



# Preparing for a Financial Administrative Review

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**Participant Access Code: 879309**

**February 25, 2021**

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- Audio is being recorded. The playback number along with the PowerPoint & a transcript will be available on the [HUD Exchange](#).
- The webinar will be posted in 7-10 days.
- Handouts were sent out prior to webinar. They are also available in the Control Panel. Click on the document name to start the download.

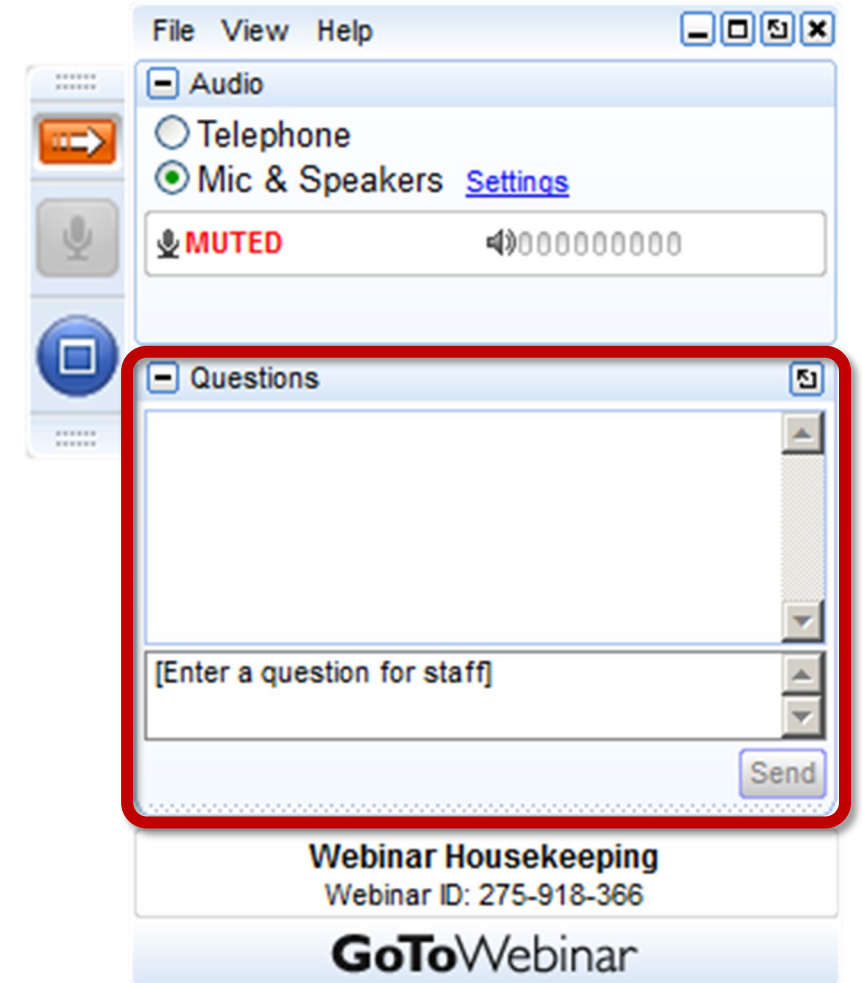
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**There may be Q&A periods, as well as discussions opportunities.**

- If so, the operator will give you instructions on how to ask questions or make your comments.
- If your phone is unmuted during Q&A period, please do not use a speaker phone

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- Please submit your text questions & comments using the Questions Panel. We will answer some of them during the webinar.
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# Preparing for a Financial Administrative Review

Facilitated by: Allmond & Company, LLC

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

**February 25, 2021**

# Agenda

- Introductions
- Course Objectives
- Purpose of Financial Reviews
- Site Visit
- Financial Review Testing
- Review Results
- Best Practices

# Introductions

- US Department of Housing of Urban Development, Office of Housing Counseling
- Allmond and Company
  - Blair Clarke, CPA – Assistant Project Manager
  - Vanessa McCollum, CPA, CGFM – Manager
  - Raven McGriff – Senior Accountant



# Course Objective

This session will provide an overview of the basic framework for financial reviews. There will be variations to this framework based on each Agency's operations and the reasons for the review request.

