate those comments and then submit a final report to the HUD GTM, the HUD POC and then to you, the agency, as well.

The fourth phase, technical assistance phase, and agencies that had no findings, of course, you wouldn't receive any technical assistance, so the process for you would stop at phase three.

For agencies that had findings, we usually include a section in the report for recommended technical assistance, so we would provide a description of the finding that we identified. We'd provide our recommendation for how you could resolve the finding.

We would also provide a recommendation for technical assistance, and that's where our company, Booth Management Consulting, would provide you with technical assistance. It could be done remotely. A lot of times it's remotely done, but in other instances, agencies prefer that we come back onsite, especially agencies that have subgrantees. A lot of times, they prefer that we come back onsite and provide technical assistance, one-on-one technical assistance, to their subgrantees just to make sure that all involved in the process are aware of what needs to be done so that everyone can become compliant.

With the technical assistance, what happens then after we recommend the technical assistance and you receive the report for our recommendation for

that, what happens is that we would talk to your HUD POC as well as you, the agency, and try to schedule a suitable date and time to conduct the technical assistance to your agency. Depending on what the finding or the findings may be, it could be less than a day. If the findings are more complex or if due to your schedule you're unable to do it in just one day or less than a day, then we can spread it over a period of time. We do have a lot of flexibility as far as providing technical assistance to agencies.

Some common findings that we've identified while conducting these reviews, the most common finding has been agencies have not had sufficient documentation to show that activities that they worked on were billable to the housing counseling grant. Even sometimes, agencies, they may use a Personnel Activity Report where they're showing the different types of activities that they work on during the performance period, but sometimes it's not in sufficient detail for a reviewer to determine whether or not those activities are billable to HUD. That has been a very common finding that agencies should pay attention to.

Another common finding would be lack of supporting documents, and this goes across the board from your other operating expenses, like perhaps, supplies or something like that. Agencies may not have proof of payment

for that expense or an invoice or a proper approval process and things like that.

Also, policies and procedures have been big on the list of findings where agencies just didn't have proper policies and procedures for the key business process areas, inadequate support for timesheets or PARs, not filing quarterly financial reports timely, or even not filing accurate quarterly financial reports that show all of the elements that are required per your HUD grant agreement.

For agencies that have leveraged funds, oftentimes agencies do not track their leveraged funds and they've been unable to show supporting documents for the leveraged funds that they received.

Another big finding is we've often been unable to reconcile the general ledgers to the budget, to the reimbursement request and then to the quarterly financial report and we should always be able to do that four-way match.

Other findings include, and this is for pass-through agencies. Subgrantees may use unapproved, indirect cost rates or there are inadequate, supporting

documents for subgrantee reimbursements. Sometimes subgrantees would not respond to confirmation requests that we sent to them, insufficient or no invoice verification process for the payments that they made to your sub.

Another big one is a lack of policies or inadequate policies for monitoring their subgrantees. Also, we've been unable to reconcile the general ledger to the budget, the reimbursement requests, the quarterly financial reports and then, to the federal financial report and that is huge. We should be able to reconcile those five documents without exception.

Failure to document their billing methodology or even having inadequate or an unacceptable billing methodology are all findings that we have noted from conducting these reviews. Again, what happens with the agencies that do have these types of findings, we do provide technical assistance to agencies to be able to rectify these findings, whether it's us coming on site to work with agencies or their subgrantees one-on-one, or we could do it remotely where we help agencies just to make sure that they are compliant with the requirements of the grant.

We do provide that type of service. That's a matter of sending a request to HUD POCs and letting them know that you're interested in receiving that type of assistance.

Some lessons learned from conducting financial and administrative reviews. Agencies need help with computing indirect costs and how they're applying the indirect cost rates to direct costs, how they're tracking expenditures, what constitutes adequate supporting documentation for any type of expenditure.

Agencies need help with monitoring their subgrantees, they need help with tracking program income, identifying program income and then tracking it, how to implement policies or tracking time and attendance, how to track leveraged funding and how to file accurate quarterly financial reports, and just keeping up-to-date and making sure that they're filing these on time.

