Final Transcript

HUD-US DEPT OF HOUSING & URBAN DEVELOPMENT: Overview of Sub-Grantee PreAward and Monitoring

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SPEAKERS

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PRESENTATION

Moderator
Ladies and gentlemen, thank you for standing by. Welcome to the Overview of Sub-Grantee PreAward and Monitoring conference call. At this time, all participants are in a listen-only mode. Later, we will conduct a question and answer session. [Operator instructions].

I would now like to turn the conference over to your host, Ms. Petergay Bryan. Please go ahead.

Petergay
Hello, everyone. This is Petergay Bryan with Booth Management Consulting, and today we'll be talking about the Sub-Grantee Award and

Oversight Monitoring Resource Guide and the different tools that we have created for pass-through agencies who sub-grant HUD Office of Housing Counseling funds to their sub-recipients.

During today's presentation the audio will be recorded, and the playback number, along with the presentation and handouts and the transcript, will be available to you all on the SharePoint under the Training Documents Internal Trainings page.

As the moderator already said, your lines will be muted during the presentation. If you want to follow along with us, you should have received a copy of the handout via email prior to the webinar, so earlier on today you should have received that. But also, if not, if you look on your control panel you will see a section that says "Handouts," and if you click that you'll be able to actually download a PDF version of today's presentation so you can follow along while we're going through.

Within the next day or two you'll receive an email that says "Thank you." That email will be your Certificate of Training, so please keep that in your records. There will not be any attachments or anything like that. It will just be a thank you email for having attended the training.

I will pause for questions at the end of today's session. However, if you have questions that you need an immediate response to, if you click your control panel, there is a question section that's an image of what you see on your screen here for questions. If you type your questions in there, we do have personnel from Booth Management Consulting who will be taking your questions and providing you with immediate responses.

Again, please keep your lines muted during the call. If you want to ask a live question, then you can save that for the end of today's presentation, where the moderator will give you instructions on how you can pose your questions live.

So, we'll go ahead and get started with today's training. Again, I'm Petergay Bryan with Booth Management Consulting, and today we're going to be talking about the purpose of the training, so why are we here. We'll be talking about the Sub-Grantee Award and Oversight Monitoring Resource Guide which we have created for pass-through entities. We'll talk about the overview section, the pre-award assessment section, the risk assessment section, the section on the parent onsite review. We'll look at some sample work papers. We'll talk about how you could request assistance if you wanted to work with someone from Booth Management

one-on-one. And also we'll be taking any questions that you may have

with regards to the guide.

The most important thing, the reason why we're here today is to review

the requirements of the Office of Management and Budget and what

requirements they have posed on pass-through entities as it relates to funds

that are sub-granted to agencies.

We're also going to be looking at the sub-grantee award and monitoring

resource toolkit, or the resource guide, and it has the following sections. It

has a pre-award assessment section, and we'll go into that in detail later.

It has a risk assessment guide. It has a desk review guide, a parent onsite

review guide, as well as some sample work papers for parent agencies to

use as a guideline as they're developing their own methodologies for how

you sub-award your HUD grant funds and how you monitor sub-recipients

and to make sure that you're being compliant with the uniform guidance,

or the OMB requirements.

The first section talks about the overview of the toolkit. The purpose of

the toolkit—we created this toolkit because the uniform guidance now

requires that agencies have customized methodologies which have to be

documented to say how you will award housing counseling funds or

federal funds to sub-recipients. You also have to document any risk

methodologies or risk assessments that you do of agencies that apply to

your program. You also have to document the monitoring tools that you

use and the various methodologies that go into how you determine what

monitoring tools that you'll be using for your sub-grantees.

A resource guide was created so that agencies can use it as a guide or as a

template for developing their own policies and procedures and

methodologies, so that they can be compliant with the uniform guidance

requirements. So, we want to make sure that we're providing you with the

guidance necessary to be able to document how you will sub-grant HUD

Housing Counseling Funds to your sub-grantees.

We also included some tools for things that you want to consider when

you're creating your pre-award assessments. Also it provides templates

for properly documenting your process as you go step-by-step from having

received an application to then issuing a sub-award and then how you

monitor the sub-grantees that you may have. It also provides guidelines

for conducting desk reviews as well as onsite reviews. It also provides

you with a host of work papers.

So, if it's doing like a financial and administrative review of your agency, we have templates for doing that. We also have templates for actually doing risk assessments of each of your sub-grantees. We have samples of the desk reviews as well as the onsite reviews, the work papers that you would complete while you're performing these types of reviews.

The toolkit that we created, it has the pre-award assessment guide. So, that's the first thing that you will see in the toolkit. The next thing is the risk assessment guide, the desk review template, the parent onsite review template, and then you have some reporting templates, so it's a quarterly financial reporting template or the quarterly invoices that you submit templates for those as well.

