



## Final Transcript

**HUD-US DEPT OF HOUSING & URBAN DEVELOPMENT:  
Preparing a Grant Execution Package**

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### **SPEAKERS**

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### **PRESENTATION**

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

I'd now like to turn the conference over to Robin Booth. Please go ahead.

Robin                            Good afternoon and welcome to the US Department of Housing and Urban Development, Office of Housing Counseling training webinar on

preparing a grant execution package, specifically for the FY '18 execution packages, which will be submitted within the next 30 days.

As the moderator said, this audio is being recorded. The playback number, PowerPoint presentation, and an actual transcript will be available on HUD Exchange usually in about two business days. The training digest on HUD Exchange will also be updated when the webinar closes, so you'll get that notification.

If you registered, you received handouts prior to the webinar, so on your control panel, you should see a PDF file with the handouts and you can download those as well. If you did not register, you may not have access to those PDF files.

We will not be doing any polling questions this particular webinar due to the number of participants. We will also not be doing a Q&A period due to the number of participants; however, you will be able to ask questions during the call either by submitting a question in your questions panel that's a part of your control panel. If you click on a question and type in a question, we do have staff on standby that can respond to your questions during the call. If they're unable to answer your question at that

time, we'll respectfully ask you to send it to the [hud.counseling@hud.gov](mailto:hud.counseling@hud.gov) email address so that that question can be distributed and we can get you a response, but you can submit questions through the control panel and the questions panel on that panel. However, we will not be taking any live questions due to the number of participants.

We will not be having any open discussion, once again, due to the number of participants so your calls will remain on mute throughout the entire webinar. If you logged into the webinar, you will receive a thank you for attending email generally within 48 hours. The email will say this is your certificate of training. That is actually the certificate. There is no attachment. The email itself will serve as your verification, so please make sure you retain a copy for your files.

You can also get credits potentially. If you go to the HUD Exchange, you can find out information about getting the actual credits for this training, so you'll select the webinar and then click get credits for this training and you may be eligible for credit.

My name is Robin Booth. I'm the principal of Booth Management Consulting. We are the financial quality audit contractor for the Office of

Housing Counseling and we assist with training, technical assistance, preparing action plans, conducting financial administrative reviews, as well as performing financial analysis; all associated with the Office of Housing Counseling's Comprehensive Housing Counseling branch.

Today's topic, actually, is a piggyback for those of you who may have participated in the grant agreement training yesterday. However, our topic is specific to the financial management element of the grant execution process and the FY '18 grant, so we will go over some changes from the previous notebook. As I said, if you participated in yesterday's training, that's just going back over that very briefly.

We'll go through the grant execution life cycle from a financial perspective. As you all know, certain elements of the grant execution process has to deal with programmatic areas, your work plan, things of that nature. This training is really focused on those things associated with the financial management and for those of you who we actually conducted a review of their grant execution package in the FY '17 grant, you may remember or recall that there were certain items that there were deficiencies so we had to get additional information. Overall objective of

this is to give you as much information as possible to make the whole grant execution process as streamlined and as efficient as possible.

We will review some of the submission requirements. We'll also go over some of the errors that we saw in the last round of the FY '17 grant execution process, and then some available training and other resources that you can have access to assist you if in fact this is the first time you're going through the grant execution process.

As I said, we're going to go over the financial document requirements during a grant execution, which is a major part of the grant execution process because you're signing a grant agreement, you're submitting your budget, and you're submitting other financial information. That's a very big part of the grant execution process, and we want to go over some of these errors and omissions and irregularities that we identified in the previous round, FY '17 grant execution process. So, as we said, hopefully to minimize those sites or areas, make it a more efficient process and to get you all awarded your grant document sooner rather than later.

Some of the changes from the previous NOFA is a one-year award. Please note the period of performance. These are the defined eligible activities.

Now, what we'll do later in this presentation, is we'll give you a crosswalk so you can understand for these eligible activities, what are the corresponding or potentially corresponding expenses associated with these activities. I know yesterday, the focus was more on the activities. Today will be well how does my budget match my eligible activities, or what type of expenses can I charge in my budget to perform these eligible activities? We will go over that later in the presentation.

