



Final Transcript

HUD - US DEPT OF HOUSING & URBAN DEVELOPMENT: Overview of Financial and Administrative Reviews for Intermediaries, SHFAs, and MSOs

December 6, 2016/2:00 p.m. EST

SPEAKERS

Petergay Bryan

PRESENTATION

Moderator Ladies and gentlemen, thank you for standing by. Welcome to the Overview of Financial and Administrative Reviews for Intermediaries, SHFAs, and MSOs conference call. At this time, all participants are in a listen-only mode. Later, we will conduct a question and answer session and instructions will be given at that time. [Operator instructions]. As a reminder this conference is being recorded.

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

Petergay

Hello, everyone. I'm Petergay Bryan with Booth Management Consulting, and today I'm going to be facilitating the training on an Overview of Financial and Administrative Reviews for Intermediaries, SHFAs and MSOs. As the operator already mentioned, audio is going to be recorded and it will be available along with a PowerPoint presentation at www.hud.gov/housingcounseling under the Webinar Archives tab.

You're going to be muted during the presentation. But if you do have questions, I will be breaking periodically to answer any questions that you have and the operator will give you instructions on how you should do so. We also have representatives from Booth Management Consulting who will be able to immediately respond to your questions. If you look at your control panel, there's a tab there that says Questions. If you type your questions there, and we'll have someone to respond to you to give you a quicker response.

Also, if after today's webinar, you think of any questions or if you have anything that wasn't responded to during the presentation today, you can send an email to housing.counseling@hud.gov with an overview of financial and administrative reviews as the subject line.

The presentation today is going to be recorded and you'll receive information from that by Listserv later. Also at the end of today's session, you will be requested to complete a brief survey. This helps HUD to better plan and prepare for webinars that they facilitate and provide to you guys. So, we would really appreciate if you completed that survey.

And as far as a certificate of training, you're going to receive a thank you for attending email from GoToWebinar within the next 48 hours and it will also state that is your certificate of training. So, you should just print that out, and save that in your records and keep that for your certification. Now, we'll just go ahead and start our presentation.

The things that we'll be discussing today, we'll talk a little bit about who's Booth Management Consulting, what is an agreed-upon procedures engagement. We'll go over the overview of financial and administrative reviews and the entire process, which includes four phases.

The first phase is a planning phase. The second phase is the site visit.

We'll also have a reporting phase where a reported issue is based on the

review, and for some agencies, there's a technical assistance phase, if there's any follow up after the review.

We'll also talk about common findings that we've noted from conducting these types of reviews for HUD's housing counseling program, lessons learned, some frequently asked questions, and of course, we'll be taking questions as we go on throughout the presentation.

So, Booth Management Consulting is an SBA certified minority and women-owned accounting firm. And we are located in Columbia, Maryland. We were founded in 1997 and our lead principle is Robin Booth. We're pretty much staffed with CPAs, accountants, financial analysts and auditors, and we have over 25 years of experience in providing these types of services.

Booth Management Consulting, and throughout the exercise you'll hear me say BMC for short, now we were contracted by HUD to perform financial and administrative reviews of their housing counseling grant program. We also provide technical assistance to their housing counseling grantees. We provide training. We conduct action plans and things of that nature as they relate to the housing counseling program.

Particularly for the financial and administrative review, you'll become familiar with these names. Robin Booth, who's the project manager, Richard Yirenkyi, he's the alternate project manager. He would have been the one to send out the initial notifications to your agency. And the primary auditors who would be performing the site visit and would be working one on one with your agency would be either Wilfredo Corps, myself, Petergay Bryan, or Delbert Strawther.

Agreed-upon procedures engagement, so this is pretty much the basis of our contract with HUD. HUD, as well as, Booth Management Consulting, have agreed upon specific procedures that they would like to perform as they relate to your housing counseling grant program as we assess those programs for compliance with HUD requirements as well as the uniform grant requirements and regulations. So, during the reviews, this is pretty much what we'll be concerned with, anything as it relates to the program.

We'll be performing the procedures to see whether or not you are in compliance during the period that we are looking at. And specifically for this cycle, we'll be looking at your FY13 and FY14 grant years. So, if you

received a grant during any of those two years or for both of those years, a review will cover those two periods.

We'll also provide a report to HUD on the results of those procedures.