The toolkit can be provided to you electronically, or if you wanted a hard copy, you could get that as well to see the entire toolkit. It includes all of the checklists and the work programs and templates in a Microsoft Office compatible format so that you could actually use that for your agency going forward.

OMB Part 200. If you look at the uniform guidance, there's specific requirements that entities who pass-through funds to sub-grantees have to

comply with. So, for example, you have to make sure that the sub-grantee knows that they're receiving a sub-award and they have to comply with HUD's overarching requirement for the Office of Housing Counseling funds.

As parents, you're also responsible for evaluating each sub-grantee for risk of non-compliance with federal statutes and regulations. You should also be considering imposing specific sub-award conditions upon your sub-grantees based on appropriateness. So, if after you've done your evaluation and you realize that, okay, we need to include some additional terms and conditions in our sub-award, going through this process will help you to be able to do that.

You're also responsible for monitoring the activities of your sub-grantees to make sure that they're performing in accordance with the HUD award that you have received. So, you want to be able to make sure that you're evaluating their risk of non-compliance with the statutes and the regulations and the terms of the HUD award that you have received yourself.

And you also want to make sure that you're looking at your sub-recipients' audits and onsite reviews and other monitoring tools and see whether or not those indicate any conditions that will need an adjustment for your own records and for your own methodologies that you have implemented, and also to consider taking any necessary enforcement actions for any sub-grantees that you may have that are not being compliant with the requirements of the HUD grant itself and/or the OMB requirements.

So, based on your risk assessment of your sub-recipients, the OMB proposes that you perform the following, which is depending on their risk, perhaps if they're like a low-risk agency you could train them or provide technical assistance, or ad hoc assistance based on need. But for a medium to high-risk agency you may want to consider performing onsite reviews of those agencies. And for the really high-risk agencies, or agencies that you may not be comfortable performing a financial and administrative review on, you could refer those for agreed upon procedures to be performed by a contractor such as ourselves, but that would have to be done through your HUD POC.

So, for example, after you've done your risk assessment of your agency—

and we'll break all of this down later on in the session—the uniform

guidance proposes that you determine whether or not they just need some

type of technical assistance based on their level of risk. If they're a

medium risk or so, then you could perform the onsite reviews or the desk

reviews. And then for high-risk agencies you can consider arranging for

the agreed upon procedures and engagements for those agencies.

The next section of the Sub-Grantee Award and Monitoring Resource

Guide has to do with the pre-award assessment. In this phase is where you

have received applications to your network or to your program and you're

considering whether or not you will allow them into your network or into

your program. So, the resources that we have prepared for you will help

you to determine whether or not the agencies are eligible to be a potential

sub-grantee. It will help you assess the risk or their capability to see

whether or not they can perform under the grant.

It would also help you to identify any potential deficiencies so that you

can therefore be able to say, okay, do we need to include special

conditions in the sub-grant agreement? Just to make sure that the agency

will be able to comply with the regulations and the requirements of the

award. And it will also assist you in identifying any need for technical assistance earlier on in the process, versus midway or towards the end of the grant. So, it's a more proactive approach if you use the template to make sure that the agency that's submitting an application is fit for your program.

The toolkit also includes a typical sub-grantee application. And some of the things that we have included includes, first of all, you want to make sure that they're submitting an application form cover sheet with their contact information, so their name, their address. They should also provide you with a narrative of the proposed activities that they are proposing that they'll be using.

They should also let you know how much HUD funds they're going to be requesting at the time, the date by which they believe that they'll be able to expend all of those funds, because you want to make sure that whatever they're requesting they'll be able to expend in the grant year that you're issuing the sub-award for.

In their narrative for proposed activities they'll want to make sure that they're giving you a description of the organization, like their mission

statement, a summary of their projects to identify any specific needs that will be addressed, an estimated number of clients, the different services that may be provided, the languages that they will be providing the services in, and things of that nature.

Also, you want to take a look and make sure that they're providing information so that you can do a financial capacity assessment, you know, what's included in their policies and procedures manual, did they provide you with their most recent audited statements or their OMB A-133 report. If they had any deficiencies, were there any corrective actions or action plans that they also provided to you so that you could really make a good decision or a good assessment of their financial capacity?

Also, an implementation schedule of what is the proposed schedule of work, how will they be able to carry out whatever they propose in their initial proposal. And also, you want to make sure that they're submitting to you a detailed budget that's going to include all of their funding sources.

Also in the initial package they should be submitting to you their staff instructor, and also you want to make sure that they're signing and dating

their application package that they submit to you. So, in the toolkit that

we provide, it's more extensive than what you see in the screen here, but

we do have some great suggestions for what you should be asking your

applicants to submit to you during the application process so that you can

really do a good assessment and determine whether or not they'll be able

to perform under the grant.