First, let's just go over the grant execution financial life cycle, which is what we focused in on. You have your NOFA application and in that you submitted all of the documentation. Then, you received your award announcement and after you received your award announcement, understanding how much you were being awarded, you then had to get [ph] your grant execution package. Well, now you had to put a budget based on the award amount. You had to provide certain documentation and certain certification. After your grant execution package is approved and accepted and you're awarded the grant, you then go immediately into the grant reporting part where you have to do your quarterly reports. You have to request your reimbursement. That becomes a part of that.

After you've been executed your grant, you're now performing the grant, then you get into your grant reporting, which of course, leads to your request for payment. As you all know, this is a cost reimbursement grant, so your request for payment really requires you to have certain supporting documentation to suggest that these are the costs you've incurred consistent with the approved grant, which happened all the way back in the grant execution process, and now you're requesting payment for services performed, actual expenses that have already been incurred.

Finally, the oversight review—that could mean a financial and administrative review. Sometimes, there may be request by a HUD POC to provide your agency with additional assistance, maybe training, or technical assistance or even just to get an action plan to understand where your agency is and what areas you may need some financial assistance in.

As I said, the key areas in the financial life cycle for the NOFA is that pre-award accounting system review. You all self-certify as a part of the grant execution package, that your financial system complies with the uniform guidance requirements for financial management system, which if you haven't participated in a prior training, we do provide training.

Specifically, what that means when you're certifying that your financial

system is compliant, because there are specific requirements that are detailed in the uniform guidance for what your financial management system should be. Yes, that does include your accounting system, that does include your internal controls—all of those elements.

In the NOFA, your key financial documents are your leveraged funds, your understanding of the circulars, and your understanding of the code of federal regulations. All of that is spelled out for you in the notebook. So then, when you get to the award notification and understanding, okay, these are going to be my reporting requirements and these are going to be the federal regulations that I'm going to have to comply with under this grant.

Once you submit your grant execution package, you have various disclosures and certifications. As I said, you certify that you have adequate financial management systems. You certify on your CMS system. So, there are certain certifications and then, if applicable, you may have single audit submissions. You may be requesting an indirect cost rate, either the 10% de minimis rate, or you're submitting your NICRA agreement or cost allocation plan. If you are an intermediary or a parent organization, you may have a sub-out [ph] or MSO. You may have

a sub-allocation list. You'll have to give out your billing methodology and you'll have to give your budget.

All of these are financial related and the documents or certifications related to the financial management aspect of the grant. Your grant reporting—making sure that you understand the compliance for article 11 and then that authorized individuals are signing your grant reports, specifically your quarterly reporting and your requests for reimbursement. If you're an intermediary or a parent organization, we're looking at your sub-allocations, your administrative costs, your billing methodology and whether you completed accurately the SS-425 [ph].

Ultimately, once you're awarded the grant and get through the execution process, so now you're performing a grant, we do the request for payment. That is a critical document in the entire cycle for any grant, because that is your claim to the federal government that these are expenses, costs that we have incurred to perform this particular grant for which now we are requesting reimbursement.

In future trainings, we'll be talking about the importance and significance of that request for payment and how ultimately it rolls over into the

government's entire emphasis on making sure that there's proper payment, that you're being paid the right amount for the right services consistent with your grant agreement. Failure to do that falls into what we call improper payment. That request for payment is a very critical document.

Then finally, in a financial management life cycle, we get to the oversight. So, it may be a financial administrative review, it may be a matter of your HUD POC saying, can you do a financial analysis of maybe their quarterly reports, so it's certain information to make sure that one big area, there was not improper payment or that the documentation they're submitting with their request for payment is sufficient. Those are the things of that nature. So, they're different oversight types of activities that can occur.

That's how this whole—when we say financial management, when we're talking about the grant, these are the key areas and the key elements of those areas of that life cycle. Now, you're ready to submit your grant execution package. This checklist, if you participated yesterday, you saw it yesterday. If you've been awarded and submitted grant execution documents for prior grant, it's been modified somewhat, but please use this checklist. It is a very good checklist to the extent that you follow it and provide the information requested. It, once again, gets your grant

execution package reviewed more timely. Generally, there's less issues or missing information or inaccurate information.

Please use this checklist and when you submit your grant execution package, you have to submit this checklist as well. So, you should already have this information, but we just like to emphasize the importance of following that particular checklist. Some of the common errors we see just from a checklist, just from submitting a document per the checklist, is failure to provide that form HUD-1044. It can be found in the award package. It has to be signed by the local HUD director and it must be signed by the agency's executive director. That should be in there.