But we want you to bear in mind that the procedures performed we're not doing a full-fledged audit. It's pretty much just a review to see whether or not you were in compliance with the reporting and regulatory requirements. We won't be providing an opinion. The report will pretty much state whether or not for the areas we looked at whether or not you were in compliance with the requirements during the time frame that we're looking at.

And overview of the financial and administrative review process, as I said before, there are four phases. The planning phase, we usually do our planning within 30 days of the review. The site visit, we usually go onsite for one business day. The reporting phase would take pretty much up to two weeks after the site visit to complete, and if there are any follow-up actions to be done after the review has been completed, then, there's a technical assistance phase and that takes about to 30 to 60 business days after the report has been issued. And we'll get into each of these phases as we go through today's exercise.

So, in the planning phase, the process starts out where HUD sends an initial notification letter to each grantee. So, each fiscal year, each year while we conduct the financial and administrative reviews, HUD selects a sample of about 50 housing counseling grantees. They may be SHFAs, intermediaries, MSOs, or local housing counseling agencies or sub-grantees. HUD makes those selections and they let BMC know that these are the agencies that we would like to get reviewed this year or during this cycle.

The goal is to eventually over a certain number of years get through to all of HUD's active housing counseling agencies. So, if you weren't selected for the fiscal year, then you would receive your initial notification letter directly from HUD letting you know what the process is about and letting you know to also anticipate a letter from Booth Management Consulting to get you guys prepared for the review.

The next step, step 2A, is where you would receive a notification letter from Booth Management Consulting and that would come from the alternate project manager, Richard Yirenkyi. And in that letter he would notify you that, okay, we're getting ready to come out and do this review.

It would also include a document request listing, as well as a duties grid included as an attachment. And in the document request listing, it specifies for you specific items that we are requiring that you submit by a certain time.

Once you've received those documents and you review the deadline for submitting the documents, then we usually give you ample time to provide the documents back to us. And then once we receive those documents, and then the BMC auditor is assigned to your agency for a review, the auditor assigned would then perform a preliminary evaluation based on the documents that you have submitted.

After we've conducted that preliminary evaluation, then you guys would receive an invitation to participate in a training, which is this training today to pretty much brief you on what to expect for the financial and administrative review. So, today, we'll talk about the entire process. We'll take questions that you have and get you guys prepared for when we actually do come onsite.

After today's session, as the auditor gets near to the time that they're going to physically come out and perform the review, then they would

conduct a call with key personnel from your agency to coordinate the schedule of the review. So, we try to pick a suitable date for when the key personnel from your agency would be available. A lot of times, larger agencies like yourselves will have multiple locations. So, we talk about it and see which one of the locations would be more suitable for the auditors to come to for that one day site visit.

We'd confirm the location of your records, do you have a workspace available and things of that nature on that phone call. And if you have questions based on the document request listing, that's where a lot of times grantees ask those questions. They want to clarify any questions that they have to make sure that they get the documents, if you haven't already done so, get the appropriate documents to the auditor prior to the site visit.

After that initial phone call, then the auditor would send you a confirmation letter, just to summarize everything that was discussed. So, they would be confirming the date of the review, the location, and the address of the review, and any other outstanding items or things worth mentioning in a summary email.

Also, about three to five days prior to the site visit date, the auditor would send you a sample request listing. In the sample request listing, we are very specific as to the things that we would like to look at for each of our sample items. If you have questions, the auditors are very accessible. You can send them an email or a phone call to clarify any questions that you have.

And you want to do that prior to the site visit, because once we get out there, we only have the one day to try to get as much information as possible. But we do allow for you to send additional documents afterwards. We prefer to get it prior to, but we do allow for time for you to get that to us afterwards if that happens.

And then we also would contact the grantee to confirm that they're ready for us to come out there. Usually grantees are ready once we've confirmed the date, we've booked our flights and things like that. We usually haven't had any issues, but if there are issues, we do encourage you to communicate that to us as soon as possible so that doesn't affect our travel schedule.

Prior to the site visit, we also communicate with your HUD specialist.

Certain documents that we get from them would be your LOCC vouchers and payment requests. We want to also get from them a copy of your grant agreement and form 1044, the award letter, any leverage funds that you reported to HUD during your application process, you're going to get that from your HUD POC. We would also get a copy of your final approved budget or any amendments. We'd also be talking to your HUD specialist to find out if they have any concerns about your agency, anything in particular that we need to pay attention to while we're onsite and ready to perform these reviews.

