



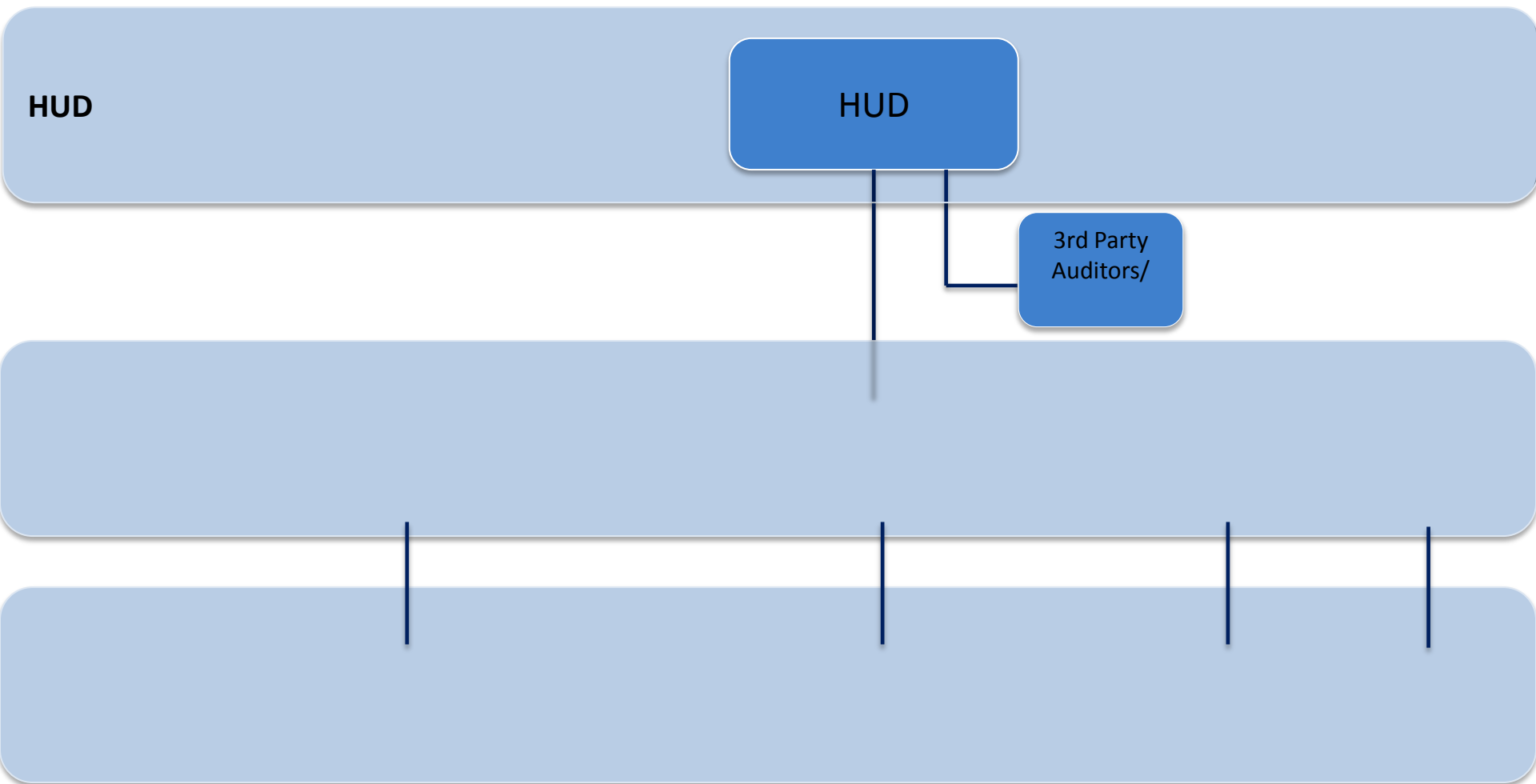
Planning for your Financial Audit with Booth Management