Failure to sign a grant agreement. You have to sign, and that can be found in the award letter, and that has to also be signed and dated by executive director. The reason why we keep saying executive director is because under the uniform guidance, there's more emphasis on what we call authorized individual. These are individuals that have to have the authority to actually initiate or sign documents or enter their agency into arrangements or agreements on behalf of their agency, so generally that's an executive director. However, if that's a not a title, it's a different title. Maybe it's a chairman, maybe call him a president, whoever that is, it

needs to be someone that has the authority to bind the agency into this agreement. So, if you're a HUD counselor and there is an executive director of various layers [ph], you want to make sure that the right individual is signing this document and unless you have the authority to bind or to enter into an agreement for that agency, you need to make sure that the individuals who do have authorities are signing these documents.

Another area—this is straight from the checklist. All we've done is gone through the checklist and for each of the key areas, we've kind of identified some of the things you need to know and then some of the errors or omissions. So, let's talk about indirect cost rate documentation. You have three options under this grant. You can either provide a NICRA that has not expired and is within the period for which the grant is being performed. You can elect the 10% de minimis rate if you meet all of the requirements, or you could submit a cost allocation plan. That's also an approved document. Just briefly, this is yet again other information that you can get from other training provided as it relates to just understanding indirect cost rate. So, if you look on the HUD Exchange, you'll see other trainings that are coming up do provide more detail about this, but for the purpose of this exercise, just knowing what a NICRA is, that is your Negotiated Indirect Cost Rate Agreement. Negotiated being the operative

word. That would suggest that some federal agencies, generally the one who has awarded you the largest grant, has reviewed all of your incurred cost or indirect cost rate information. They've gone through the various analysis to make sure it complies with the cost principles under the uniform guidance, and they've awarded you an actual agreement in the form of usually—it's a letter, and that agreement indicates what your indirect cost rates are and the period for which they are applicable.

It looks something like this. We tried to white out—we wanted to make it relevant at least, but this is what a NICRA looks like. If you do not have this type of agreement of something similar to this [indiscernible] government of cognizant [ph] federal agencies, than you in fact do not have a NICRA, so you would not be able to submit that document as proof or to verify what you can charge a certain amount of indirect cost rate. On that document, it usually talks about four different types of rates. It's not just, I have eight indirect cost rates. It depends on what type of indirect cost rate. You might have a provisional rate, which is temporary, so when we see the term provisional, we know that this has not gone through the entire—this is a rate that's for a period that has yet to be performed and that once you finish that period, they will then give you your final rate. So provisional just means it was projected based off the information you

provided. Generally, a lot of agencies who are getting their first NICRAs—the actual agreements—they have provisional rates, because you are projecting what you're going to do as opposed to what's already been done.

Once you've actually gone through the process and you provide actual indirect cost rate information, you then get a final rate. The final rate suggests that this is the rate that's been approved and negotiated. You could also have a predetermined rate. So, this may be a rate that was established for a certain period of time, but just like a final rate, that rate becomes kind of the final rate to the extent that it was predetermined. Or you could have a fixed rate with carry forward.

This rate is good for a certain period of time and then, if there'll be any adjustments, they could potentially go back and say, we had this rate for 10-1-2017 to 9-30-2018 and it was a fixed rate, but then, once we go the actual indirect cost information in, and we computed what the rate actually was, this rate was too high or too low, so we're going to carry it back to that period where you charge that rate.

When you're reading these indirect cost rate agreements, note here what type of rate, final or provisional? Know what periods from and to, so you know one of these periods are what this rate period applies to. The provisional, they indicated here—they've given you a provisional rate, once again, because it's on a future period from when it's—or, they haven't done the actual indirect cost rate determination as based on projection. It's important for you to understand which type of rate. Even when you're reviewing your own document, please make sure you're picking the right rate when you're charging indirect cost. We have the common error here as suggested on this slide, is that people are using the wrong rate, even from their own NICRA agreement, so please pay attention to what the rates are.

