Final Transcript

HUD – US DEPT OF HOUSING & URBAN DEVELOPMENT: Overview of Sub-Grantee Award and Oversight 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 Pre-Award and Monetary and Intermediary Only conference. At this time, all participants are in a listen-only mode. There will be no questions over the phone lines. [Operator instructions]. As a reminder, this conference is being recorded.

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

Petergay   Hello, everyone. Welcome to HUD's Office of Housing Counseling

Training on the Overview of Sub-Grantee Award and Oversight

Monitoring. This training is specifically for participants of the Office of

Housing Counseling Grant Program. If you receive other grants from

HUD, but not the OHC grant, then the training information may not

pertain to you.

There will be audio recorded in today's training, and the playback number,

along with the PowerPoint presentation, will be available to you at HUD

Exchange, at the link that is shown on the screen here. The training digest

will also be updated once the HUD Exchange is.

If you registered for the training, then you should have received an email,

either yesterday or today, with a copy of the PDF document, which

includes the PowerPoint slides, so you can follow along for your records.

However, if you didn't receive that email or you're unable to find it at this

time, if you expand your control panel you'll see a section that says,

"Handouts," and it will have a copy of the PDF document there. So just

double-click that and download it, and you can take notes for your records

today.

I won't be taking live questions today. However, if you wanted to ask questions during the webinar, you have the ability to do so online. If you expand the control panel you'll see a section for questions there, and you can type your questions and we'll have someone who will be providing responses to you immediately. If after today's training you think of any additional questions, or you wanted to make any comments, you can send those to housing.counseling@hud.gov with today's webinar topic in the subject line.

I'm going to go ahead and ask that everyone mute their lines, because if for any reason the lines become unmuted by the operator, then it would cause some disturbances or some noise in the background. So I'm just asking that everyone go ahead and mute their lines now to avoid that.

If you logged into the webinar today from your own computer, you will receive an email within the next 48 hours from GoToWebinar. That email will serve as your training certificate. Note that there won't be any additional attachments or anything like that, so please download and save that email for your records so that you can use that as proof that you participated in today's training.

Also, if you wish to receive credit for having attended today's training, you can go to HUD Exchange at the link that's provided here, search by the date or the topic, and once you select on today's training, then there will be a section that says "Get Credit" that will give you instructions on how you can actually go ahead and get credit for having participated.

I'm Petergay Bryan with Booth Management Consulting. We are the contractors that HUD has hired to work with participants in the Office of Housing Counseling Grant Program. One of the things that we do is we facilitate these webinars. But we also help agencies that pass through funds to sub-grantees, we help them with knowing what's required as a pass-through entity or a parent entity by the HUD grant, as well as by the Uniform Guidance, which is the regulatory requirements that you need to be in compliance with.

We also provide technical assistance to agencies. We conduct financial and administrative reviews, where we actually go on-site and review for compliance. We conduct action plans and provide financial analysis, depending on the need of the agency. We do a broad range of services as far as the financial requirements of the grant.

Our training topics. The first thing we'll do is talk about why are we even having this training. We'll also look at the sub-grantee award and oversight monitoring resource guide that we developed for parent agencies. The guide includes an overview section, a pre-award assessment section, and a risk assessment section, parent on-site review information, and some sample work papers. We'll also talk about requesting assistance, if you needed assistance how you would go about doing that, and then how you can pose questions subsequent to today's training.

The main purpose of today's training is related to the Office of Management and Budget, that's the OMB requirements of agencies that sub-fund grant dollars to agencies, so it's basically for a parent agency that has sub-grantees. There are specific requirements prescribed by the OMB in the Uniform Guidance when it comes to pre-award steps that must be taken, as well as ongoing monitoring that parent agencies have to make sure that they're aware of and that they're performing throughout the life of the grant.

So later on today we'll talk about what those requirements are so that you'll familiarize yourself with them. Then also as we start to strategize and think about what your agency needs to do in order to comply with

these requirements, we'll give you certain tools that you can look at as you're developing your own methodologies.

We'll also introduce you to the sub-grantee award and monitoring toolkit, or resource guide. This is a guide that we developed when the Uniform Guidance came out. They impose a lot of requirements on parent agencies on things that they need to do if they're going to be sub-awarding monies to sub-grantees, so we've developed this guide to help agencies develop their own methodologies for how they will conduct the pre-award assessment and risk assessments. And then as they think about how they'll monitor their sub-grantees throughout the life of the grant, we'll also provide them with some tools for how you can actually go ahead and do so.

Included in the toolkit, as I said before, there's an overview section. The overview section is just giving you all of the information on what's included in the toolkit, and then it also gives you information on what are all of the regulatory requirements that you need to be in compliance with. But not only that, it includes a pre-award assessment resource guide, so agencies that are thinking about what do we do before we even award or

sub-award funds to our sub-grantees, what are some steps that we need to standardize.

We also have included a risk assessment guide, because the Uniform Guidance does require that agencies conduct some form of risk assessment, where you're looking at the agency or sub-agency's ability to perform under the grant. What are some risk factors that you need to pay attention to, to see whether or not it would affect your sub-grantee's ability to perform?

