



OFFICE OF
HOUSING COUNSELING

U.S. Department of Housing and Urban Development Office of Housing Counseling



Facilitated by
Booth Management Consulting
7230 Lee Deforest Drive, Suite 202
Columbia, MD 21046

Overview of Sub-grantee Award & Oversight Monitoring

March 14, 2019 2pm EST

Webinar Logistics



1. Audio is being recorded. The playback number along with the PowerPoint and a transcript will be available on the HUD Exchange at www.hudexchange.info/programs/housing-counseling/webinars/
2. The Training Digest on HUD Exchange will be updated when the webinar is posted.
3. Handouts were sent out prior to webinar. They are also available in the Control Panel. Just click on document name to download.

Questions & Comments



There may be Q&A periods. If so, the operator will give you instructions on how to ask questions or make your comments.



Other Ways to Ask Questions



- Please submit your text questions and comments using the Questions Panel. We will answer some of them during the webinar.
- You can also send questions and comments to *housing.counseling@hud.gov* with the webinar topic in the subject line.

Please Mute Your Phones During Discussions



All the phones may be unmuted by the operator. If so, mute your phone during these discussions until you want to make a comment.



Certificate of Training



- If you logged into the webinar, you will receive a “Thank You for Attending” email from GoToWebinar within 48 hours.
- Print out and save that email for your records.



Get Credit!



Webinar materials will be posted on the HUD Exchange in the Webinar Archive at:

<https://www.hudexchange.info/programs/housing-counseling/webinars/>

1. Find by date or by topic
2. To obtain credit:
 - a. Select the webinar
 - b. Click “Get Credit for this Training”

**Facilitated By
Petergay Bryan
Audit Manager
Booth Management Consulting**

Training Topics



1. Purpose of Training
2. Sub-Grantee Award & Oversight Monitoring
 - a. Overview
 - b. Sub-grantee Pre-award Assessment
 - c. Sub-grantee Risk Assessment
 - d. Parent Onsite Review
 - e. Sample Work Papers
3. Requesting the Assistance
4. Questions



Purpose of Training



1. Review Office of Management & Budget (OMB) Sub-Grantee award and monitoring requirements
2. Provide an overview of the Sub-Grantee Award & Monitoring Toolkit which includes:
 - a. Sub-grantee Pre-Award Assessment
 - b. Sub-grantee Risk Assessment Guide
 - c. Desk Review Guide
 - d. Parent Onsite Review Guide
 - e. Sample Work Papers

Overview of Sub-grantee Award & Monitoring Toolkit

Sub-grantee Award & Monitoring Toolkit



What is the Purpose of the Toolkit?

1. Provide guidance to parent agencies who wish to sub-grant HUD OHC funds
2. Provide tools for conducting pre-award assessments
3. Provide templates for properly documenting sub-grantee sub-award process
4. Provide guidance for conducting risk assessments of sub-grantees
5. Provide guidance for conducting desk reviews and onsite reviews
6. Provide sample work papers for documenting pre-award assessments, risk assessments, desk reviews, and onsite reviews

Sub-grantee Award & Monitoring Toolkit Overview



How is the Toolkit Organized?

1. Sub-grantee Pre-Award Assessment Guide
2. Sub-grantee Risk Assessment Guide
3. Sub-grantee Desk Review Template
4. Sub-grantee Parent Onsite Review Template
5. Sub-grantee Quarterly Financial Report Template
6. Sub-grantee Quarterly Invoice Template

NOTE: Workbook available electronically and in hard copy. It includes checklists, work program, templates, forms, and guidance in Microsoft office compatible format

Sub-grantee Award & Monitoring Toolkit Overview



What Are the Requirements?

OMB 2 CFR Part 200, Subpart A, §200.331-Requirements for Pass-Through Entities **MUST**:

1. Evaluate sub-grantee's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the sub-award for purposes of determining the appropriate sub-grantee monitoring.
2. Consider imposing specific sub-award conditions upon a sub-grantee, if appropriate.
3. Consider whether the results of the sub-recipient's audits, onsite reviews, or other monitoring indicate conditions that necessitate adjustments to the pass-through entity's own records.
4. Consider taking enforcement action against noncompliant sub-recipients as described in §200.338 Remedies for noncompliance.

Sub-grantee Award & Monitoring Toolkit Overview



What Are the Requirements?