As I said, we do have more intensive training for those of you who need it on indirect cost rate, because as you see, it can be very confusing. Just a friendly reminder—when you're doing your budget and you're going to use your NICRA, first thing you want to do is you want to get the right rate. The next thing you want to do, is you want to check the dates. Make sure which rates apply to which period and compare that to with your grant agreement. Then, you want to verify what the base is. Now, you may need some help. If accounting's not doing it for you for your budget,

you may need to go to your accounting department or finance and ask them.

If you go back to this slide, it tells you what the base is. Down on the bottom here, it says direct salaries and wages. That is so important, because this is telling you that you can apply this rate to these expenses. So, if your direct costs includes something more than, let's say it includes equipment or you've included some other things, you cannot multiply this rate times those costs. You can only multiply it times what is established in your negotiated indirect cost rate agreement.

Once again, make sure you're using the right rate, make sure you're using the right rates for the right date and then, verify the dates. Using that information, you should be able to compute your indirect cost. During the last round of grant execution, we had to make a lot of corrections, because it had the wrong rates, the wrong effective dates or the wrong dates [ph]. That's just a friendly reminder.

Option two, the de minimis rate—know what that is and one of the biggest things on this rate is that it was under the uniform guidance. Once it was established, the effective date, the government pretty much said, we'll

give you a 10% of your modified total direct cost if you meet the eligibility requirements and all of them must be met. This topic is also addressed in our trainings about indirect cost rate, but the eligibility requirement for the 10% de minimis, most important, you must have never had a NICRA.

You need to check with your agency, with your accounting, to make sure that the organization never had a negotiated cost rate agreement. It must be used indefinitely. Once you decide to use it, you have to use it indefinitely and across all your federal awards, so you can't say for HUD, I'm going to use the 10% but for another agency, I'm not. You must continue to use that 10% across all your federal awards. Notice, federal awards being the operative word.

You have to use the modified total direct cost when you're computing this and as I said, in other training topics we covered in more detail. If you're a non-federal agency and you receive over \$35 million in direct funding, you cannot use a 10% de minimis rate—if you're a non-federal agency and you have more than \$35 million in direct funding. Then, you still have to maintain the documentation according to methodology. Just because you get the 10% doesn't mean that you don't have to maintain

supporting documentation for those costs which are charging that 10% again.

The modified total direct cost—also, there are certain costs that you can include in that. Certain costs, you can't include in that. So, if you've never heard of this, this is new, the whole 10% de minimis rate, then this is just really introducing you to those terms, because you will require more in depth training to really understand what this is. This is a reminder for those of you who've either elected the 10% before, and/or you understand it or you intend to elect it this period. If you are not sure, how to compute that 10% or what this modified total direct cost is, I strongly encourage you to reach out to your HUD POC and request assistance to make sure you're computing it correctly.

That modified total direct cost—these are some of the just basic information you need to know. If you're electing the 10%, you have to use the modified total direct cost. All of these costs must be identified specifically to a grant. They have to be a direct cost, first of all. Then, certain things are allowable in that modified direct cost based on the uniform guidance, others are not.

This is just a refresher that yes, there are salary and wages, fringes, materials, supplies, services, travels. Up to the first \$25,000 of each sub award, they're all allowable. They have to still meet the cost principle requirements of being reasonable and necessary. Even if they're direct costs, if those direct costs aren't associated with those eligible activities that we're about to talk about, they may not be necessary or reasonable. They could be unallowed or excluded or they could be questioned on your budget as a part of the grant execution process. As I said, this whole topic of indirect cost and MTBC, if you haven't participated in a prior training and you intend to elect it for the first time, you may need some technical assistance.

The third option—cost allocation plans, which are usually state and local government, and just like a NICRA is a negotiated document where it's been submitted to the state and local government, and they've gone through their due diligence to review and they've agreed to specific cost allocation plans. If you are using one, you do have to submit the approval of it as a part of the grant execution process.

Some of the things that you self-certify to that you need to be real careful of is this whole financial management system. There is more emphasis

than ever on whether you have a general ledger-based accounting system, internal controls. All of these things are elements of a financial management system to properly manage these federal funds. So, you certify as a positive grant execution, you check it off and you certify it. I'm just saying that that could be subject to verification through either a review on a back [indiscernible] where HUD could can request our services or some other services to come in and do a review of your financial management system to make sure that what you said you have you actually had and that it meets the requirements of the uniform guidance.