# Course Objective

After completing this course, participants should be able to:

- Understand the purpose of a financial review
- Understand how to prepare for a financial review
- Understand the financial review process

# Financial Review Purpose

The purpose of a financial review is to determine whether the Grant recipient is in compliance with regulations from:

- Grant Agreement and Notice of Funding Availability (NOFA)
- OMB's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)
- HUD Handbook 7610.1 Rev 5

# Types of Financial Reviews

## **Financial Administrative Review**

- This review is generally considered an all-inclusive review of all financial functions and other processes as it pertains to your participation in the HUD-OHC grant program.

## **Financial Capability Assessment**

- These reviews are often targeted at specific concerns identified by HUD and may not include all aspects of the participants processes.

# You've Been Selected - What's Next?

- Initial Contact from Review Team
- Schedule Site Visit or Remote Review Date(s)
- Review Testing
- Review Results and Reporting

# Initial Contact

- **You will receive an email/letter from Allmond & Company, including :**
  - Preparation Checklist – detailing documents to be submitted by specified due date
  - Tentative site visit dates, if applicable
- Grant recipient should submit documents by due date and confirm availability of site visit date(s)
- Allmond & Co. will confirm site visit date(s) and submit sample selection of expenses to be reviewed during site visit



# Sample Preparation Checklist Items

- Most recent audited financial statements
- Agency's policies and procedures
- Quarterly Financial reports submitted to HUD
- Sub-grantee agreements and quarterly reports
- General ledger detail of all expenses from agency's accounting system
- Agency organizational chart

# Site Visit

- Prior to the site visit, we send a confirmation that details the date and time we plan to be on-site, as well as the names of our team members.
- We are usually on-site for one day.
- We ask that you provide us a dedicated work space during our time on-site.

# What Happens During Site Visit

## **Entrance Conference**

- With Agency, Allmond and HUD OHC Representatives
- Discuss purpose of visit and schedule of on-site review activities

## **Interviews with Key Grantee Staff**

- Gain an understanding of the organization operations, as they relate to the grant award
- Identify key internal controls

# What Happens During Site Visit

## **On-Site Testing**

- We will provide agency with a list of sampled expenses. During the site visit, provide support for those expenses for our testing.

## **Exit Conference**

- With Agency, Allmond and HUD OHC Representatives
- Discuss preliminary results and findings of the review.

# Financial Review Testing

Testing is performed on-site or remotely.



# Financial Review Process

**During the review, we attempt to answer the following questions:**

- Was grant funding used in accordance with applicable laws, HUD OHC regulations, agency policies and the grant agreement?
- Were internal controls operating effectively, to ensure that grant funding was safeguarded against waste, loss, and misuse?
- Was reliable data obtained, maintained, and fairly disclosed in reports submitted to HUD OHC?
- Was proper expense documentation maintained?



# Financial Review Process

## **The process may include:**

- Review of agency's written policies and procedures
- Interviews with program staff
- Follow-up on audit and/or review findings
- Test of financial controls and grant expenses
- Entrance and exit conferences
- Comment period for Grantee management to respond to any findings or deficiencies noted during the review.

# Areas of Testing

- Internal Controls
- Compliance/ Financial Reporting
- Procurement
- Timekeeping and Attendance
- Cash Management

# Review Testing

## Internal Control Testing

- Analysis of control environment
- Evaluate internal controls
- Review documentation that evidences the performance of internal controls, i.e.
  - Determine if timesheets and/or Personnel Activity Reports are signed by supervisor that reviews timesheets for accuracy.
  - Determine if expenses are approved prior to purchase or charging to the grant award.

# Review Testing

## **Compliance/Financial Reporting**

- Review audited financial statements
- Determine if quarterly reports (HUD-9902s and SF-425s) were accurately prepared, properly approved and submitted on-time
- Compare approved budget to actual expenses
- Review sub-grantee agreement(s) and monitoring

# Review Testing

## Procurement

- Test a sample of non-payroll expenses to determine if grant related transactions agree to supporting documentation and determine if costs are allowable
- Determine if approved overhead rate was used to calculate indirect costs charged to the grant

# Review Testing

## **Timekeeping and Attendance**

- Validate staff hourly rates agree to those reported to HUD
- Employee timesheets are approved by supervisor



# Testing

## Cash Management

- Review a sample of bank statements.
- Review support of payments Grantee issued to sub-grantees.
- Review support of payments sub-grantee received from Grantee.