And we also take a look at the results of your most recent performance review. So, if you've had a performance review in the past few years, that would still be relevant. We would take a look at that and look at what the results of those were, and we'd probably follow up with you guys if there's anything that impacted the financial and administrative review while we were out there onsite.

During our planning phase, so one of the things that we ask for on the document request listing is a copy of your policies and procedures, and we specify which policies and procedures we're looking for. So, for example,

we ask for cash receipts, policies and procedures, policies and procedures for cash disbursement, timekeeping, procurement. And in the cash receipts policies and procedures, these are some of the things that we are looking to see whether or not they have been properly documented by your agency.

So, the first bullet here, we're looking to see who has the ability to open bank statements or review invoices or billing documents or the ability to receive payments, review reconciliations, approve credit memos, who has the recording ability to prepare the invoices, or to prepare the credit memos, post entries to the general ledger, change online information for billing our credit memos, change master file information, and who has the ability to monitor the cash receipts process, like who's doing the bank reconciliations and who's performing the reconciliations of the accounts receivable, sub-ledger to the ledger, and who's approving budgets.

So, we're checking your policies and procedures to see whether or not those are documented, as well as we're looking at the segregation of duties grid to see who's performing these functions. The cash disbursements business process area, we're looking again, who's looking at the statements, who can issue a purchase order or authorize a purchase order,

who can issue a check or initiate an electronic funds transfer, who signs their checks, who has access to the mechanical signature plates, who records accounts payable, cash disbursements, cash transfers, who's making changes to online information for accounts payable, who's making changes to your master files for your electronic funds transfers or journal entries. And we're also looking at who can perform the bank reconciliation and reconcile accounts payable to the general ledger and who can approve budgets.

We're also, when we look at the segregation of duties grid, we also look at that for the cash disbursement cycle, and in particular, we're trying to see who exactly is performing these functions. So, we're looking to see whether or not there are any conflicts in the segregation of duties and if we note any conflicts we would definitely bring it up during the review because a lot of times these things can be explained. Sometimes agencies don't have—they're unable to completely segregate a certain control, but they do have mitigating controls in place, which all it takes is a conversation to clarify that.

When we look at your policies and procedures for time and attendance, we are looking to see whether or not the employee signs off on their time

sheets, that their supervisor also sign off on their time sheets. How do we make sure that it's based on an after the fact determination of hours worked? Are we just documenting based on budgeted hours, or are we recording actual hours performed? Does each individual prepare their own time sheet? Are there any penalties for falsifying or altering one's time sheet? How do agencies verify that hours worked are accurate? What are the procedures in place for correcting time sheets that were already submitted and processed, and [indiscernible] and processed, but we realized we charged the wrong charge code or something like that, what's the procedure for correcting that?

Also, what are your procedures for approving time sheets at your agency? And as far as personnel activity reporting, if you don't have an actual personnel activity report, what is your process for making sure that services provided under the housing counseling grant program, they're actually accurate, allowable, and accurately allocated to the housing counseling program? How does your agency make sure that the reporting of those activities is done properly?

When we look at your policies and procedures for sub-grantee monitoring, we're doing policy and procedure testing. So, whatever your process is, if

you do risk assessments of your grantees, we're going to take a look at those risk assessments. We also perform audits on sub-grantee files to make sure that all the documentation that should be included in the sub-grantee's package, for example, the award letter, the risk assessment, whatever you guys have in place for awarding that grantee, if it's a certain metrics or score or something like that, is that included in their file, things like that. We would take a look at that.

We also interview some of your sub-grantees to determine your interaction. How has that been for the past fiscal year with the grantee? Have you communicated all the requirements that HUD requires that you pass on to your sub-grantees? Have that passed on? We would also find out about payments, how timely those have been, what your involvement is as far as providing technical assistance or training to the sub-grantees, what types of supporting documents do you obtain from your sub-grantees in your verification process or your monitoring process and what are your monitoring procedures that you have documented in your policy. Have you implemented those procedures that you have documented?

We would also submit confirmation letters to your sub-grantees to confirm the amount of the sub-award. So, if you reported to HUD that we had ten

grantees and all of them were awarded \$10,000, then we would be submitting confirmation letters to your sub-grantees to determine the amount and dates of those payments that you made to the sub-grantees. We would reconcile that back to the information that you reported to HUD.