Those specific requirements, and this is all for your financial management system, so we're referencing those areas under the uniform guidance that you might want to go back and read and make sure you understand, so that whomever is self-certifying knows what the requirements are. So you should review these sections of the uniform guidance section 302, 303 that has to do with internal control, 305 which has to do you with your payment, and then, of course, sub-part E, which has to do with cost principles. These are the key areas under the uniform guidance that gives you an understanding of what you're certifying to when you say you have a financial management system. These have been abbreviated. They're

much longer and a lot more information, especially under section 200.302, so make sure you go back and read that so when whomever is self-certifying they understand what they're certifying to.

Some of our common errors as it relates to just financial statements and both the financial statement audits, failure to [ph] submit that single audit report to the clearing house to those of you have a federal award or who've incurred a cost or spent a federal award of \$750,000 or more in one fiscal period. Not only do you have to submit it as a part of your grant execution, but you were also required to submit it by six months after your fiscal year ends to the federal clearing house. So, we do verify that it's been submitted. I'm sorry—nine months. It must be completed within nine months in the clearinghouse, so please make sure you have that taken care of.

One of the things that OHD has done a good job of trying to meet agencies where they are as it relates to financial reporting, is that for some of the smaller agencies, LACAs, or just smaller agencies that are not required to have all your financial statements by any other agency and may receive a very small grant and/or they're not required to have a single audit, we put in place a process to do a financial capability assessment that would look

at your financial situation including financial statements, any of your policy and procedures, those things, and be able to say, to OHD with some level of confidence, that this agency has the financial capability to perform on this audit. Generally, this is a request and it has to be accepted and approved because audited financial statements aren't supposedly submitted with the grant.

Sometimes, as an audited financial statements are still in process, or things of those natures. You may be required to go to a financial capability assessment. What we saw in the last round is once we got the grant execution packages, and some agencies maybe not understanding the difference between audited financial statements and compiled or reviewed because they're different types, submitted what they had.

When we looked at the financial statements, the recommendation to OHD was well, we need to do a financial capability assessment, because one, they either didn't submit audited financial statements of any kind whether financial statements or a single audit. Two, the information they submit, it suggests that there is some concern about their financial capability to perform, or they didn't submit any financial statements because they don't have any, which once again means that we need to take a little deeper dive

just to make sure that the agency has the financial capability to perform.

Some of you may have seen that or been involved in those kinds of assessments during the last round, and that's a possibility during this round if you don't have audited financial statements.

What's your code of conduct? One of the common errors is it wasn't on company letterhead and you know you have to keep it updated, so the letterhead should have the official name and all of the mailing and contact information. It didn't have a signature and these are small things that slow up the process of approving an award and a grant through the grant execution process. It's not posted on HUD's website. If you're not sure or you need information, that information is on the checklist. Please, make sure you post it on HUD's website and it's not recent. I think it has to be within the last three years. So, we see the last code of conduct is from 2000, it suggests that it needs to be updated.

Now, this is yet another area that you self-certify in. So, you're certifying that your statement is compliant. So, when we're going through the grant execution process, we're just making sure that one, you have a policy, it's posted to HUD, it's properly signed and it's recent. We're not reviewing your code of conduct to determine if it's in compliance with the uniform

guidance, which is why you self-certify. However, it is subject to verification. You could be subject on the backend for it to be reviewed to make sure that it is in compliance with your HUD grant agreement, your HUD handbook as well as the uniform guidance. Just know that when you're self-certifying.

One of the key financial documents in this whole process is your budget. If you're not clear, these are the sections under uniform guidance where you can go and look at what they define as a budget and also as in section 200.308, it tells you that you are required to report deviations from budget, project scope or objective, and requests prior approval. It's clear that it doesn't have a threshold to say, it's a deviation that's under this dollar amount or over this dollar amount. That language is not a part of the grant agreement nor is it a part of uniform guidance.

Any deviation from your budget, you have to submit a request in advance and have prior approval. Please, keep that in mind. That's why as a part of your quarterly reporting, you have to do actual versus budget. So, you should clearly see there is a deviation or let's suggest something you had in your budget, you realize you're no longer going to need or spend under this program, then you need to request a budget modification to move

those dollars to another budget item, which you will use as a part of the eligible activities and requirements under this grant. So, if you're not sure where that requirement is coming from, that's the section of the uniform guidance for you to refer to.