August 5, 2015

Facilitators & Speakers

- Facilitator: Phyllis Ford, Division Director, Office of Oversight & Accountability, HUD
- Speakers:
 - Robin Booth, Principal, Booth Management
 - Karen Hoskins, Senior Manager, National Home Ownership Programs, NeighborWorks America
 - Kelly Gill-Gordon, Housing Education Director, Virginia Housing Development Authority (VHDA)

HUD-Oversight Agency-Network Relationship Diagram



Differences between Performance Reviews and Financial Audits

HUD Performance Reviews focus on HUD Program Compliance	Third Party Audits focus on compliance with HUD grant agreement and OMB regulations
Review of subgrantee agreement and assurance of compliance with HUD Program rules	Verify application of OMB Omni Circular Cost Principles ensuring costs are allowable, allocable, reasonable with adequate supporting documentation
Review the submission and accuracy of 9902 reports in the Housing Counseling System	Verify costs reimbursed are consistent with the approved budget
Review of Conflict of Interest Policies	Verify adequate internal controls
Review of subgrantee training and staff experience	Confirm amounts were paid timely by oversight agency
Review of Quality Control Plan for policies assuring HUD program compliance	Confirm financial monitoring activities are conducted consistent with their approved monitoring plan
Review of Fair Housing Activities	