Depending upon the parent agency's assessment of risk posed by the sub-recipient, the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals:

1. Provide sub-recipients with training and technical assistance on program-related matters
2. Perform onsite reviews of the sub-recipient's program operations
3. Arrange for agreed-upon-procedures engagements as described in §200.425 Audit services

Pre-Award Assessment

Pre-Award Assessment



What is the Purpose?

1. Determine eligibility of the potential sub-grantee
2. Assess risks and capabilities of potential subgrantees prior to awarding HUD OHC funds
3. Identify potential deficiencies to determine need for special conditions to be included in sub-grant
4. Identify need for technical assistance early



Pre-Award Assessment



Typical Sub-Grantee Application

1. Application Form/Cover Sheet
 - a. Name, Address, Contact Information
 - b. Narrative of Proposed Activities
 - c. Needs to be addressed, service languages, modes of services, target groups
2. Financial capacity
3. Implementation Schedule
4. Detailed Budget that shows all funding sources
5. Staffing Structure
 - a. staff capabilities, certifications, past experience
6. Narrative of how Applicant plans to maintain compliance with HUD OHC requirements

Pre-Award Assessment



Considerations

1. Does proposed plan address established need?
2. Have all major activities necessary to implement work plan been identified?
3. Does Applicant have past experience?
4. Does Applicant have qualified staff?
5. Does Applicant have adequate fiscal and management structure to comply with HUD OHC requirements?



Pre-Award Assessment



Application Rating Factors

1. Rating Factor 1: Capacity

- a. Evaluate Applicant's readiness and ability to successfully implement proposed work plan
- b. Evaluate the expertise of Housing Counselors, languages offered, geographic areas to be served, etc.
- c. Assess past performance with compliance requirements



Pre-Award Assessment



Application Rating Factors

2. Rating Factor 2: Need

- a. Assess program need and justification documented in proposed Work Plan
- b. Assess proposed benefit to target areas; isolated persons, persons with disabilities, and persons with Limited English Proficiency (LEP)
- c. Assess whether proposed Work Plan is aligned with Notice of Funding Agreement (NOFA) priorities

Pre-Award Assessment



Application Rating Factors

3. Rating Factor 3: Soundness of Approach

- a. Evaluate estimated number of clients and housing counseling activities to be provided
- b. Evaluate budget, oversight activities, and soundness of projected Work Plan



Pre-Award Assessment



Application Rating Factors

4. Rating Factor 4: Leveraged Resources

- a. Evaluate ability to obtain funding from other non-Federal sources (e.g. grants, fees, and in-kind contributions)

5. Rating Factor 5: Achieving Results

- a. Evaluate Applicant's methods used to measure performance of program
- b. Evaluate Applicant's transition or succession plan
- c. Evaluate Applicant's participation in other HUD sponsored programs
- a. Bonus: Timeliness & Completeness of application

Pre-Award Assessment (Example)



Sub-grantee Pre-Award Assessment Form Example

| # | QUESTIONS | YES | NO | N/A | COMMENTS |
|--|--|-----|----|-----|----------|
| Rating Factor 1: CAPACITY | | | | | |
| 1 | Has more than 50% of housing counselors received formal housing counseling training in the past two years (not including on the job training)? | | | | |
| 2 | Does the Applicant require training or certification for housing counselors who will provide services under the HUD OHC program? | | | | |
| Rating Factor 2: NEED | | | | | |
| 3 | Do the activities described in the proposed work plan address an established need? | | | | |
| 4 | Does the Applicant intend to serve a community that includes a Rural Area as defined by the U.S. Department of Agriculture at 7 C.F.R. § 3550.10? | | | | |
| Rating Factor 3: SOUNDNESS OF APPROACH/SCOPE OF HOUSING COUNSELING SERVICES | | | | | |
| 5 | Does the Applicant have a documented plan to oversee the grant and ensure that quality counseling is provided and accountability measures are implemented? If yes, do they indicate oversight and quality control activities that meet or exceed HUD's OHC requirements? | | | | |
| Rating Factor 4: LEVERAGING | | | | | |
| 5 | Has the Applicant demonstrated the ability to obtain additional non-federal resources in the form of grants, fees, and in-kind contributions such as services, equipment, office space and labor during the grant period? | | | | |
| Rating Factor 5: ACHIEVING RESULTS | | | | | |
| 6 | Does the Applicant use their client management system to evaluate their performance and measure whether the goals were achieved? | | | | |
| BONUS: APPLICATION COMPLETENESS, AUTHORIZATION AND TIMELINESS | | | | | |
| 7 | Did the Applicant submit a complete, authorized application package timely? | | | | |