When you're reviewing the applications you want to be considering, does

the proposed plan that they submitted to you, does it address an

established need? Have all of the major activities that are necessary to

implement the work plan been identified? Does this applicant have past

experience? Do they even have a good track record of clients based on

your history with them, if they were in your network before? Is the

proposed work plan likely to be successful? Does the applicant have

qualified staff to carry out the work? Are they financially capable of

carrying out the work, and things like that? The way that we have set it up

will help you to be able to make those decisions as you are assessing the

applicants.

The pre-award assessment. We also have a detailed assessment, and I'll

show you an example in a few slides later, but basically there are five

rating factors that you would be looking at while you're doing the pre-award assessment.

The first thing you want to do is you want to rate their capacity to perform. You want to see whether or not the applicant is ready and able to successfully implement the work plan that they've proposed to you. You want to look at their expertise as well as their certification to see whether or not that seems likely that they'll be successful.

You also want to look at the geographic areas that are being served, the languages that are being offered and looking at their past performance to see whether or not they have performed well in the past and they have been capable of performing another grant in the past.

The second rating factor has to do with need. So, with the documents that they submit to you in the application packet you want to look and see if the program needs and the justification that they've provided to you will be benefitting the work plan to low and moderate income individuals. You know, the work plan that they propose, is it in line with the NOFA priorities that are in Appendix A of the NOFA priorities?

In the rating factor three, you want to take a look at the soundness of the approach, you want to look at the budget, the oversight activities that they've provided, does it seem reasonable what they're proposing. Are they able to really carry out the proposed work plan based on the number of clients that they provided to you, the money and the resources that they have, will they be able to really be successful in the program.

The fourth rating factor has to do with leveraged resources. Was the grantee able to—have they shown that they will be able to receive additional funding from outside sources. And of course, that can be in-kind or monetary.

The fifth rating factor has to do with achieving results. So, you want to evaluate their methods used to measure performance of their program. Do they have a sound transition or succession plan in place, and what has their participation in other HUD sponsored programs looked like in the past, if applicable of course. And we do propose that you give them some type of a bonus for having submitted a timely and complete application because that is usually indicative of issues that may come up during the grant year.

Here we have an example of what the rating structure would look like, the pre-award assessment. In the toolkit, however, it's a total of 52 questions. Here you're only seeing seven questions.

So, for each of the sections you have, for example, rating factor one with the capacity, you'll have a list of questions there to help you to determine whether or not the agency has the capacity to perform under the program. And in rating factor two, three, four and five, it's the same thing, we have a host of questions that would fall under each of the categories. And as you're going through you're answering, the questions are all either yes or no, or not applicable. And you would rate them yes, no, not applicable and then you'd have the ability to put in your comments as you're going through and you're scoring each agency's application packet.

At the end of all of the 52 questions that we do have in the pre-award assessment, we propose the following scale. Of course you do not have to follow this to the T, you can add questions to the scoring matrix or to the assessment and you can take questions away. You can weight certain questions more than some based on importance to you.

But just following our methodology here, for 0 to 20 favorable responses,

they would receive a low score; 21 to 35 would be a medium score; and 36

to 52 favorable responses would receive a high score.

And here as an example, for the low scorers we would deny those

applications. Medium, you would award the grant but perhaps consider

including special conditions in the sub-grantee agreement as deemed

necessary. And for the high scores then you would issue the award

without any further conditions. And of course this is just a

recommendation that you could use for your own methodology as you go

forward.

The next section of the toolkit that we've created is the risk assessment

section. And we pretty much have seven risk factors, and this is based on

conversations with housing counselors, agencies that have received a

HUD fund, and also talking with HUD POCs to see what are the major

risk factors that affect housing counseling agencies.

So, one of them that we have here is change in personnel. A lot of times

people leave certain positions and there aren't any policies and procedures

in place or anyone to train the new person. The new person has to come in

and start all over, and if they're coming in and they don't know what the requirements are for reporting for the HUD grant, that could negatively impact the Housing Counseling Program, they could miss the reporting deadline, they could submit to you reports that aren't accurate, and things of that nature. So, that is definitely one of the major risk factors that do impact parent agencies.

So, you want to take a look at did a change in personnel affect the sub-grantee's operations. That would be someone in the Housing Counseling department, probably the Director of Housing Counseling at that sub-grantee's agency, or the person who prepares the quarterly financial reports and things like that.

And you also want to take into consideration whether or not the agency has really good policies and procedures in place for how they account for their federal funds as well as how they prepare the grant financial reports.