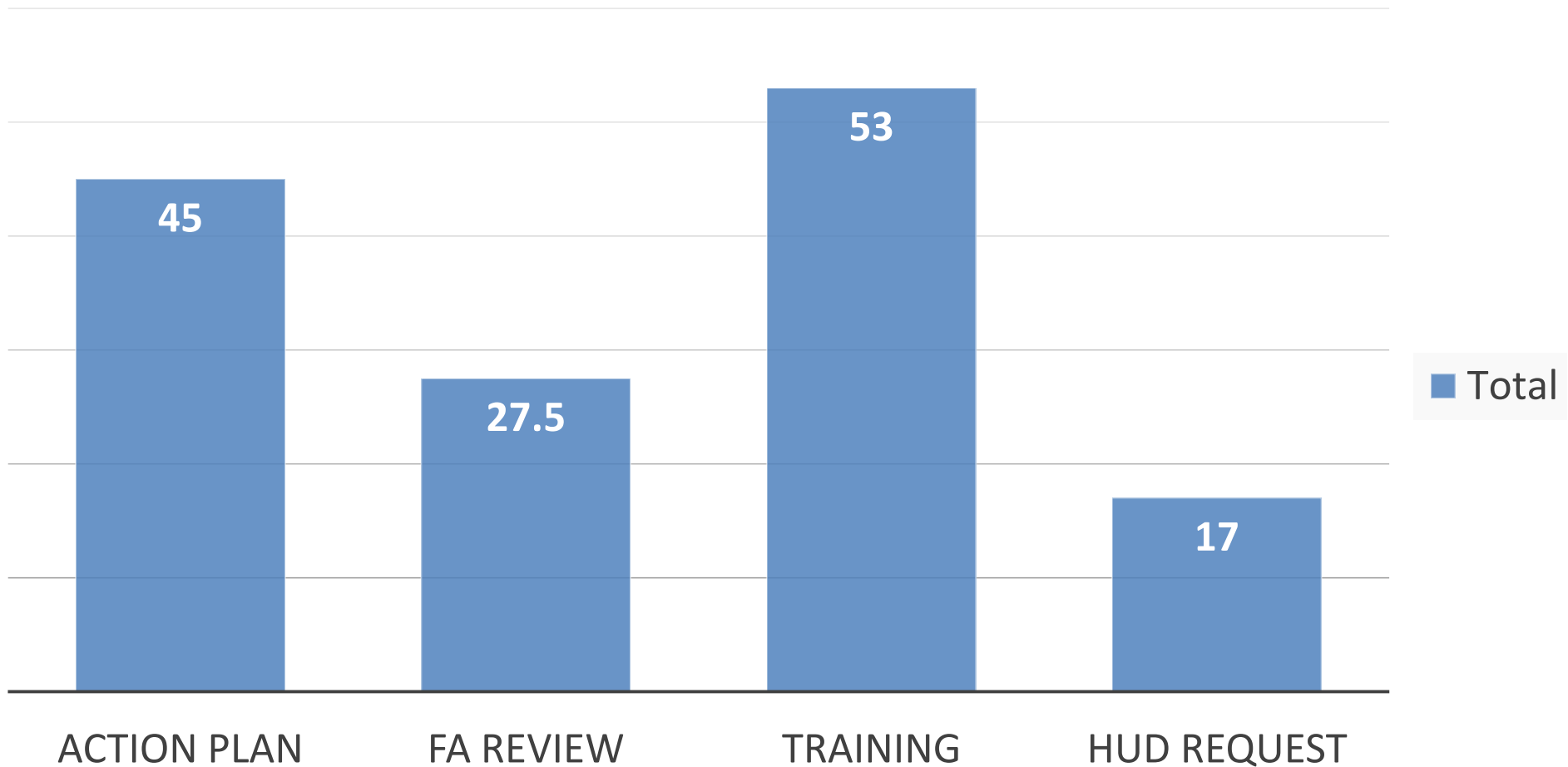


Booth Management

Technical Assistance vs Financial Audit & Administrative Review

Topic/Issue	Technical Assistance	Financial Audit and Administrative Review
Compliance with NOFA, OMB Omni Circular, HUD Handbook 7610.1 REV5 and all Federal regulations	Provide technical assistance to assist grantees with being in compliance	Perform agreed upon procedures (review) to determine compliance.
Deliverable	Varies (i.e. Action Plan, updated policies and procedures, etc.)	Final Financial and Administrative Site Visit Report
Service Delivery Method	On-site or remote (primarily remote)	On-site review or remote (primarily on-site)
Internal/External	Both	External
Services	Varies depending on request (i.e. training, documentation review and preparation, research, Action Plans, assistance with monitoring plans, etc.)	Issue a report with findings, recommendations and a corrective action plan, if applicable. Communication with HUD POCs on grantee related issues as they occur.
Front End and/or Back End	Both	Back End