# Review Results

- Preliminary findings of the review will be discussed at the exit conference.
- Draft Financial Administrative Review Report
- HUD OHC Response
- Final Financial Administrative Review Report

# Best Practices

- Accurately track all staff hours, including hours billable to the grant.
- Maintain all documentation to support amounts billed to HUD.
- Submit any budget revisions to HUD POC for approval.
- Prepare the quarterly reports based on actual grant expenses.

# References



## **OMB's Uniform Guidance (2014)**

- <https://www.grants.gov/web/grants/learn-grants/grant-policies/omb-uniform-guidance-2014.html>

## **HUD's Housing Counseling Program Handbook (7610.1)**

- [https://www.hud.gov/program\\_offices/administration/hudclips/handbooks/hsgb/7610.1](https://www.hud.gov/program_offices/administration/hudclips/handbooks/hsgb/7610.1)

## **U. S. Department of HUD, Housing Counseling Program, Grant Agreement**

- mailed directly to grantees

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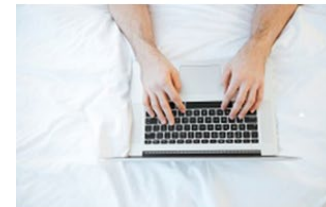
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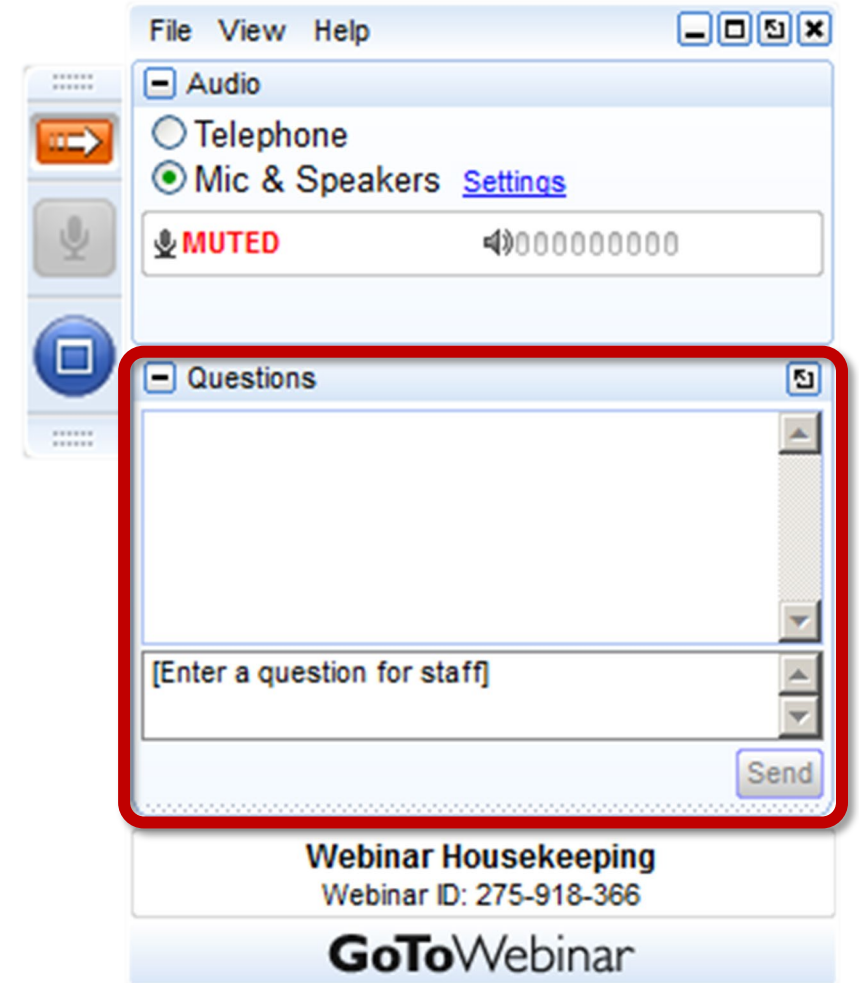
# Questions



# Before You Go

## Please give us feedback in the Question Box

- Was this webinar useful to you? To your clients?
- Will you share the information with your co-workers?
- Any other comments?





Thank You for  
Attending!