Of course if they have policies and procedures in place or standard operating procedures, then someone new could come in and read those and at least have an idea of what needs to be done. They may still need some assistance, but that's better than an agency that has nothing, has no formal

policies and procedures for grant-related reporting, and if someone leaves,

someone who is responsible or is very involved with the housing

counseling grant leaves, then the next person who comes in may really not

know what to do.

The second risk factor that we have has to do with prior audit findings.

So, you want to consider whether or not they have any other federal

awards. And when you take a look at their audit findings, you want to see

whether or not they had any findings related to their audit that could

potentially impact the program.

Also, you're taking a look to see whether or not they had any question

costs that were identified during their audit, and if so, did they resolve

anything that was identified during their audit within a timely manner.

You also want to take into consideration whether or not they provided

their financial statements to you timely in order for you to conduct your

assessment of that agency.

The third rating factor has to do with financial report submissions, and this

would be for agencies or your sub-grantees that have been in your

program before. So, you want to take a look at the history with that sub-

agency to see whether or not they submitted the report to you timely in

order for you as a parent agency to do your reporting. If they didn't

provide a report to you timely, if they have a history of submitting late

reports, are they requesting an extension prior to submitting the late report,

or do you have to keep hunting them down to try to get the information

that you need to therefore do your reporting to HUD.

The fourth risk factor we have has to do with financial reports again, but

this time we're looking to see what are they submitting to you, are they

submitting reports that are complete and accurate? Are they making sure

that the authorized personnel is signing off on these reports before they

submit it to you? Are they making sure that all of the required elements

are included in the report? Are they doing it in conjunction with a

payment request, as is required? Do they have an established system for

having effective internal controls for doing cost accounting?

And the fifth rating factor, you're looking at your performance review. So

this is where you may have gone out and done a performance review of

your agency. Do you have a recent performance review, and what was the

result of your review of that agency, did the agency have a lot of findings

during the performance review. If they had findings, how quickly did they

act to make sure that they remedy those findings or implement corrective action plans that would mitigate those findings that you identified while you conducted your performance review?

The sixth risk factor has to do with any external factors that may negatively impact the organization. So, it could be any industry conditions, legal concerns, bankruptcies, things of that nature that you may want to consider to see whether or not the agency will be able to perform the grant.

The seventh risk factor—and this is the final risk factor—is for new grantees that have not had any training. In the past, we've learned that agencies that are new to the program, it usually takes them a longer time to submit quarterly financial reports, for example, just because they don't know what information to provide. They also may not be aware of all of the personnel activity reporting that they may need to do, what types of documentation they need to keep on file and things of that nature. So, just by nature, because they are new to the program, this may be a risk that you want to consider to see whether or not the agency may pose a high-risk or a low-risk or a medium-risk.

Here we have an example, we extracted this from the toolkit. And here we pretty much just list down the seven risk factors that we just spoke about. Of course in the toolkit there are a lot more questions for each of the risk factors and you would rate them as you go. Based on the total tally for each of the risk factors, then you'll be able to score them.

So, for example, risk factor number one, has there been a change in personnel in the past 12 months that negatively impacted and could negatively affect the HUD grant program? And based on the responses that you came up with while going through the risk assessment, you would have an overall answer for either yes or no whether or not you determine that to be a risk.

The second one, were there any unresolved or repeat prior audit findings? Again, you'd look at a couple of questions that would kind of guide you to determining whether or not their unresolved or repeat findings would impact or could impact the grant program.

The third, were HUD financial reports submitted late? That's either yes or no. Were there any HUD financial reporting errors and/or omissions?

This is especially important for sub-grantees that just continuously submit inaccurate reports to parent agencies.

Were there any performance review findings that could negatively impact the program? So, you want to be considering whether or not they had implemented any corrective action plans. Were there any negative public relations information or anything that could impact the program? And is the grantee new to the HUD program? And you'd answer yes or no as you go down for each of the questions and then you have a total tally score here to say okay whether or not the total tally score would be from one through seven based on the yes and no responses.

This here is an extract also still from the risk assessment. So, if you look here, 0 to 2 yes responses would be considered low-risk; 3 to 4 yes responses would be considered medium-risk; 5 to 7 yes responses would be considered high-risk. Then for the low risk responses we do recommend that you perhaps do a desk review for those types of agencies. For the medium-risk agencies we do propose that you actually go onsite and do those reviews. And for the high-risk agencies you could refer them to receive a financial and administrative review, and that is where Booth Management, our company, would go onsite and perform a financial and

administrative review of your sub-grantee on your behalf and provide you with the results of that review.

The next phase that we'll talk about is the parent onsite review. Please note that the toolkit itself has a sample of a desk review, and that is really a much more condensed version of the parent onsite review. The parent onsite review has a lot more detail and a lot more testing that you would be required to do as a parent agency, so while we're going through the steps today it will capture what you would do in a desk review and then some for agencies that are deemed high risk and that you want to go onsite to do a review of.