Some frequently asked questions relative to financial and administrative reviews. Agencies want to know, "How many days does the grantee have to submit documentation that's requested in the notification letter?"

The first notification letter from HUD doesn't typically have a request for documents, but the second notification letter that comes from Booth Management Consulting, we do provide you with a date for when you are due to submit the documents to us, and that's usually within 15 days of receiving that second email, and that's the one that's going to come from Booth Management Consulting.

The second question, "How many days does the grantee have to submit the documents that are requested in the second letter with the scheduled site visit date?"

When we send you the sample request listing email, we usually send that out about five business days prior to our site visit. You would be required to have that information ready for us once we are on the site. If you have it before, feel free to send it before we get there but usually we give you five days within which to gather all of that information, and again, we're very specific as far as what information we need for which sample selection.

Third question, "What's our preferred method for you guys to send us documents?" We have a document repository. It's online. You would be

provided with a link. If you select the link and enter in your account information, you could just upload the documents there and it's very easy to do. There are no limits on the size of the documents and it really doesn't take a long time at all. It's proven itself to be the best way for both agencies as well as for us because it's easy access for Booth Management as well as the grantee, there are no size limits. You can always go back and take a look at what you provided to us and things like that.

Question number four, "Will the meeting between BMC and the agency's HUD POC occur before or during the site visit?"

Usually, our initial meeting with their HUD POC is before this site visit and it's over the phone or via email. If your HUD POC wishes to come to the site visit, they are always welcome to do so, and we do communicate with your HUD POC throughout the entire process in case you have any questions, or we need their assistance on anything, they do make themselves available throughout the entire period of the review.

Number five, "What's the approximate duration of the site visit?"

Typically, it's one day and it's one day that we determine with your

agency to be the most suitable day and it has to be a day where someone from the finance or accounting department, as well as someone from your housing counseling program department will be available for that interview.

Number six, “How many days does the grantee have to submit the additional documents that are needed to mitigate any findings?”

That would be ten days after the exit conference. Again, if there are any findings that we know during the exit conference, or if there are any open items, or missing documents, things like that, and of course, these are things that could lead to findings, right, missing documents or adequate support. You do have ten days in which to submit the additional information needed and then we would have to wrap up and closeout the review.

Question seven, “In the final report, if findings lead to technical assistance what would be the duration of the technical assistance?”

Okay, so once you receive your final report, if you had any findings that we recommended any technical assistance, we try to provide the technical

assistance to you as soon as possible. You would work with the auditor who conducted the review of your agency. You would schedule whether an onsite or a remote technical assistance session—we could do like a live webinar such as this. We also have access to going to your systems if you allow us, and things like that. There's a lot we could do remotely.

Based on the nature of the technical assistance and what type of assistance you need, you would discuss whether or not it would be remotely or in person and you would also specify how soon you can meet with us to get it done. Typically, we try to make sure that everything happens within 30 to 60 days after the report has been issued to you.

If you have any additional questions, you could send them to housing.counseling@HUD.gov. with overview of financial and administrative review in the subject line and I will pause for questions.

Delbert, were there any questions on the call?

Delbert

There are no questions on the line.

Petergay

Okay. Moderator, can you open the line for any questions?

Moderator Certainly. [Operator instructions]. There will be one moment before any questions. Thank you. No questions at the time from the phones.

Petergay Okay. Alright, everyone. I want to thank you so much for your time. Prior to us getting off the call, though, I wanted to make mention of the fact that if you are an agency that needs technical assistance or any type of training, one-on-one training for your agency with regards to any of the requirements for the HUD grant, you could send us an email to request that. You could send it to your HUD POC and then your HUD POC would communicate that to Linda Bozeman, who is one of the HUD GTMs, or you could send it to Tracy Fields, who is also one of the HUD GTMs for the contract, if you are interested in receiving technical assistance or training. Also, you could send it to housing.counseling@HUD.gov if that is something you're interested in.

I want to thank you so much for your time and have a good one.

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