We'll also have a desk review guide. The desk review guide is an abbreviated version of the parent on-site review guide. So anything that's included in the desk review is also included in the parent on-site review guide. So today in our training we'll typically just look at some of the areas that we point you guys to as some of the key factors to look out for as you're developing your own guides. The resource guide also includes sample work papers for the different areas that you would be testing if you were to do a desk review of your sub-grantee or an on-site review of your sub-grantee.

Now we'll look at an overview of the resource guide that we developed, so we'll look at each of the sections. I'll briefly introduce to you some of the things that if you guys were to receive the actual resource guide or the toolkit, what are some of the things that you'd actually be looking at, what it's comprised of.

Firstly, what's the purpose of the toolkit that we created? Really, what we want to make sure that parent agencies are aware of and that they have some guidance to help them to start documenting their methodologies for awarding sub-grants to their sub-grantees, as well as monitoring their sub-grantees. It's just guidelines that agencies can look at as they're documenting their own processes, because remember one of the things that the Uniform Guidance does require is that you have documented methodologies for how you're monitoring and also how you're awarding the funds to your sub-grantees.

We also want to help you guys by providing tools for conducting the pre-award assessments. As I said before, there's an entire section about the pre-award of the grant and things that you would look for typically. We also want to provide templates for documenting the sub-grantee award process, so helping agencies to think about how to document the

procedures that we perform prior to sub-awarding these grants. We also give you guidance on conducting risk assessments, key risk factors that affect housing counseling agencies and what they look like, and how to even score them based on the risk level, whether it's low risk, medium risk or high risk.

We also want to give you guidance on conducting desk reviews as well as on-site reviews. The toolkit talks about the difference between the two types of reviews, agencies that would be recommended for a desk review versus an on-site review, and how you would make that determination, and things like that are discussed in the packet.

We also provide sample work papers for how you would document this. The sample work papers talk about how you would document procedures performed in the pre-award process, also when conducting risk assessments best reviews or on-site reviews and any follow up that you need to take. All of that is included in the toolkit, or the resource guide that we created.

Again, how is the toolkit organized? We have the pre-award assessment guide and then a couple of slides later we'll look at some of the

components of that section of the toolkit. The next would be the risk assessment guide, which we'll talk about as well, the deck review, the on-site review. We also provide reporting templates for quarterly financial reporting as well as any payment requests.

Note that the toolkit itself is available electronically as well as in hard copy, where we actually print out the booklets, so we can email them to you guys, or again send them by soft copy. And it includes all of this information, if agencies are interested.

The Uniform Guidance has requirements that pass-through entities or parent entities must comply with. You know the guidance, when it says must, it's something that agencies have to do. It's a requirement. And if you don't have it in place, then you guys would not be in compliance with the requirements of the Uniform Guidance.

There are some should items we don't have on here, but if we take a look at what agencies' pass-through funds to sub-grantees must do, one of the things that you have to do is you must evaluate your sub-grantees' risk of non-compliance with the award, so that you can determine the appropriate level of monitoring for the period of the grant. In the toolkit we do go

through how would an agency go about even conducting this evaluation of their sub-grantees, and how do they document that.

The other thing is, agencies have to consider imposing specific sub-award conditions on any sub-grantees that they deem appropriate. If in your evaluation of their sub-grantees, if you identify any with a risk of non-compliance, then you want to impose special conditions on that sub-grantee to be able to help them to be in compliance with the terms and the conditions of the award.

Also, you have to consider whether the result of the sub-grantee's audits or the on-site reviews that you do or the performance reviews that you do, if any of those indicate conditions that are going to necessitate adjustments to your own monitoring plans. Also, you want to consider taking enforcement actions against any non-compliance sub-recipients in accordance with the sections that specified, you know, the OMB Sub-Part A 200.338.

What are the requirements that you need to be aware of and compliant with? Depending on your agency's assessment of the risk that's posed by your sub-grantee, you want to be mindful of the fact that you have to

adjust your monitoring procedures accordingly. Some of the

recommendations from the Uniform Guidance, the first one is that if your

sub-grantee poses perhaps a lower risk, then you want to consider

providing training and technical assistance to those types of agencies.

Another level of monitoring would include performing on-site reviews for

sub-recipients. For other agencies you perhaps would arrange for Agreed-

Upon Procedures of engagements, and that would be something similar to

where an agency would request that HUD approve for your sub-grantees

to receive a financial and administrative review, where we actually go on-

site and review your agency's compliance with the financial requirements

of the grant.

We're diving in now in the toolkit that we developed. The first thing that

we'll want to talk about is the pre-award assessment. In developing the

pre-award assessment, there were certain considerations that we had in

mind so that we could develop something that would cater to parent

agencies' needs. In the pre-award assessment, first, you want to make

sure that you're using this to be able to determine whether or not sub-

grantees who are applying to your program are eligible. They have to

meet the basic eligibility requirements to even be recipients and

participants in your program or network.