Pre-Award Assessment Score Matrix



Sub-grantee Pre-Award Assessment Score Matrix

| Pre-Award Assessment Score Matrix | | |
|-----------------------------------|---|-----------------------------|
| Low Score | Medium Score | High Score |
| 0 – 20 favorable responses | 21 – 35 favorable responses | 36 – 52 favorable responses |
| Score | Recommended Strategy | |
| Low | Application Denied. No award granted. | |
| Medium | Sub-award granted. Include special conditions in the written sub-grantee agreement, if necessary. | |
| High | Sub-award granted. | |

Risk Assessment

Risk Assessment



Risk Factor Rating Considerations

1. Factor 1: Change in Personnel
 - a. Has it impacted the sub-grantee's operations?
 - b. Has it affected accessibility of program and financial data?
 - c. Are policies and procedures in place for accounting for Federal funds, grant related reporting, etc.?



Risk Assessment



Risk Factor Rating Considerations

2. Factor 2: Prior Audit Findings

- a. Financial statement audit was done in a timely manner?
- b. Financial statement audit report was readily available for review?
- c. Audit findings related to Federal grant awards?
- d. Prior questioned costs identified during the audit?
- e. Audit findings were resolved in a timely manner?



Risk Assessment



Risk Factor Rating Considerations

3. Factor 3: Timely Financial Report Submissions

- a. Quarterly financial reports submitted in a timely manner?
- b. If not, was an extension requested?



Risk Assessment



Risk Factor Rating Considerations

4. Factor 4: Reporting Errors & Omissions

- a. Quarterly financial reports were done in conjunction with payment requests?
- b. Quarterly financial reports were complete, accurate, and authorized?
- c. Sub-grantee has an established accounting system with effective internal controls and a system for cost-type or labor hours accounting?

Risk Assessment



Risk Factor Rating Considerations

5. Factor 5: Performance Review Findings

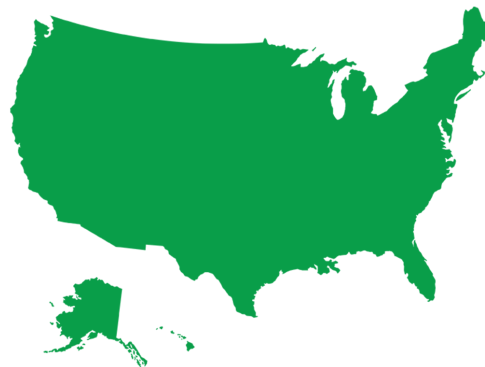
- a. Has sub-grantee received a Performance Review in the past 2 years?
- b. Any unresolved findings from most recent performance review?
- c. Corrective actions were timely and appropriately implemented?

Risk Assessment



Risk Factor Rating Considerations

6. Factor 6: Public Relations Findings
 - a. Any mergers, acquisitions, bankruptcies, legal concerns or other factors exist that would impact the status of the agency?
 - b. External factors that may affect the organization (industry conditions, etc.)?



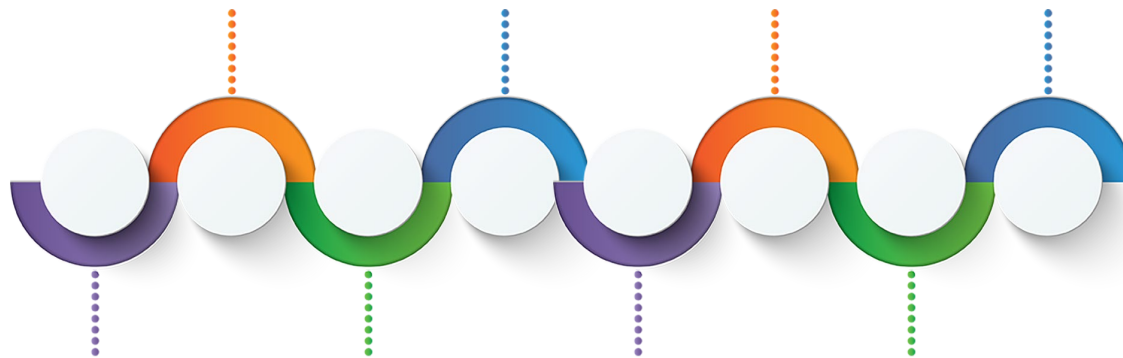
Risk Assessment



Risk Factor Rating Considerations

7. Factor 7: New Sub-grantee

- a. Agency has been in the HUD OHC program for one fiscal year or less?
- b. Agency has proof it has attended any training provided by HUD or HUD contractors related to the HC grant?