Common errors—signatures. The uniform guidance puts so much emphasis on authorized individuals signing documents. Your budget needs to be signed by the authorized individual; the executive director, the president, whoever is in a position to bind and enter into agreements with the agency. Your budget should equal the award amount. Sometimes, we get budgets where the budget's much larger than the award amount. I know for some, you're trying to show the level of investment or additional funding that you're putting into the HUD program. This is not the exercise for that. That was all in part of the application process, leverage funds, all of those things.

For this, we need your budget that you're submitting to equal what the award amount is so that it can be approved based on how you're going to spend these award amount dollars. It cannot include unallowable cost, which we're going to talk about. That goes back to cost associated with eligible activities, but it also goes back to expressly unallowable costs that

are detailed in the uniform guidance. We still get budgets where you're asking for costs that are not allowable.

Let me say clearly and I hope you all hear this, OHD will not be allowing rent as a direct cost in this grant. I know in some prior grants, if you were able to have the billing methodology that made sense, rent could have been treated as direct cost. HUD OHD is not allowing that during this grant cycle, so rent as a direct cost will be considered as allowable. So, hopefully that message gets across. It was in the NOFA. Hopefully it gets across too throughout your training yesterday and today.

This budget should be for the HUD grant only not for any other grants, not combined with any other grants but for the HUD grant only, and you have to provide some kind of assumption or explanation as it relates as to how you're coming up with these budget line items. It's not sufficient just to say housing counseling salaries. We need to know the housing counseling rate times the number of hours that you're coming up with these salaries. There will be a training on October—I want to say 30<sup>th</sup>—next week on preparing a budget. Once again, you'll have the opportunity to participate in a training prior to the submission of your grant execution packet to make sure that you've addressed these budget-related concerns. So, once

again, your package can go through the process without any issues; pretty seamless.

Then, lastly, incorrect computation of indirect cost—this gets back to understanding the NICRA. It gets back to if you're electing a 10%. If you're not electing any indirect cost, than that won't be an issue, but we had a lot of instances of incorrect computation because individuals aren't sure how to apply whatever that rate was into the base. If you're not sure, I believe we have some training on this, the first week of November prior to when the grant execution packages are due. Please look for that training on that as well.

Just to summarize for the budget, first you want to look at the programmatic requirement that gets directly into those eligible activities. You want to develop the budget and the assumptions. You want to make sure that whatever you're requested is allowable, analyzable, and all of those things are in the cost principles. You want to review the budget internally with accounting and finance, especially if you're doing an indirect cost computation. Please, review that with your accounting department to make sure you computed it correctly. Then, you want to submit your budget to HUD.

Some things to keep in mind for just those areas, your programmatic. For LSCAs and sub-grantees, once again, it should be based on your award amount. It should be based on that work plan with your eligible activities and then, use your prior grant history, if applicable, to help plan and budget. I say that because if you've had to modify your budget on prior grants because maybe you realized, I had supplies with a budget line item, but I didn't use supplies. Well, if you look at that, you don't to include that on your future budget if in fact, you keep requesting a modification to remove it or to reallocate it in past budgets, so do look. If you've had prior awards, look at your prior budgets and your actual spending to make sure it makes sense.

You want to understand your programmatic requirements for your intermediaries. You have to keep that list of sub-recipients updated and of course, for your MSOs, your funded branches and then, for the administrative, you have to provide that detailed budget accounting for all administrative activities. That same thing, if you're going to have administrative activities, you need to explain. You say travel. Well, what does that mean? Travel assumption may mean we're going to do two trips

to two seminars and they're estimated at that, because of course, a budget is an estimate. As I said, this will be addressed in the training next week.

You have to know your billing methodology, especially for intermediaries. Understand clearly how those methodologies with formulas and then be able to support that if necessary. You need to refer back to the cost principles and sub-part E of the uniform guidance and then the grant agreement. Even in your training to know, which expenses are allowable? Is it reasonable, and is it allocable? Reasonable, being is it consistent with the eligible activity and is it allocable to the HUD grant itself or are these costs that you're sharing with other grants?