Also, its purpose is to help you guys to assess the risks and the capabilities

of your sub-grantees. You want to know whether or not they'll be able to

perform under the grant financially or programmatically. Also, it will help

you to identify any potential deficiencies so that you can then determine

the level of monitoring that you're going to need to perform for that

agency. Also, it will help you guys to identify the need for any technical

assistance early so that you can plan accordingly.

In the pre-award assessment we have what a typical sub-grantee

application should look like. We have six factors here. In the toolkit itself

it goes into detail for each of the six factors, specifically what you'd be

looking for. For example, on the application and the cover sheet, you

want to make sure that they're putting their name, address and the contact

information for the person who's going to be responsible for working with

you. Also, a narrative of any proposed activities, because you're going to

be reviewing that to see whether or not it's in line with the activities that

are reimbursable for the grant.

Also, any needs that they'll be addressing, and the languages that they'll be providing services in, the modes of services, as well as any target groups. So in the toolkit itself it goes into detail as far as certain languages or modes of service and things like that, and how you would go about rating that information that they provide to you in the application.

Then you want to take a look at their financial capacity. You're looking at things like their audited financial statements, if they have single audit reports. The toolkit suggests questions and things that you would look at to determine whether or not the sub-grantee is able to perform financially under the grant, things like are they receiving leveraged funds from other sources, do they receive program income, and how would that impact their housing counseling program, and how would you make certain assessments based on that information that they provide to you.

Also, we include information as far as their implementation schedule, what are you looking for when they send you that. Does it line up with their proposed activities, as well as the number of housing counselors they have on staff and the capabilities of the housing counselors that they have on staff?

You're also looking at their detailed budget, so you would ask them typically to send you a budget to see what all of their funding sources look like, and then also how they plan to spend the HUD funds. You want to make sure that whatever they would be sending to you at that point, that they're trying to use those funds for the purposes of the grant. Things that aren't eligible for reimbursement on the grant shouldn't be there, so you have an idea from the onset what are the typical costs that they would be submitting for reimbursement and if there are any costs in there that wouldn't be eligible, you could communicate that to them from the onset.

Also, you'd be looking at information as far as the staffing structure. So you're looking at how many housing counselors they have, what are their past experiences, are they qualified for the job at hand based on the narrative of proposed activities that they provided to you.

Also, a narrative of how the applicant plans to maintain compliance with the HUD requirements, because of course these agencies have to know that they're applying to be sub-grantees of the Office of Housing Counseling program and there are certain terms and conditions that have to be met. So in them providing to you a narrative of how they plan to do so, that further gives you an understanding of whether or not the sub-

grantee would be a fit for your program. The toolkit that we've created, it includes all of this information and some considerations that you want to keep in mind as you're reviewing the application from your potential sub-grantee.

Some of the things that we think you should consider as you're conducting your pre-award assessment, you want to think about whether or not the proposed plan addresses an established need. Who are they planning on servicing? What types of housing counseling services are they planning on providing? Also, you're looking at the staff, to see whether or not they're qualified. Do they have the proper past experience? Do they have the proper certification? Does it line up with the activities or the services that they plan on providing? Have all of the major activities necessary to implement the work plan been identified? Do they spell that out for you in their application? Do you have a big picture of what they'll be doing with the HUD funds basically?

Does the applicant have the adequate fiscal and management structure to be able to comply with the grant? Sometimes you'll have an agency with just one person, or two people, and based on the work plan that they suggested, you can clearly see that they won't be able to fully perform the

services that they have stated in their work plan. But sometimes it's one or two people, and the work plan that they propose is reasonable based on just having two people on staff.

So based on the information that they provide to you, you want to consider whether or not it really makes sense. Do they have the financial capacity to do this, do they have the proper staff to do this and carry out their work plan?

So the pre-award assessment, there's also a section that we have where you're pretty much rating each applicant based on the application package that they submit to you. The first rating factor has to do with the capacity of the potential sub-grantee. One of the things that you would do is you're going to evaluate their readiness and their ability to implement the proposed work plan. You want to see, does this work plan make sense, and are the activities that they're proposing to perform, are they in line with the terms and conditions of the award?

Also, you're looking at expertise, again, of the housing counselors. You're looking at the languages and the geographic areas that they're serving, and things like that, to see if it all comes together.

Then you also want to assess any past performance and compliance

requirements with the agency. If it's an agency that's been in your

network for a while, or if they were in your network in the past and they

dropped off but then they're coming back, you want to look at all of those

factors.

The second rating factor that we have in the toolkit has to do with the

needs. You want to look at the program need and the justification that

they documented in their work plan. Also, you're looking to see whether

or not it's going to benefit the target areas that they specified in their work

plan, like any isolated persons or persons with disabilities, how do they

plan on getting the information out to them and what accommodations

have they made in order to do so?

You're also looking to see whether or not the work plan is going to align

with the current NOFA when you're doing your assessment. So refresh

yourselves with the NOFA requirements and make sure that they're in line

with the NOFA priorities.

The third rating factor has to do with the soundness of the approach.