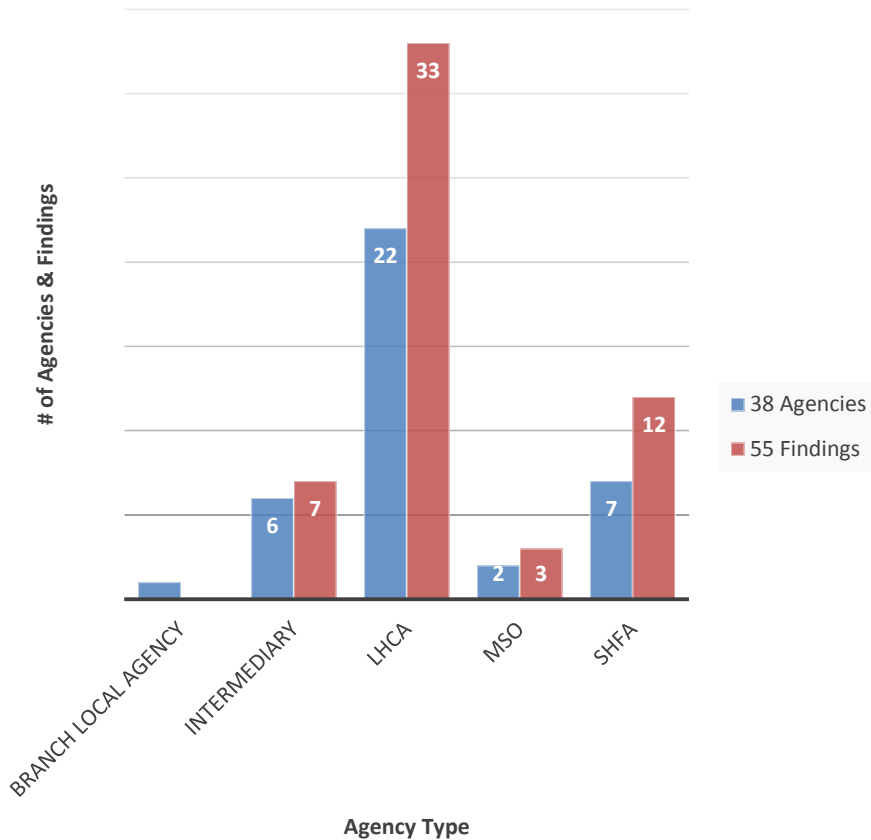
Types of TA Requests



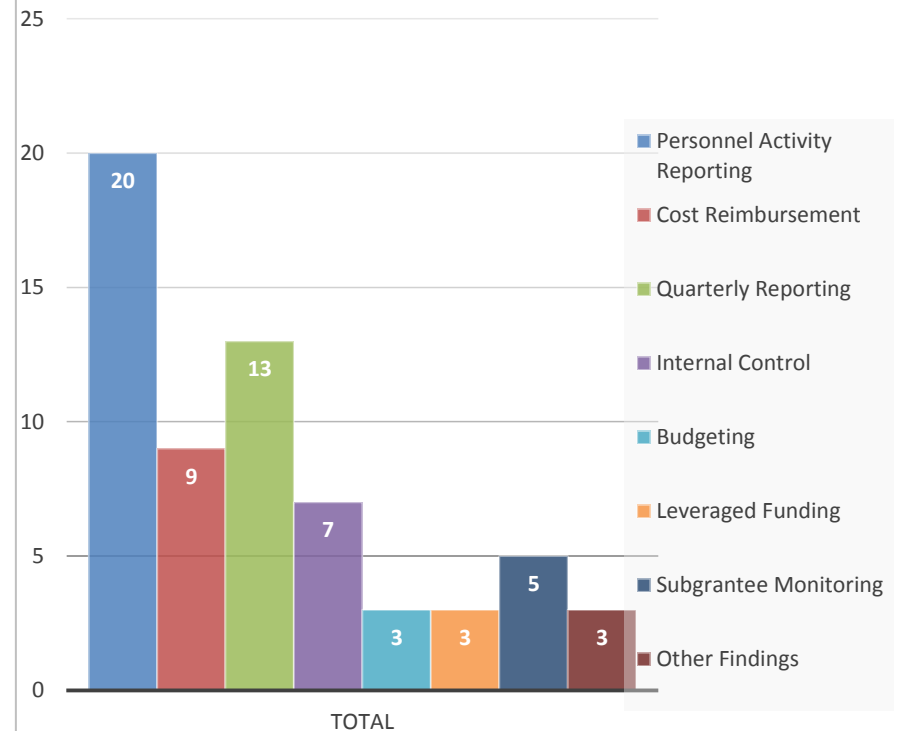
142.5 TA requests to date for over 60 agencies.

Analysis of FA Reviews

Findings by Agency Type for FY13 & FY14 Reviews



Summary of Findings for FY 13- FY14 FA Reviews



Overview of FA Review

Planning

- HUD Notification in November 2015
- BMC Document Requests and Internal Control Questionnaire 30 days after HUD notification. Due 15 business days
- BMC Reviewer contact to initiate the review

Onsite Visit

- 30 day notification before actual site visit
- Sample selection sent 5-7 business days before the review
- Entrance conference
- Onsite testing, confirmations, and interviews

Reporting

- Grantee has 10 days to respond to any proposed findings
- Exit conference to review proposed findings
- BMC Draft Report submitted to HUD GTM, grantee, HUD POC
- Final report, incorporating HUD comments, sent to grantee

What to Expect

- Specific tests and procedures to determine compliance with the financial requirements in the regulations
- Initial notification from HUD
- Documents requested within 60 days notification
- On-site for 1-3 business days
- Testing of no more than 20 total transactions
- Increased testing of internal controls

What to Expect (cont.)