Risk Assessment Risk Factor Rating Table (Example)



| INSTRUCTIONS | | | | |
|--|---------------------------|------------|-----------|----------------------------------|
| Upon completion of the Risk Assessment Procedures (RAP) worksheet, 1. Complete the Risk Factor Rating table by typing YES or NO in the applicable column. 2. Determine the YES SCORE TOTAL by adding the number of YES answers in the space provided 3. Proceed to Recommended Monitoring Strategy worksheet. | | | | |
| RISK FACTOR RATING TABLE | | | | |
| Risk Factor | Risk Factor Number | YES | NO | Comments/Source Documents |
| Has there been a change in personnel in the past 12 months that negatively affect the HUD OHC grant program? | 1 | | | |
| Were there any unresolved or repeat prior audit findings? | 2 | | | |
| Were HUD financial reports submitted late? | 3 | | | |
| Were there any HUD financial reporting errors and/or omissions? | 4 | | | |
| Were there any Performance Review Findings? | 5 | | | |
| Are there any negative Public Relations Impacts? | 6 | | | |
| Is the grantee new to the HUD OHC Program? | 7 | | | |
| Totals | | 0 | | |
| YES SCORE TOTAL | | | 0 | |

Risk Assessment Disposition & Recommendation Strategy



INSTRUCTIONS

1. Based on the Risk Factor Rating (tab 3), document the Risk Factor Score in the Risk Assessment Table in Section 1 below. Risk Factor Score Ranges are as follows:

| Risk Factor Score Range | | |
|-------------------------|-------------|-----------|
| Low Risk | Medium Risk | High Risk |
| 0 - 2 | 3 - 4 | 5 - 7 |

2. The Risk Factor Score should match the TOTAL YES SCORE on the Risk Factor Rating tab 3.
3. The Risk Factor Score will prescribe the recommended strategy as follows:
 - A. Low Risk will result in a Desk Review
 - B. Medium Risk will result in an On-Site Parent Review
 - C. High Risk will result in a referral HUD OHC for a HUD Financial & Administrative Review. Contact your HUD point of contact directly to formally request this review.
4. In Section 2, document the Recommended Strategy. This should be based on Reviewer judgment, as well as recommended strategy prescribed by the Risk Assessment Table. Document a detailed explanation as to why the strategy was chosen.

SECTION 1: RISK ASSESSMENT TABLE

| Strategy Number | Strategy Description | Risk Factor Score | | |
|-----------------|------------------------------|-------------------|-------------|-----------|
| | | Low Risk | Medium Risk | High Risk |
| 1 | Desk Review | | | |
| 2 | Parent On-site Review | | | |
| 3 | HUD Financial & Admin Review | | | |

SECTION 2: RECOMMENDED MONITORING STRATEGY

Recommended Strategy based on Score and Reviewer Judgment:

Parent Onsite Reviews

Parent Onsite Review



Key Onsite Review Test Areas:

General:

1. Formal written sub-grantee agreement on file?
2. Updated agency profile in Housing Counseling System?
3. Did sub-grantee subcontract any part of grant, and if so, was it approved?
4. Did sub-grantee notify parent of personnel, contact information, and business environment change within 15 days of change?

Parent Onsite Review



Key Onsite Review Test Areas:

Documented Policies & Procedures for key business process areas:

1. Cash Receipts & Disbursements
2. Timekeeping & Personnel Activity Reporting
3. Cash Management
4. Grant Reporting
5. Procurement
6. Indirect Costs
7. Accounting System
8. Billing



Parent Onsite Review



Key Onsite Review Test Areas:

Supporting Documentation for Expenses:

1. Maintain invoices, receipts, cancelled checks, personnel activity reports, and client file number lists.
2. Maintain invoices for marketing and outreach initiatives, printing, supplies, capacity building, equipment; retain receipts for travel and training.
3. Maintain personnel activity reporting for all staff whose compensation is charged to grant. Must reflect actual activity, not estimates or proration. Records must account for total activity for which employee is compensated.
4. Transactions are requested and approved.