This is the table that I alluded to earlier that does a crosswalk to the eligible activities and then examples of expenses. So, your salaries—eligible activity? Yes. It's for payroll. Well, these salaries include your housing counselors; it's for supervision; sometimes, executive directors are included in salaries because they have to oversee. Of course, you still have to have the hourly rate and the number of estimated hours. Salaries associated with oversight, with compliance, especially for intermediaries where there's a big oversight requirement. Quality control—these are all the areas that are justifiable activities under salary.

Training, which is an eligible activity—well, some of the expenses associated with training could be travel—the actual registration fees, the salaries for those individual participants that are doing the training or participate in the training, workshops, seminars and related materials, but the eligible activity, in and of itself is training.

For oversight, examples of expenses could be your administrative costs. You might have travels associated with oversight and supplies. Or, you may be using consultants to do oversight. That's another area we see, but what you're seeing here is the connectivity between the eligible activity and the expenses.

Marketing. For this grant, marketing is an allowable expense under the uniform guidance. In a lot of grants, it's not an allowable expense, but under this OHD grant, it is. So, expenses associated with that eligible activity: travel, actual marketing materials and the printing and the brochures, and possibly using a marketing consultant to assist in that area.

Housing counseling certification. So, expenses associated with that, like training and testing or salaries, because you may have some individuals that perform the services. Once again, travel and consultants.

Then capacity building—cost associated with hiring additional staff. So, what this should help you do is as you're going through your budget, and we're saying provide assumptions or explanations, this should help you to see how you should crosswalk your budgeted items to your eligible activities. To the extent your explanations and justifications tie into your eligible activity, then the budgetary line items that you requested should be fine. That's the connection here.

Please, see this note, rent is no longer allowable as a direct expense. If you historically charge rent as a direct, you may want to look at charging some kind of indirect cost. If you don't have a NICRA, then you may for the first time say, well, let me see about this 10% de minimis rate. That would be where you recapture or recover that rent cost.

Some of the things—and this is straight from the uniform guidance—these are some of the expressly what we call unallowable costs. So, please make sure you're familiar with them. Some of them are pretty

straightforward, things like entertainment costs, fines and penalties, things of that nature, but please make sure that you're at least familiar with what's expressly unallowable, so hopefully, none of this pops up on budget submission.

That's pretty much for budgeting. As I said, there's much more detailed training for that scheduled for October 30<sup>th</sup>. When we look at the projections for the grant activities, some of the errors we've seen in the grant execution packages are failure to submit a 9902 and then, projected goals are not consistent with the budget. So, looking at your award amount, if we see—and a lot of the times, it's clear in the numbers. You know, numbers—I'm not going to say they don't lie, but numbers are a good indicator.

If you have a \$20,000 budget and you only have \$8,000 going towards salaries, which are performing the actual housing counseling services, we look at your projections and we see that you're projecting—well, let's do it the reverse. Let's say you have a budget of \$20,000 and you say \$15,000 of this is going towards housing counseling, and then, when you look at your projections and you're projecting ten clients over this time period, well that's unreasonable. That suggests that either your salaries of what

you're paying to get the services are too high, or you're not utilizing the dollars to perform the services under your work plan. So, please make sure your projected goals are reasonable.

For intermediary, some of the common errors we saw were your sub-allocation list. Failure to provide a list of sub-grantees that reconcile to your grant allocation list, and we're getting the grant allocation listing, but then it doesn't reconcile to your sub-grantees. Then, we also need a brief explanation for how you determine your sub-grantees. That's a big part of the uniform guidance now; you're supposed to do a merit-based award, so you should have some ranking system or awarding system that makes sense that you provide to us along with this sub-allocation list.

Also, you need to have a documented process for your grant execution. We strongly encourage that you piggyback off of HUD's OHDs, because as a pass through, you're required to go through the same process that HUD has. I know in the prior round of grant executions, HUD contracted us to assist various intermediaries in reviewing their sub-recipient grant packages. We would be able to give them a full report on a grant package and recommend whether they accepted or not accepted in the system was ensuring they had all the documents required in the grant execution.

As a pass through, you're required to have a say. It passes through to you the whole responsibility of going through this grant execution package.

The requirements for the intermediary, should be passed through to the sub-grantees, so just as your grant execution package and those requirements, the sub-grantee should be subject to the same requirements.

As I said, you can request assistance from HUD OHD as your intermediary. If you need assistance from getting through the grant execution packages, you can request that assistance through HUD OHD.