- Extensive review of sub-grantee award and monitoring activities
- Report distributed approximately 45 days after the review
- If corrective actions, HUD provided technical assistance recommended

How to Prepare

- Read the NOFA, HUD Grant Agreement, OMB Omni Circular, HUD Handbook 7610.1 REV5, and other Regulations
- Participate in the “Overview of the FA Review” training
- Share financial related information with accounting area
- Provide sub-grantees with all requirements

How to Prepare (cont.)

- When possible, standardize and document processes to ensure consistent applications, i.e. policies and procedures and sub-recipient monitoring plan
- Do not hesitate to contact your HUD POC if you have any questions

Lessons Learned

Lessons Learned	INT	MSO	SHFA	LHCA
Inadequate policies and procedures and training of staff	X			X
Failure to monitor budget vs. actual and request approval of changes in the budget	X		X	X
Inadequate supporting documentation for reimbursements from sub-grantee and parent	X			X
Inadequate timekeeping and personnel activity reporting	X		X	X
Inadequate sub-grantee award process	X		X	
Inadequate sub-grantee monitoring process	X		X	
Inadequate sub-grantee invoice review process	X		X	
Late, incomplete and/or inaccurate quarterly reporting (i.e. SF 425)	X		X	
Inadequate tracking and supporting documentation of sub-grantee and parent leverage funding	X		X	X

OMB Changes Affecting Intermediaries

- Administrative requirements
 - Include certification statement on financial reports and request for payment
- Sub-grantee Award
 - Risk Assessment (risk factors including financial capability, personnel/system changes, prior audit results, experience with similar grants)
 - Minimum information required
- Sub-grantee Monitoring
 - Documented procedures and based on risk assessment
 - Performance reports to sub-grantees at least annually

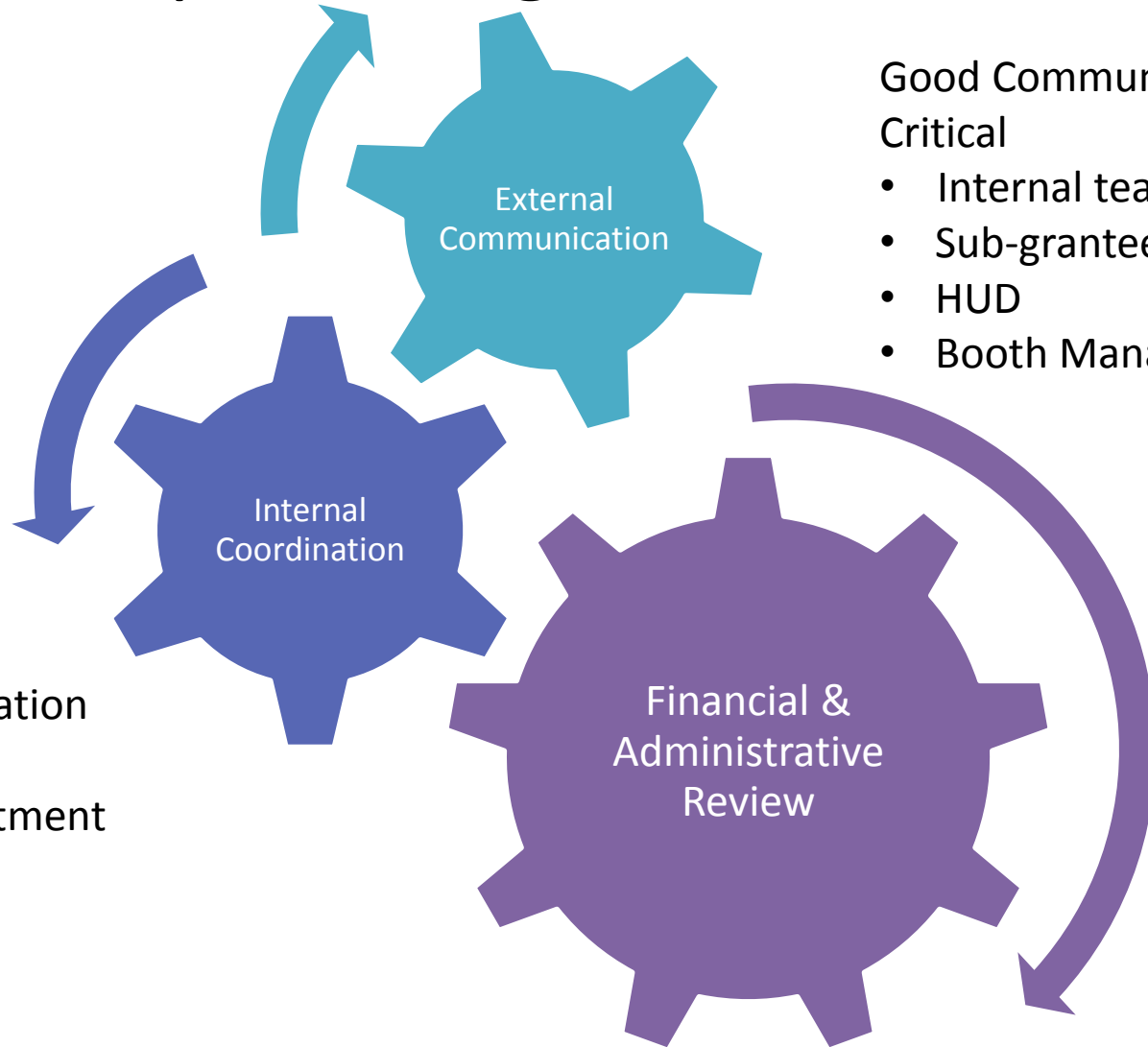
OMB Changes Affecting Intermediaries (cont.)