Parent Onsite Review



Key Onsite Review Test Areas:

Quarterly Program Reporting:

1. Form HUD 9902
2. Client Management System (CMS) Individual Numbers
3. CMS Group Numbers
4. Did CMS reports support quarterly financial reports?
5. Federal Financial Report, if applicable
6. Certification
7. Narratives



Parent Onsite Review



Key Onsite Review Test Areas:

Quarterly Financial Reporting:

1. Timely submission of quarterly financial reports
2. Budget to Quarterly Financial Report reconciliation
3. Summary of Actual Expenditures
4. Summary of Staff Hours Worked
5. Were quarterly reports cumulative and for the quarter?
6. Authorization of Quarterly Financial Report
7. Was a payment request done in conjunction with quarterly financial report?

Parent Onsite Review



Key Onsite Review Test Areas:

1. Leveraged Resources:

- a. Did sub-grantee receive funding from lenders for counseling services?
- b. Was there a written agreement, contract, or Memorandum of Understanding?

2. Program Income:

- a. Does sub-grantee charge fee for services?
- b. Does sub-grantee properly track and account for program income?

Parent Onsite Review



Sample Workpaper : Budget Reconciliation

Site Visit: {Insert Sub-Grantee Name}
Sub-Grantee Number – {Insert Sub-Grant Number}

WP 4 Budget Reconciliation

Purpose: To document our reconciliation of **Sub-Grantee's** Budget and Financial Reports.

Source: **John Doe, Director of Housing Counseling**

Scope: **FY 2015**

Procedures:

1. Obtain FY15 Budget and Quarterly Report.
2. Review documents to determine if costs reported on Quarterly Report reconcile to pre-approved Budgetary line items

Conclusion: Per review of documents provided by **John Doe, Sub-Grantee** there were no deviation between budgetary line items and actual costs incurred during the fiscal year. Appears reasonable.

Prepared by: {Insert Name of Preparer} {Insert Date}

Parent Onsite Review



Sample Work Paper : Quarterly Reporting Testing

Site Visit: {Insert Sub-Grantee Name}
Sub-Grantee Number – {Insert Sub-Grant Number}

WP 5 Quarterly Reporting Testing

Purpose: To test quarterly reports for accuracy and timely submission.

Source: John Doe, Director of Housing Counseling

Scope: FY 2015

Procedures:

1. Obtain quarterly financial reports submitted and review for:
 - a. Grantee's name, address and grant number
 - b. Start and end dates of reporting period
 - c. Each Counselor's staff hours, title and hourly rate
 - d. Itemized accounting of actual costs
 - e. Form HUD 9902
 - f. CMS Individual Numbers
 - g. CMS Group Numbers
 - h. Federal Financial Report, if applicable
 - i. Required Certification
 - j. Final Report, if applicable
 - k. Reports are cumulative to date, and for the quarter
2. Was a draw down request made in conjunction with each quarterly report?
3. Review reports for accuracy, authorization and timeliness.

Conclusion: Per documentation received from John Doe, Sub-Grantee submitted complete quarterly reporting package. Please see table below and Quarterly Financial Reports.

Prepared by: {Insert Name of Preparer} {Insert Date}

| Report Period Quarter | Documentation Complete? | Draw Down Request ? | Accuracy Prepared? (Y/N) | Approved? (Y/N) | Submission Date | Workpaper Reference | Comments |
|-----------------------|-------------------------|---------------------|--------------------------|-----------------|-----------------|---------------------|----------|
| | | | | | | | |

Parent Onsite Review



Sample Workpaper: Final Report

SAMPLE DESK REVIEW REPORT

{Insert Parent Organization Name}

{Insert Subgrantee Name}

{Insert Date of Review}

Summary

- Purpose of Desk Review
- Desk Review Approach

Background

- Background elements about the Sub-grantee

Summary of Findings

- Each finding must have the following elements:
 - *Condition:* Based on the facts determined by review, analysis and observations, what has happened, how significant is its occurrence and how can it be avoided in the future?
 - *Criteria:* What is the standard of measurement based on laws, regulations, policies and procedures and best practices?
 - *Cause:* Why did the condition occur or why was there a deviation from the criteria?
 - *Effect:* What is the impact? What were the consequences of the occurrence?
 - *Recommendation:* How do we solve the condition? The cause?