So, in the general section you're taking a look to see whether or not they have a formal written sub-grantee agreement on file in the housing counseling system. Is their agency profile up-to-date? Did the agency subcontract any part of the grant? And if they did that, was that approved by you all and by HUD? Also, did they notify you of any change in personnel or contact information within 15 days of the change?

You should also be taking a look at the policies and procedures over the key business process areas. And these areas include the cash receipts and

disbursements, timekeeping, personnel activity reporting, their cash

management, grant financial reporting, procurement, indirect cost

accounting, their accounting system, how are they doing that, and their

billing methodologies. And of course, the toolkit that we have goes into

detail of what you would be looking for under each of these

methodologies, or policies and procedures.

The next thing that you would look at, what supporting documents do they

have on file for expenses? Are the agencies making sure that they have

invoices for expenses, do they have matching receipts for the expenses,

canceled checks. For time that's been charged to the grant, do they have

timesheets available for you to review, do they have personnel activity

reporting, or something similar for you to review to be able to determine if

what was worked on by the employee is allocable to the grant. Are they

showing you the client file number lists, is that matching up?

Are they maintaining invoices for marketing and outreach initiatives? Do

they have the invoices and proof of payment for any supplies, any

equipment, any travel or training that was done? As far as the personnel

activity reporting, are they maintaining that for anyone whose time they're

going to be charging to the grant?

What's their methodology for making sure that the reporting that they do

reflects the actual activity and not just the SMS of what the person worked

on, and do they account for the total activity for which the employee is

being compensated? And are they making sure that there are proper

internal controls in place to make sure that transactions are properly

requested and approved at their agencies, and are they making sure that

that is documented, because that's the most important thing, it has to be

documented, otherwise there is no proof that these approval processes

have occurred.

Another important area that you want to be looking at, the HUD Form

9902, the CMS individual and group numbers, did their CMS report

support the quarterly financial reports that they have prepared, did they

prepare the report timely, is it accurate, are they including the required

certification in their reporting as well as the narrative. And for agencies

that the SFR is applicable to, is that being completed properly?

Another aspect with the quarterly financial reporting, you want to make

sure that they're being submitted to you timely. You want to make sure

that you're doing a reconciliation of the budget to the quarterly financial

reports. You want to make sure that you're reviewing their actual expenses that they're submitting for reimbursement.

First of all, you want to make sure that it was approved during the application process, and you want to also make sure that only the line items that were approved are being submitted for reimbursement. And if not, then they would have to of course submit an amended budget to you for approval prior to submitting for reimbursement.

Also, you want to be taking a look at whether or not the quarterly financial reports are cumulative and for the quarter that it was properly authorized, and that a payment request was being done in conjunction with the quarterly financial report.

As for leveraged funding, when you're testing that area you want to see evidence that the agencies that did submit agency submits and state that they would be receiving additional funding or outside funding, you want to make sure that they actually did receive that. So, you want to take a look at any contracts or memorandums of understanding as well as proof that they actually did receive funding.

When you're testing program income, you want to first determine whether or not the agency charges a fee for service, and then you want to be able to track and account for the program income and see whether or not your sub-grantee was properly tracking and accounting for that money, and that they were using the proper method for accounting for program income.

Here we have a sample of a work paper, so this is a sample that we extracted from the toolkit that we've created and this is for procurement testing. And this is basically how you would set up your work papers to document what procedures you performed in your testing. So, at the top here you would document the agency that you're performing the testing on, and you could put a sub-grant number for reference.

You do want to include a purpose, why are you even testing procurement. In the source, you would document here the person at the sub-grantee's agency who you received any documentation from or who you communicated with. The scope would be the fiscal year that you're testing. And then the procedures, we have suggested or recommended procedures for each of the areas that you would be testing and we walk you through each of the procedures.

So, for example, with procurement of course first, you want to get the

procurement policy, and whomever you would get it from is perhaps who

you would document as the source. And here we have John Doe, the

director of housing counseling.

The next step is to review the procurement policies and procedures to see

if they documented their various procurement strategies and administrative

requirements for those strategies, because you want to make sure that

they're compliant with the OMB requirements.

You also want to look at the different authorization levels to initiate or

execute purchases. You want to make sure that not everyone can just

initiate or execute a purchase at their agency. There has to be proper

internal controls in place, and the only way you'd be able to determine that

is to be looking at the policies that they provided to you, and it has to

make sense and be in line with the OMB requirements.

You also want to take a look at their contract and vendor requirements and

their process for receiving and verifying that goods and services were

received and it was received in good condition. You also want to look to

see what payment and approval processes that the sub-grantee has in place.