Now, I'm just recapping some of the common errors that we've seen incomplete plan execution packages: just applying the indirect cost rate without approved NICRA or 10% cost allocation, so pretty much using whatever rate that you're proposing. Incorrect application or computation of the indirect cost rate, unacceptable or no financial management system. Even though that's a self-certified, there's still some agencies didn't have any financial management system and in those cases, the HUD POC or if it was intermediary, requested that we do a financial capability assessment to provide some assurance that the agency has been looked at to see if they're financially capable of monitoring or executing this grant. No separate fund accounting for HUD OHD grant which comes up. You

don't have any recent audited financial statements. You should have had a single audit, but you didn't have a single audit. You didn't submit that single audit to the federal clearinghouse in a timely manner within those nine months. Your code of conduct was not uploaded onto HUD's website or wasn't signed or wasn't recent. You didn't submit a budget, which we've seen a couple of times where no budget was submitted or then, that budget didn't reconcile to the grant award amount. Then, for intermediaries, even MSOs, there was no sub-allocation list. Those were the most common errors.

How can OAC help you get through this process and you still have enough time to request assistance? You can get assistance through training, which as I said, there's a preparing a budget training that you can register for next week. There's a financial management system, and a grant financial reporting training within the next—I know, they're all within the next 30 days. So, they're available to you. You can register just as you did for this training and participate in those particular trainings.

We also have trainings on understanding indirect cost rate, so on computing the 10% de minimis rate. Then, on understanding billing methodologies and practices. Now, all of these will not be occurring by

the time that the grant execution package is due. However, if you go to HUD Exchange, you might be able to pull up the training materials, because we have done all of these trainings within the last year. So, if you can't participate in the live webinar, you may be able to go to HUD Exchange and find these training materials and you can read the transcripts and listen to the audio on these specific topics, because they are available and they have been conducted within the last 12 months.

For intermediaries—for the grant execution, you can request assistance by having your grant execution packages reviewed for your sub-grantees and being issued a recommendation whether you accept or [ph] reject the package. Or, if you have a sub-grantee who didn't give you audited financial statements, or their financial management system is in question, you can request through your HUD POC that we conduct a financial capability assessment, which we did quite a few of, so that too becomes part of your file to document that you formed due diligence to ensure the agency or the sub-recipients had the wherewithal, the financial capabilities to perform on the grant.

Those, as I said, can be requested and the way that you do that, all of your assistance, you will request through any HUD POC. Let's say you are

LACA and this is the first time you're going to do that 10% de minimis rate. Even after participating in the training, you have a question, you can request assistance from a TA just like an intermediary who wants assistance with having the grant execution packages of their sub-recipients reviewed, you can request that through your HUD POC. Your HUD POC then makes the determination of whether they think those services are required and they will contact what we call the SMEs, Subject Matter Experts, for our this particular contract, which are Dale Osgood [ph], Tracey Fields [ph] and Matt Finn [ph] and then, at that point, we would contact you directly and we would work with you on whatever the required assistance for.

Just some additional resources—the course HUD Exchange, you can go there to see if you can identify, find a prior training on some of those topics that might help you with the grant execution as well as this training itself. Email [hudhousing.counseling@hud.gov](mailto:hudhousing.counseling@hud.gov) if you have any questions following this webinar. Even if they are a couple of days later, you can send an email to this email address.

Now, if you are not a recipient of a HUD Housing Counseling Grant, or a local housing authority or within the Office of Housing Counseling

network of authorized agencies, then we cannot respond to questions submitted at [housing.counseling@hud.gov](mailto:housing.counseling@hud.gov) through this webinar. So, even if you submit a question, HUD will make the determination if you fall within the stakeholders and if then, in fact if that question can be responded to through this webinar. Then, this is the information on the bridge if you wanted to know how to get to that link.

As I said, any questions, please forward them to [housing.counseling@hud.gov](mailto:housing.counseling@hud.gov). For easy distribution, if you can include the name of this webinar, Preparing a Grant Execution Package, in the subject line item, it makes it easier to distribute the questions and as I just said, only questions related to the HUD Office of Housing Comprehensive Housing Counseling Grant will be accepted and responded to, so please keep that in mind.

I thank you all for your time this afternoon and look forward to working with you in the near future.

Moderator

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