You're taking a look to see the estimated number of clients that the agency

is proposing and the housing counseling activities that are to be performed. You're looking at this in conjunction with the budget, as well as any oversight activities, and then you're seeing whether or not the approach that the agency or the sub-grantee is taking, if it makes sense, and if it appears as though, okay, yes, this is something that would be successful.

Rating factor four has to do with leveraged fund resources. You're taking a look at the agency's ability to obtain funding from other sources, so in the form of [audio disruption] or in kind, but you're looking at that information to see how this will help the agency to perform financially on the grant.

The fifth rating factor is how will they go about achieving results? What is the sub-grantee's method for measuring the performance of the program? How do they see whether or not they're on track? How do they track to see whether or not they are carrying out the tasks that they outlined in their proposed work plan? How would they go about doing that?

Also, you want to see what is the agency's succession plan, if any,

especially for the really small agencies, if something happens to the main

person, would they be able to carry on? So you're taking a look at those

things, and the sub-grantee's participation in any other HUD programs,

because they may have other HUD grants, and then you may want to see

how they did with those HUD grants. They may take HUD training, such

as these webinars and things like that, so that they can familiar themselves,

so those are some of the things that you would take a look at.

Then we also always recommend that you give bonus points, or in the

toolkit we recommend that you give bonus points for timeliness and

completeness of the application, because that's sometimes an indication of

how the agency will perform throughout the life of the grant, as far as

giving you timely reports or giving you reports that are complete. At the

onset, once you send out what's required of them during the application

process, if they're able to provide a complete packet, timely, then that's

usually a good indication.

Here's an excerpt of the pre-award assessment form that we have. The

form has over 50 questions, by the way, but we sectioned it by the

different rating factors, so rating factor one had to do with capacity. So

you can see that we have questions relative to [audio disruption]. For

example, question 1, "Have more than 60% [ph] of the housing counselors

received formal housing counseling training in the past two years?" So

you're answering that question, yes, no, or not applicable, and then you

have the section for the comments. So for each rating factor, what you

would do is you would answer yes, no, or not applicable, and then at the

end of the assessment form, then you would direct tally to see how many

yes responses you've received for each specific sub-grantee applicant to

your program.

Again, we've [audio disruption] factors, and one has to do with capacity.

The second would be need. Third, the soundness of the approach. Fourth,

the leveraged funding. Five, achieving results. Then as I've mentioned

before, we recommend giving them bonus points for complete and timely

and authorized application packages. Then at the end of doing all of that,

then you would do a tally.

As I mentioned before, the toolkit has 52 questions. The next section in

the toolkit would go about how would you rate each question and then do

a score for each applicant. We propose that 0 to 20 favorable responses

would be rated as low; 21 to 35 would be rated as medium; and 36 to 52

would receive a high score. For those who scored low, then the

application could be denied. The applicants that scored medium, you

would award the sub-grant agreement, but then you would probably

consider including special conditions in that agreement. For those who

had a high score, then you would just award the grant with no further

stipulations.

Please bear in mind that these are just guidelines for agencies as you're

thinking about how you're going to develop your own methodologies for

your sub-grantee pre-award and monitoring. This is just a basis for

agencies to use as they're documenting their own methodology.

The second section of the toolkit has to do with the risk assessment.

Remember a few slides ago we spoke about the Uniform Guidance and

how it requires agencies to conduct some form of risk assessment to see

how risky is the potential agency and seeing whether or not they'll be able

to comply with the terms and conditions of the grant. So in developing

this section, we looked at similar federal programs. We also looked at the

HUD grants and tried to determine what the areas of importance were for

this grant and what posed the most risk.

The first risk factor that we have here had to do with a change in

personnel. This is usually risky because a lot of times agencies have—

they may have turnover and once one person leaves then the new people

who come on, they don't know what to do, they don't know the reporting

requirements. They don't know what they have to do to do the drawdown.

There aren't enough documented policies and procedures in place, so that

the agency can continue in case a key person leaves the company. So that

typically a key risk factor is the agency has had a change in personnel

recently that would impact the housing counseling program.

So some of their considerations when doing this risk factor, and of course

the toolkit has a lot more considerations, is would the change in personnel

impact the sub-grantee's operation? Also did it affect their accessibility of

program and financial data? We've had cases where there was turnover

and the person that left, left with financial data, so they weren't able to

substantiate certain costs. That is definitely important for you to

determine in conducting the risk assessment.

Also, are policies and procedures in place for accounting for federal

funds? Now, when agencies have strong policies and procedures in place,

it helps them out a lot because if there is turnover, then the new person

who comes in can just read the policies and procedures and they'll pretty much know exactly what's needed of them. That's definitely something that would help in considering this risk factor.

The second risk factor has to do with audit findings. You want to take a look at the audit report that they submit to you and see whether or not there are any audit findings in there that could potentially impact the housing counseling program. Some of the things that you want to consider, you want to see, did they get their audits done timely? If they had a single audit, did they submit it to the federal clearinghouse timely? Also, did they have it readily available for your review, or did you have to keep hassling them in order to get it?