In the conclusion, that's where you would document your conclusion. Based on what you reviewed, based on who you spoke to, based on any additional documents that you received, what is your conclusion, does is appear that the agency is compliant or were there issues noted.

And in the prepared by section is where the name of the person from your agency, you as the parent performing the testing, you would document here prepared by, and you would sign the date that you perform the testing.

We have a second work paper sample. This has to do with the OMB A-133 submission, and again, you have the generic information at the top with regards to your sub-grantee. You do want to document the purpose, why am I testing this, who you receive the information from. And this is important because if someone was to come behind you and to do a review of the work that you did, they should be able to look at what you did, know who you got the information from. So, if they had follow up

questions, they could also contact that person to verify or receive

additional documents for that test area.

You want to document the scope, which is the fiscal year that you're

testing. So, if you're testing last grant year then you'd be looking at FY

'16 and just depending on the year that you're testing is what you would

put in the scope. And the procedure is you would just document simply

the steps that you took while conducting this review.

So, here you want to see whether or not the sub-grantee exhausted over

$750,000 of federal funds, and if they did they should have received an

audit. And if they did receive the audit, they should have submitted it to

the federal clearing house timely. So, you want to document the steps that

you took to make sure that you did proper testing to see whether or not

they received an audit and if they submitted it to the Federal Clearing

House timely, and document that information here, and then you would

also document the conclusion and put who prepared the work paper and

who performed the testing.

In the audit results testing, you have the same type of information at the

top. In the procedures we list out the steps. You want to obtain the

financial statement audit, you want to review for any findings that may

affect the HUD grant program. If they did, you want to see if they had any

corrective action plans that could mitigate that finding, or address the

finding and you want to follow up and see whether or not they

implemented those corrective action plans timely.

In the budget reconciliation testing, here we recommend you obtain the

budget, the approved budget as well as the quarterly financial reports, and

you want to match them up to make sure that only the budgetary line items

that were approved are what the sub-grantee's submitting for

reimbursement. There should be no deviations between what was

approved in the budget and what is submitted for reimbursement, and if

that should be the case, then the sub-grantee would need to submit a

modified budget for approval prior to submitting a request for

reimbursement.

In the quarterly financial report testing, here we have an excerpt as well.

Of course at the top is similar information that we spoke about and then

we have a list here of the things that you would be looking at while you're

doing your testing to make sure that the information was complete and

was accurate, that they submitted a drawdown request in conjunction with

the quarterly financial report. Also, you want to make sure that they had

the authorized personnel to sign off on the report and that the certification

was included, did they report amounts quarterly as well as cumulatively,

and things of that nature.

At the end of your parent onsite review then you would issue a final

report. That report would be shared with your sub-grantee. And what we

did is we drafted a sample of what that report would look like. We have a

sample of the desk review report as well as a sample of the onsite review

report and it would typically look very similar.

You know, you want to document the purpose of why you performed the

review, whether it's a desk review or an onsite review, the approach you

took, you want to include some background elements about the sub-

grantee and the background section. And for each of the areas that you

tested, you want to document what areas you tested. And then any

findings that you had you want to document a summary of the findings.

When you're summarizing your findings, you want to make sure that

you're including the condition. So, based on the facts that came up while

doing your review, based on your conversations or observations, you just

want to document here what really happened and how significant was its occurrence.

In the criteria section, you want to document the standard of measure. This would be whether an excerpt from the HUD grant agreement, or something from the OMB that's telling you what the rule was that was broken. The cause, here you would document why the condition occurred. The effect, you would document here, what was the impact of its occurrence on the program. Then in your recommendation you would provide a recommendation for how the sub-grantee could correct that finding.

Here, the corrective action plan, you want to make sure that you're helping your agency to develop—or telling them what types of corrective actions could they take to address the finding. When you're recommending a corrective action plan, you want to make sure that it would really address the root cause of the finding. You also want to make sure that it's a feasible corrective action plan, it's cost-effective, and you also want to identify someone who will be responsible for making sure that the corrective action plan is implemented.

You also want to give them a due date for when they should implement that corrective action plan, and then follow up with your sub-grantee to make sure that they have implemented the corrective action plan. Then, you document your conclusion. You would sign off to see who at your agency reviewed the report with the sub-grantee, and then the sub-grantee with whom you discussed it with would then also sign and date the report.

In the next section, we'll talk about the various services that are available to you. First, I want to say that if you were interested in receiving the tool kit, or one-on-one training about the toolkit, that is available to you, where we would actually work with you and your agency one-on-one to go over each of the different sections of the toolkit. It also includes the templates and things like that, and we do provide that type of assistance. We also provide training to your sub-grantees as well.