- Sub-grantee Monitoring (cont.)
 - Enforcement actions available
- Indirect Cost Rates (allow sub-grantees to use the 10% de minimis)
- Personnel Activity Reports – no longer required but activity still tracked
- Single Audit (A-133) Threshold Increased to \$750,000
- Procurement – subs and parents must have documented policies and procedures



NeighborWorks America

How to Prepare: NeighborWorks America



Good Communication is Critical

- Internal team
- Sub-grantees
- HUD
- Booth Management

Internal Coordination

- Program Staff
- Finance Department
- Audit Team

NeighborWorks: Audit Prep, Experience and Lessons Learned

Planning

- Identify roles and responsibilities
- Revisit the grant agreement/ensure documentation is in place to support
- Seek support from your HUD POC
- Coordinate and respond timely to requests for documentation

Onsite Visit

- Make sure staff are readily available and join the entrance and exit conferences
- Ask Questions / Seek Clarification
- Communicate with Sub-recipients
- Invite HUD POC to participate in Exit and Entrance Interview

NeighborWorks: Audit Prep, Experience and Lessons Learned

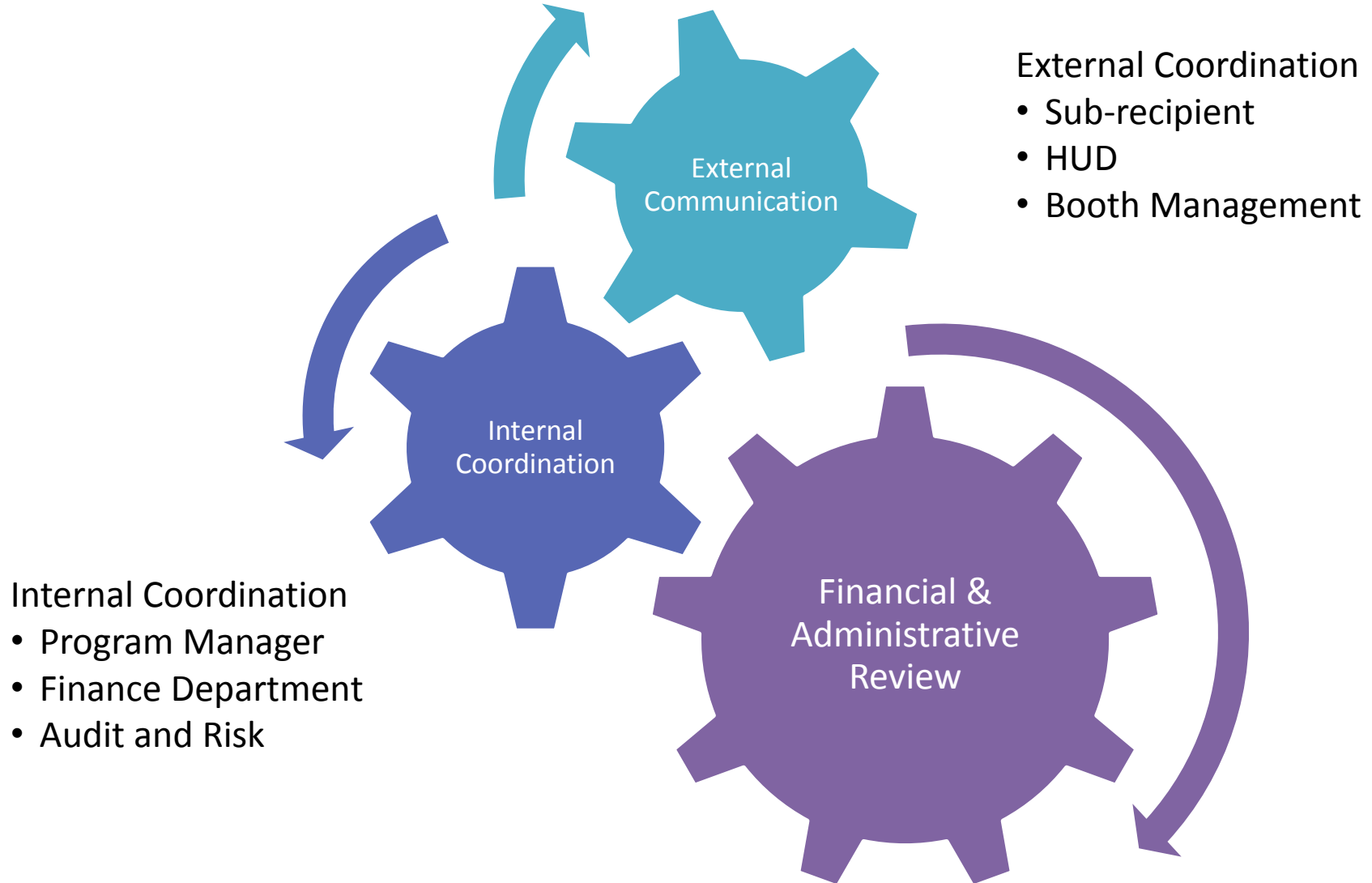
Reporting

- Respond quickly to any follow-up requests for information
- Request TA if needed
- Conduct an internal debriefing
- Use results to make program improvements



Virginia Housing Development Authority (VHDA)

How to Prepare: VHDA's Experience



FA Review: VHDA Financial Audit Preparation, Experience and Lessons Learned

Planning

- Collect necessary documentation throughout the year (e.g. PAR, Expenses Documentation, Leverage)
- Provide requested documentation prior to the visit
- Coordinate with internal departments
- Share grant agreements and regulations between program area, finance, legal and audit

Onsite Visit

- Be prepared- Involve staff
- Ask Questions / Seek Clarification
- Communicate with Sub-recipients
- Invite HUD POC to participate in Exit and Entrance Interview

FA Review: VHDA Financial Audit Preparation, Experience and Lessons Learned

Reporting

- Use feedback from the exit interview proposed findings / observations to make program changes
- Request TA
- Train sub-recipients
- Update / Create policy and procedures for program improvement

Q and A