When you look at the findings specifically, were there any question costs? Were the question costs related to another HUD grant, since they haven't received this one as yet? Or, if they've had it in the past, you want to look at that as well to see if they had a finding there. Then if they had findings, did they resolve those findings timely? The corrective action plans that they developed, did it specifically address the findings that happened?

We have had agencies that had findings in their audits that, the findings were not related to the HUD grant or the HUD grant program per their audited financial statements. However, the nature of the finding or the root cause of the finding, it was such that it actually affected the HUD grant because the deficiency that was noted there during the audit of their financial statements, it just impacted the additional grants that that agency had.

So these are definitely important. Even when you're reviewing their audit reports, if there's no specific audit related to the HUD grant, you just want to think about the nature of the findings to see whether or not it could potentially impact the HUD grant program, especially as it may relate to internal controls. I've seen a lot where a breakdown in internal controls impacted the HUD grant, even though it wasn't identified as a finding specifically on the audited financial statements. But the breakdown of the internal controls, it actually did impact the HUD grant, when we conducted our review.

The next risk factor has to do with timely financial reporting submissions. If this is an agency that you had in the past, did they submit their financial reports to you timely for review? And if not, did they request an extension

before the quarterly financial reporting due date, and did they do so in writing? That can indicate whether or not an agency will be problematic or even if they know the requirements for the grant, because you know the HUD grant agreement, if a report is going to be late, then they have to request an extension due date from their HUD POC at least 30 days out, so that the HUD POC will be aware.

We do trust that you communicate that to your sub-grantees as well. If they're going to be late with their reports, they should be communicating that to you and letting you know that they won't be able to report on time, and so that you can grant them an extension. Also, if you have sub-grantees in the past that were problematic in submitting quarterly financial reports to you, that could be an indicator as well as a risk.

The fourth factor we have has to do with any errors or omissions in the quarterly financial report. You want to see, are they doing these reports in conjunction with payment requests? Are the reports complete and accurate and authorized? Does the sub-grantee has an established accounting system with effective internal controls so that they can account for the grant properly? These are some of the things that you want to consider as you're conducting your risk assessment.

The fifth factor has to do with the performance reviews. If it's a past

agency, did they receive a performance review in the past two years? If

so, were there findings? If they had findings, how did they address them?

Did they develop corrective actions timely, and not only developing the

corrective action plan, was that plan implemented properly? Also, do they

have repeat findings year after year after year? That's also a risk factor to

consider.

The sixth risk factor has to do with public relations. Is there anything

that's going on with the agency, maybe some legal concerns or potential

bankruptcies or anything like that? Is there anything like that that could

potentially affect the program? So you want to consider any external

factors that there may be in doing your risk assessment for the sub-

grantee.

The last risk factor has to do with new sub-grantees. Is this an agency that

you have never worked with before and they've never received a HUD

Office of Housing Counseling grant? Then these agencies are typically

risk because they don't know what to do, so they may need some

additional training to say, okay, these are the reporting requirements, and

not only are these the reporting requirements, but they also need help

developing the templates, and they also need training on what source documents to maintain on file. So that's why this one is a big risk factor as well.

So you want to ask and find out, have they received training offered by HUD or HUD contractors related to the grant, so that they'll be aware of what those requirements will be.

Once you come to the risk assessment, there's a tool in Excel that we've created for how you would rate each agency. We have the seven risk factors here, 1 through 7. The first one being whether or not there's been a change in personnel in the past year, or were there any unresolved or repeat findings in their audited financial statements. The third being the submission of their financial reports. The fourth, were there any omissions or errors in their financial reports? The fifth has to do with the performance reviews, and if there were findings. The sixth, were there any negative public relation impacts? And the seventh would be whether or not they were new to the program.

After you've conducted your assessment, and of course the toolkit gives you where you would document regions for making a certain

determination, you would determine whether or not it's a risk factor [indiscernible], and you document that here in the Excel file. Based on the total yes scores, that, yes, this area is a risk, then you would get a yes score total at the bottom.

Another tab has to do with how you would go about determining whether or not they're low, medium or high risk. Remember, there are seven questions, and you would rate each of them to say whether or not, yes, it's a risk factor for this agency and then you would tally them up 1 through 7. So for agencies that only had a tally of 2, then they would be the low risk, and for agencies that had 3 to 4 yeses, then they would be the medium risk, and for agencies that had 5 to 7 yes responses, then they would be the high risk.

Down at the bottom half of the screen, for the low risk, you could recommend that, okay, for this agency, we deem them low risk, we'll only do desk reviews. For the agencies that have been deemed medium risk, we'll do on-site reviews, and then you can determine how frequently you want to go on-site to do that review. Then the ones that are determined to be high risk, then you can request from your HUD POC that that sub-grantee receive a financial and administrative review from HUD.

Then in the bottom section, then you would talk about your recommended strategy, based on the review that you did, these were the risk factors and this is why we think that for this agency they should get a desk review or on-site review or a financial and administrative review. Again, this is just a template and it is just a guide for agencies who are developing their own sub-grantee award and monitoring process. This is just to help you guys to think about how you could go about looking at the different risk factors, how you would score them and how you'd make the determination for how you will monitor them throughout the process.