The different forms of technical assistance that we perform, we help agencies to develop, modify, and/or update their policies and procedures. As it pertains to you, any of the key business process areas that you have or your sub-grantees may have, we do develop and update policies and procedures for agencies.

We also do personalized [audio disruption] reporting templates that we can work with agencies to customize something for them. It has to be something that best suits that agency's needs, and we work one-on-one with agencies to do that.

The same thing for the quarterly financial reporting templates, we will work with you one-on-one to see what types of grant activities you're submitting for reimbursement, and then we help you to develop the quarterly financial reports. We also make sure you know what documents you have to keep on file to support the expenses that you're submitting for reimbursement.

Also, we provide assistance that addresses any finding that that agency may have from review, whether it's a finding from a performance review by your HUD POC, or a financial and administrative review, or if you, as a parent agency reviewed a sub and your sub has findings, we do provide technical assistance to your subs to help them to address those findings.

We also provide financial analysis. That is where, on your behalf as parents, we can review the grant execution packages for all of your sub-grantees. We do financial capability assessments. If your sub-grantee has

had a financial statement audit done within the two years—that is required—we do provide financial capability assessments in lieu of the financial statement audit that would help you, as parents to determine whether or not the agency can financially perform under the grant program.

We do also provide risk assessments. We conduct risk assessments of sub-grantees in your network for you. We could do a financial review of your sub-grantees, we can look at your sub-grantee's accounting system to make sure that they are accounting for the grant in accordance with OMB requirements. We review billing methodologies to make sure that the billing methodologies are sound and that they are in compliance with the federal requirements.

For agencies that choose to charge indirect costs to the grant, we look at the indirect cost methodology that is being used, and we actually do perform the recalculation. We will help agencies to make sure that they are properly applying the indirect cost rate to direct costs, and then for them to therefore submit it for reimbursement.

We also do quarterly financial reporting reviews as well as personnel activity reporting reviews. That's where we are actually getting copies of quarterly financial reports, and we are working with agencies to make sure that those reports are accurately reflecting activities performed that are now being submitted for reimbursement.

In the action plan section, we do conduct readiness assessments. You know with the uniform guidance, when it became effective it's now requiring that agencies do a lot more than they were previously required to be doing. We do conduct assessments to see whether or not agencies are compliant with the uniform guidance requirements. If not, then we recommend the technical assistance that would be necessary to get agencies to be in compliance.

For sub-grantees, we also provide training, an overview of the grant requirements. This is especially good for sub-grantees that are new to your network, or sub-grantees that you may have had them in your network previously but they haven't had a grant in a couple of years, or agencies that maybe are a little bit more problematic, and that you want them to have a refresher on what they need to be doing to be compliant with the grant requirements.

We also provide training on how to submit a budget. We are looking at the various budgetary line items to make sure that it's eligible for reimbursement under the grant. Also, we're looking at how the different assumptions that are being made when you're doing your budgets, we look at those as well.

The grant financial reporting, whether it's personnel activity reporting, or quarterly financial reporting, we do train agencies to implement the 10% de minimis rate. So, we are making sure that agencies are aware of what costs they can apply that 10% rate to and determining whether or not they are eligible to use that methodology for charging their costs to the grant.

We also do procurement training. For agencies that don't have procurement policies and procedures in place, or even if you have it but you wanted to update it, we do provide training on how to update your procurement policies for the sub-grantee award and oversight monitoring, that's this training right here. But we also do provide one-on-one training where we actually walk you through the toolkit.

Today, we just did an overview of what's included, and the different types of things that you will see in the toolkit, but we also provide training

where we go in-depth, we skip through each page of the toolkit or the resource guide and make sure that you really understand what's included there. A lot of times when we do that training, agencies have a lot of suggestions about things that they may want to include and things like that. We help you to figure it out as you customize it for your agency.

We do provide financial and administrative reviews. We conduct those for your subs. We provide training to you on how to read financial statements, so when your subs are submitting financial statements to you, we help you to guide you on what you need to be looking for to see whether or not they're financially capable of performing the grant.

In the Module 10, Understanding Internal Controls, we're helping you to look at the policies and procedures to see what are the internal controls that I should even be looking for as I'm reviewing these policies and procedures to see whether or not they appear to be working properly, or to see whether or not they have controls in place—at least on paper—that would mitigate any risks for the program.

Other training that we do, we do federal financial reporting training. That's one-on-one, where we can work with your agency to help you to

complete the federal financial report with whomever at your agency would be completing the report. We do procurement training, one-on-one again; financial management system training, that's your accounting system. We've done complete reconfigurations of accounting systems as it relates to the HUD Grant program to make sure that you are reporting or accounting for the HUD funds properly. We also provide uniform guidance one-on-one training where we talk about all of the areas that have been affected by the uniform guidance, and how you make sure that you're compliant.