Parent Onsite Review



Sample Workpaper: Final Report (cont'd.)

SAMPLE DESK REVIEW REPORT

{Insert Parent Organization Name}

{Insert Subgrantee Name}

{Insert Date of Review}

Corrective Action Plan

- Corrective Actions that must be implemented by the Sub-grantee in order to address noted findings. These must:
 - Address the root cause of the finding
 - Be feasible
 - Be Cost Effective
 - Identify an Action Official

Corrective Action Plan Due Date

- Due Date Corrective Action Plan must be implemented by Sub-grantee

Conclusion

|

Desk Review Completed by: _____ Date: _____

Sub-Grantee Personnel with whom discussed: _____ Date: _____

Available OHC Assistance

Available Services



| Type of Assistance | Description | Onsite and/or Remote |
|----------------------|--|----------------------|
| Technical Assistance | <ul style="list-style-type: none"> Develop, modify, and/or update policies and procedures, Personnel Activity Reporting and Quarterly Financial Reporting Templates Address findings from reviews | Onsite or Remote |
| Financial Analysis | <ul style="list-style-type: none"> Grant Executive Package Review Financial Capability Assessment Risk Assessment Financial Review of sub-grantees Accounting System Review Billing Methodology Review Indirect Cost Methodology Review Quarterly Financial & Personnel Activity Report Review | Onsite or Remote |
| Action Plan | <ul style="list-style-type: none"> Conduct readiness assessment of compliance with Uniform Guidance requirements (including internal control and procurement) and provide recommendations for training or technical assistance. | Remote |

Available Services



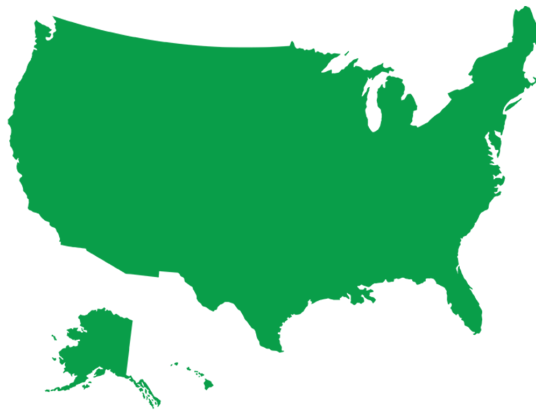
Training

1. **Training for sub-grantees**
 - a. Module #1 — Overview of Grant Requirements
 - b. Module #2 — Submitting a Budget
 - c. Module #3 — Grant Financial Reporting
 - d. Module #4 — Personal Activity Reporting and Timekeeping
 - e. Module #5 — Implementing the 10% De Minimis Rate
2. **Intermediary Training - Trainings designed for Intermediaries**
 - a. Module #6 — Overview of Procurement Requirement
 - b. Module #7 — Sub-Agency Award & Oversight and Monitoring
 - c. Module #8 — Financial and Administrative Reviews
 - d. Module #9 — How to Read Financial Statements
 - e. Module #10 — Understanding Internal Controls
3. **Other**
 - a. Financial Reporting Training (including Federal Financial Report)
 - b. Procurement Training
 - c. Financial Management System Training
 - d. Uniform Guidance 101 Training

Requesting Services



1. **REQUEST Assistance from HUD POC:** State assistance required, person who will be the POC if approved, and availability for the assistance
2. **POC APPROVAL:** HUD POC reviews and determines for approval
3. **INITIATE ASSISTANCE:** If HUD POC approves, will submit to the HUD GTM for assistance



Benefits to Grantees



1. Comprehensive assistance to grantees to minimize the burdens of implementation of new regulations
2. Potentially reduce findings during performance and financial reviews
3. Provide financial and administrative technical assistance to grantees that can be transferred to other Federal programs
4. Reduce administrative burden through training of sub-grantees



Please forward any questions to:
housing.counseling@hud.gov

with

**“Sub-grantee Award & Oversight
Monitoring”**

in the Subject line

**Note: Only questions related to the HUD, Office of
Housing Counseling, Comprehensive Housing
Counseling grant will be accepted and responded to.**