Remember I mentioned that in the toolkit we have procedures for conducting desk reviews, now because of the fact that the desk review procedures are just a concise version of the parent on-site review, we didn't create a section for the PowerPoint today for the desk review, because everything that you would do in a desk review, it's already covered here in the parent on-site review section. So this section, we'll go through briefly the parent on-site review process.

Typically, the [indiscernible] areas are the key areas that I wanted to mention today. For the general stuff, you want to see when you're on-site if there is a formal written sub-grantee agreement on file, because as you

may be aware, the Uniform Guidance does require that you have a written

agreement for each of their sub-grantees, you have to have a contract on

file or an agreement on file for the sub-grantee. So the sub-grantee should

make sure that they're [audio disruption] and that is readily accessible.

Also, you want to see whether or not their agency profile is updated in the

housing counseling system. If they sub-granted any part of the grant, it

had to be approved by the HUD POC before they would be approved to do

so. So you want to make sure that you're checking all of that information

as well. Did the sub-grantee notify you as a parent, of any changes in

personnel or contact information or the business environment within 15

days of change? That's just the general stuff that we guide you toward

looking at when doing the parent on-site review.

Another section that is covered has to do with policies and procedures.

We're helping you to think about the key business process areas that

impact this grant. So it has to do with monies received and any

disbursements related to the grants, how are they accounting for that, and

how are those costs treated? The personnel activity reporting, what is

their process for that? How are they making sure that the activities that

they perform are chargeable to the grant? Do they have timekeeping

systems in place? What's their cash management process? What's the

policies and procedures for grant reporting? Do they know how

frequently they need to do it? Are there specific templates that they need

to maintain? Do they even know what the required elements of the grant

report need to look like?

Also, you're looking at their policies for procurement. With changes that

were made by the Uniform Guidance, now everyone has to have

procurement policies and procedures. So you're looking at that to make

sure that it meets the requirements of the Uniform Guidance.

As for indirect costs, you're taking a look also at if they're charging

indirect costs, you want to see what their policy is. Is it the fact that

they're using a negotiated indirect cost rate agreement? If so, you want to

make sure that you're taking a look at it when you go on-site to make sure

that they are following that agreement. Or, if they're going to be using the

10% de minimis rate, then they should have a policy regarding that as

well.

Also, they should have policies for their accounting system. So the toolkit

talks about what you're looking for when reviewing their policies for the

accounting system, and that's pretty much making sure that your sub-

grantees have an accounting system in place where they can separate the

HUD fund once they get the HUD grant and separate the transactions

related to the HUD grant and run reports on that, and show cash receipts

and the disbursements relative to the grant, and also any billing

methodologies that the agency has as well.

Also, the toolkit talks about the supporting documents that are required for

the different types of expenses. So you know that for salary and fringe

benefits agencies have to have a timekeeping system or personnel activity

reporting system in place that's capturing 100% of the activities performed

by the employee.

Also, you want to make sure that your sub-grantees have a system in

place, the activities that are being performed, they're identified in their

personnel activity reporting system, whatever that looks like, because you

have flexibility in what you can do for personnel activity reporting. So

whatever the sub-grantee uses for that personnel activity reporting, it has

to be such that one can come in and take a look at it, see a distribution of

the activities performed by the employee, see how the agency allocates the

work performed by the housing counselor, or whoever, and allocates the

work performed to the HUD grant.

For any other expenses that they may have, you want to make sure that

they have proper documents in place like invoices, proof of payment,

purchase orders. If they're doing indirect costs, then you want to make

sure that you're re-calculating the indirect costs properly, and any

reporting that they're doing, it has to of course match up.

The toolkit, it guides you as you're performing these steps and conducting

this review on-site or in your desk review, and it gives you guidelines for

how you can do that. For the quarterly reporting, you want to be looking

at their HUD Form 9902, their client management system information, the

certification that's required of them, the narrative, are they filing reports

timely, are all of the required elements included in the report? Things like

that are what you would be looking for, and the toolkit gives you

guidelines for how you would make sure that they're looking for the right

things in the right places.

Also, timely submission of the quarterly financial reports. You're looking

for variances between the budget and actual costs submitted for

reimbursement. You're looking for the breakdown or an itemization of actual costs incurred. You're looking at the staffing hours and you're actually doing recalculations of the hourly rates to make sure that what they charged you as a parent agency, it actually matches up with what they paid the employees.

Also, you're looking at authorizations and payment requests and things of that nature. The toolkit helps you to make sure that you're doing these properly and consistently, but if you have several persons at your company that are going to be doing on-site reviews, it helps you to standardize the process to make sure that if you have five employees who will be going out and looking at all your various sub-grantees, each five persons will perform the same procedures. So everything will be standardized.