All of these trainings that I've mentioned, they're at no additional cost to you all, I wanted to make sure I mentioned that. It's a benefit to you being participants in the Housing Counseling Program. The training can be done one-on-one with just your agency, it can be in a training setting where you would include all of your sub-grantees, we come onsite and we train your agency as well as your sub-grantees. There are a variety of ways that we can provide these trainings to you all.

How do you request the training? You would first let your HUD POC know the type of assistance that you need, as well as the person who the HUD POC needs to communicate to, and your availability for the

assistance. If you prefer that is done onsite, please let us know. If it's something where you want to do it in a group setting, so with your agency as a parent as well as your subs, please let us know that information as well.

HUD would then review that and determine whether or not they're going to approve it. Then if your HUD POC approves it then they will submit that information to the HUD GTMs, who will then let us know whether or not they are approving it, and let us know the assignment.

Having done this quite a few times the past, we noticed that it results in several benefits to grantees. It has helped agencies to reduce findings during performance and financial reviews. It provides comprehensive assistance to grantees, and helps them to minimize the burden of implementing the requirements of the new regulations. It will also help you by providing financial and administrative assistance to your agencies that you could transfer to other federal programs.

Finally, and this is very important, it definitely does reduce the administrative burden for parent agencies, because we are here and we help you to train your sub-grantees as well.

If you have any questions, I'm going to open the line. Moderator, if there's anyone who wants to ask a question live?

Moderator   Thank you, ladies and gentlemen. [Operator instructions]. We have one person speaking with an operator, so we'll [audio disruption while we get [audio disruption].

Petergay   Okay.

Moderator   [Operator instructions]. Our first question comes from the line of Lila Marak [ph]. Please go ahead.

Lila   Yes. I was just recording all of your information, and I just want to confer that I had been writing some questions, and I've been getting responses. I just want make sure that for our city, we do a risk assessment annually, and I just want to confirm that with low-risk assessment with our sub-recipients that it would not include a per onsite monitoring, that would be desk monitoring, the quarterly report monitoring, the voucher, any correspondence, the A-133 audit that we would get from the agency, that that would suffice with the low-risk subs that we currently have.

Then with the medium—you're saying with the high, I didn't quite understand about the high assessment, that we could have our finance department or our audit department to go out and do a physical financial review, or is that because—

Petergay   No. To clarify, I wanted to state that this is a resource guide. We are recommending to you actions that you could take for monitoring your subs.

Lila   Yes.

Petergay   We are recommending for low-risk agencies you could do a desk review, which is definitely not as extensive as the onsite review.

Lila   Okay.

Petergay   Once you receive the toolkit or the resource guide, you will see the different steps that we recommend for low-risk agencies, and then you'll also see the steps that we recommend for the onsite review. What I did say for high-risk agencies, is not for your finance department to do that, but you can recommend that whoever HUD has a contract with at the

time—right now, it's Booth Management Consulting—we could actually

go onsite and do the review of you for your high-risk agencies.

Lila   Oh, I see. Right.

Petergay   None of what we're recommending is for you to spend, of course any

additional funds or anything like that. These are services that are available

to you by being participants of the Housing Counseling Program.

Lila   Okay. Now, I also have—okay, so I do not know whether if you had other

people ready to comment or ask any questions, because I would ask an

additional question.

Petergay   You can ask your question. I'll take two more questions, because I think

we're over the time, but I'll take your question.

Lila   Okay, so you're talking about an application process. Supposing that we

do renewals instead of going through an application process, is that

allowable?

Petergay   Renewals for agencies that are already in your program?

Lila   Yes. If we go through an application process, supposedly two years ago,

and it was competitive, and we awarded 40-some projects versus 60-some.

Then that was scored, and so forth, and there was an assessment, and so

forth. Could we do renewals for one, or two, or three years thereafter

without having to do a competitive process?

Petergay   Yes, you can do that. You can do that. You just to make sure that you do

your risk assessments and things like that, and you want to document in

your agency's policies that we're going to be doing renewals for the next

two years or three years, and then we'll do it again.

Lila   Okay. I just want to make sure that that would be allowable, because I

know we're going to be audited, and I just wanted to make sure, because

we had done renewals for the past few years, and I want to make sure that

that's supported.

Petergay   Yes. You just want to make sure you document it in your policy.

Lila   Got you. All right. Well, thank you much.

Petergay   You're welcome. I'll take one more question.

Moderator   [Operator instructions]. There are no additional questions.

Petergay   Okay. If you all think of any additional questions, please send then to housing.counseling@HUD.gov, and put Sub-Grantee Award and Oversight Monitoring in the subject line so it's easier for us to determine what training you're referring to with your question.

I want to thank you so much for your time today. Have a good one.

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