Leveraged funding, you're looking at your sub-grantees, if they reported that they had leveraged funds, it kind of guides you as far as what you would look for there. You're looking at the policies and procedures that they have in place for how they account for leveraged funding, and the documentation that you need to look at to verify that they actually received it. And for program income you're looking at how they're tracking and accounting for program income in their accounting system

because they have to do all of this separately for their housing counseling

system, and they can't overlap because of the type of program.

Sample work papers. We have sample work papers for each process area,

and so I just extracted a couple to go through to give you an idea of what it

would look like. Each work paper that we have in the toolkit, you'd of

course have to document the sub-grantee name. If you have a grant

number with your sub-grantee, you would document that as well. So

that's the two first lines. You would document each work paper, pretty

much specifying what you're looking at in that work paper and what

you're testing.

Each work paper also has a purpose, source, scope and the procedures

performed. The purpose would be, what am I doing in this work paper?

So each of your employees who would be doing on-site reviews would

document the purpose of why are they testing this area. The source would

be the person from the sub-grantee's agency who gave you the

information that you needed to complete this work. The scope would be

the fiscal year that you'd be reviewing. Typically, we don't review the

current fiscal year. You'd typically review a prior fiscal year because all

of the transactions and accounting and drawdown requests would have

been completed for that year, and you would have already moved on.

Then each work paper lists procedures, and so this is how you make sure

that everyone is performing the same steps. Everyone has the same set of

work paper templates, and the procedures based on the test area will be the

same for every sub-grantee, that you actually go out and do a testing for

them. It's very straightforward and simple. So, for example, you'd obtain

the FY18 budget and you'd obtain all of the quarterly financial reports that

they submitted.

The second procedure is to review the documents and determine whether

or not the costs reported on the quarterly reports reconcile to their

approved budgetary line items. In the work paper itself we have

spreadsheets or tables where you're documenting what you're looking at,

and then you document your conclusions to see, okay, based on the review

whether or not the sub-grantee was in compliance with what they needed

to do. You'd also have each reviewer to document their name and the date

that they conducted the review.

Here we have a sample of the quarterly reporting testing work paper.

Again, the first few lines are pretty much the same as the previous one, but

the procedures of course would be different based on the area that we're

testing. For example, here we're testing the quarterly reports, you obtain

the quarterly reports that were submitted for a review, and you're checking

off to see whether or not they entered all of the required information per

the HUD grant agreement, or whatever you specify that your sub-grantee

provides to you, so their name, address, grant number, start and end dates

of the reporting period, the counselors' staff hours, title and hourly rate.

So you pretty much just go through each of these sections and you'd be

checking them off for each of your sub-grantees and documenting the

information. Then you'd also document the conclusion that based on your

review, whether or not the agency was compliant.

As we can see down at the bottom, we have where you would document

for the period that you're reviewing whether or not the documentation was

complete, whether or not a drawdown request was made in conjunction

with the report, whether a report was accurately prepared, whether or not it

was approved by the authorized personnel, whether or not they submitted

it timely, and then you'd reference the work papers, so you'd pretty much

just reference whatever your sub-grantee provided to you. That would be

your supporting document for concluding this work paper here. Then you

have a section for comments.

Here we have a sample of the final report. After you've conducted your

desk review or your site review, then of course you would issue a report to

your sub-grantee so that they know what the results were. Typically, you

have a summary section just talking about why you did the desk review or

the on-site review and the approach that you took to doing the review.

Then you give them some background elements of the sub-grantee in the

background section, and then a summary of findings, if any.

If you identified any findings, we always recommend that you provide a

condition. The condition would be based on the facts that you determined

in conducting your review. You're just stating what happened and how

significant was its occurrence. The criteria would be the regulation that

should have been met, so what you're measuring it up to. It could be from

the HUD grant agreement. It could be from the HUD handbook. It could

be from the Uniform Guidance, what the standard is that should have been

met.

The cause would be, why did it happen? This would be based on your conversations with the sub-grantees and would be, what happened and why was there a deviation from the criteria? The effect would just specify the impact of the finding happening. The recommendation would be providing your sub-grantee the recommendation for how they can address the findings and give them a timeline for when they should develop perhaps a corrective action plan to address the findings.

In the corrective action plan section, this is what needs to be implemented by the sub-grantee and the corrective action plan they specify should address the root cause of the findings, and it should be feasible.   When you review their corrective action plan, it should be something that could be achieved.

Then you also want to specify a due date for the corrective action plan to be implemented. Then we have here that the desk review is completed by, you just sign off on having completed the desk review and issued the report and who at your sub-grantee's company that you discussed it with and the date.

As participants in the OHC grant program, there are several different types of assistance that we have available to you. Of course, these are not at any additional cost, but there's a way to go about requesting the assistance, which we'll get to in a couple of slides to come.

We do provide technical assistance where we help agencies to modify or update their policies and procedures. If you have policies and procedures in place that need to be updated to really document things that you have in place at your agency, or if there are some things that you really need to implement, then we can help you with that as well.

We also provide technical assistance with developing quarterly financial reporting templates, as well as personnel activity reporting templates, and technical assistance to address any findings from any reviews. So if we conduct perhaps an action plan or a financial administrative review and there are findings, we do provide technical assistance to help you to address that.

We do financial analysis, so for parent agencies sometimes the parent agencies refer to us the sub-grantee's grant execution packages, and we conduct a review and we make our recommendations to the parent agency.

We also conduct financial capability assessments, and this is for agencies or sub-agencies that may not have had their financial fitness audited within the required two years. We do a financial capability assessment in lieu of that to give some kind of assurance as to whether or not the sub-grantee is able to financially perform under the grant.

We conduct risk assessments of agencies to see what the risk level is. We do financial reviews of sub-grantees as well. We look at quarterly financial reporting as well as personnel activity reporting that the agencies may develop. We look at indirect cost methodologies to see and make sure that the agencies are following the guidance and they're applying them correctly. We also look at accounting systems to see whether or not the accounting system in place is compliant and is able to produce statements for the HUD grant and account for transactions for the HUD grant.

We conduct action plans where we look at whether or not—especially for new agencies, we do a readiness assessment to see whether or not the agency is compliant with the Uniform Guidance. If not, then we'll provide a recommendation for training or technical assistance.

Training. For sub-grantees, we have five modules that we go over.

Especially if you're new, we can do the overview of the grant

requirements, or if they need a refresher, we'll go over the grant

requirements with the sub-grantees. Especially during the grant execution

process, we do the training on submitting a budget, where we specify what

kind of activities are eligible for reimbursement and what are certain

assumptions that they would make, or acceptable assumptions that they

would make in budgeting the costs that they will be projecting for the

grant year.

We also provide training on the grant financial reporting, so we look at

what are the elements required of each agency quarterly when they're

doing their quarterly financial reports.

We also do training on personnel activity reporting and timekeeping. We

talk about the different types of timekeeping systems and the difference

between timekeeping versus personnel activity reporting and the

importance of personnel activity reporting. Module 5, we talk about

implementing the 10% de minimis rate for agencies that are choosing to

use the 10% de minimis rate to account for indirect costs.

For intermediaries, we look at an overview of procurement requirements. If an agency doesn't have procurement policies and procedures in place, we go over the different requirements per the Uniform Guidance. And we do this training, sub-grantee award and oversight and monitoring, which we just went through. We do financial and administrative reviews, and that training was typically if an agency got selected for a financial and administrative review, then they're identified specifically and we go through what to expect.

How to read financial statements. As you are looking at your sub-grantee's application to your program, you need to really think about how you read the financial statements. What are some of the things that I need to be looking for and looking at in the financial statements? What does some of this information mean?

Then we talk about understanding internal controls, where you can get an idea of what to look for when we talk about internal controls, why are internal controls important. And we also let you know what the Uniform Guidance says about internal controls.

We also provide training on federal financial reporting, like the federal

financial reports, other type of procurement training, financial

management system training that addresses your accounting system and

making sure that your entire financial management system as a whole is

compliant with the Uniform Guidance requirements. And we provide

training for agencies that they want to get an idea of all of the changes that

took place once the Uniform Guidance got implemented, and just making

sure that, okay, we have all of our bases covered, we know everything that

changed with the Uniform Guidance, and how does it impact the HUD

grant program.

If you are interested in any of the training or financial analysis or technical

assistance, then you would send an email or make a request to your HUD

POC letting them know the type of assistance that you need and who at

your agency would be responsible for the type of training that you would

receive.

If their HUD POC approved it, then they would send that information over

to our HUD GTM. Our HUD GTMs are pretty much the ones who

oversee our work with you, participants of the HUD grant, and if they

approve it, then we would contact you directly, and, first, get an

understanding fully of what you need, and then schedule with you how you would need the training to be facilitated. Some of the trainings can be done on-site, and some of them can be done remotely, so depending on what the agency [audio disruption], then we would facilitate the training in that way.

Benefits to grantees who have participated in these exercises. We've noticed that the comprehensive assistance that we provide, it helps to minimize the burden of implementing new regulations. We know that a lot has changed once the Uniform Guidance got implemented, and some agencies may feel really overwhelmed. So we know that in providing this assistance it helps to minimize the burden for you to implement the regulations and it also reduces the administrative burden for having to train your sub-grantees on these new requirements.

Also, we've helped to provide financial and administrative technical assistance that you can carry over to other grants, because now of course you're aware of what's required of you having participated in these trainings, or the 101 technical assistance, and you can carry forward what you've learned to other federal programs as well. We hope that we help to

reduce the potential for having findings in any performance or financial reviews because agencies are more aware of what the requirements are.

Let me see. Okay. I see a question about how to request a toolkit from [indiscernible]. I think I just went over that. You would just communicate to your HUD POC that you're interested in this, and your HUD POC would then communicate to our GTMs or SMEs, and if approved, then we would reach out to you directly and provide the assistance.

Okay. I don't think I see any further questions that have not been addressed. If you think of any questions, please send them to housing.counseling@hud.gov with the name of today's training, which is "Sub-Grantee Award and Oversight Monitoring" in the subject line.

I want to thank you so much for having participated. Have a good day.

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