In your procurement process, when we look at your policies and procedures, we are looking to see what are your procurement strategies and admin requirements. What are the authorization levels to initiate or execute purchases? What are the contract and vendor requirements that you have documented? What is the process for receiving and verifying goods or services, and what is the payment and approval process as they relate to procurement of goods and services?

About three to five days before the site visits, again we would send you a list of sample transactions, and we would also identify specifically the types of supporting documents that we need for each transaction. So, if you're a straight pass-through entity where all of the funds that you receive from HUD, 100% of that is then distributed to your sub-grantees, then a lot of the sample selections would be related to documents that

you've obtained from your sub-grantees to support the expenses that they have incurred.

If you, yourself, have some administrative costs, we would also be looking at that as well. So, for example, if you budgeted for, you're approved for, and you received and submitted for reimbursement some supplies we would be looking at, for example, your purchase orders, the invoice, and proof of payment for those supplies that you submitted for reimbursement.

Again, if you need clarification on any of those sample selections, please communicate that to us as soon as you can so that will help the process move along a little bit more quickly and easier. And we'd also let you know which individuals we would like to interview while we're onsite, just to make sure that they would be available on that date and the times that they would be available so we can manage our time better.

Okay, onsite visits, phase two—were there any questions? I'll pause a moment for questions.

Moderator [Operator instructions]. An operator will assist in gathering your name and provide you with further instructions. [Operator instructions]. We do have a question coming in. It will be just a moment please.

Petergay Okay.

Moderator We go to the line of Latisha Carlisle.

Latisha Yes, thank you so very much and we really appreciate this technical assistance webinar. This is very helpful. My question is around identifying who you'll be interviewing. We're actually going through the TA review now. And so will you be identifying those members from the roles and responsibilities sheet?

Petergay You're having technical assistance being provided to you right now?

Latisha We do. We're right in the middle of it.

Petergay Okay. I think that may be separate from the financial and administrative review. So, for the financial and administrative review, we usually speak to one person from the program department and one person from the

accounting department, someone who is very knowledgeable of the process. So, we probably wouldn't interview an entry level person unless that is the only person who runs the entire program.

Latisha Got it.

Petergay Right. And then if there needs to be additional people involved, we allow for that as well. That's fine.

Latisha Okay, perfect. And in our notice we mentioned that the onsite—well we read that the onsite was two to three days, and I heard you mention it will only be one. Is that correct?

Petergay Yes. So, we're physically there for one day typically unless we really need to be there longer than that. But for the past few years that we've been doing it, we have not needed to do so. But we've cut that back, one full business day, and that's usually enough, because we try to do a lot of the work in the planning phase, and then we do allow for time on the back end if necessary to wrap up, about two weeks later to wrap it up.

Latisha Great. Thank you so much.

Petergay You're welcome.

Moderator Thank you. I'm seeing no additional questions at this time.

Petergay Okay. Well, we will go forward to phase two, which is the site visit.
Okay, so, once we've determined the site visit date, and we come onsite, the first thing we do is we conduct an entrance conference. Usually someone from HUD, so that's either your HUD POC or the HUD GTM, also is present on the call. There would be your auditor obviously who's onsite, and whoever you choose to represent the agency, would also be involved in the entrance conference meeting. We talk about—and we'll go over the agenda, too, in a few minutes.

We'll talk about again a brief synopsis of what the review process will entail. If we have any preliminary observations based on the documents that you had already submitted to us, then we would discuss that.
Anything else that we needed to clarify, prior to getting the date started, we discuss that at the entrance conference.

Also we prepare the sub-grantee confirmation list for signature, and that's prior to mailing them out to the sub-grantees. We would set up to interview the key personnel at your agency, again, that would be one person from the program department, and one person from the accounting department. We would then proceed to start testing, because at this point we would receive the supporting documents for the sample selections that we have received from you. So we proceed to do the substantive testing, and test those controls while we're there onsite.

And as soon as we come into a potential finding or potential observation, as soon as we identify that, we try to have a conversation with the person involved in that process so that we can clarify if it's something that can be explained, or if it's something that we just need additional documentation for, we'll get that from you. Then we set up towards the end of the day to provide you with a list of open items. If they are open items at the end of the day, and we weren't able to complete most of our testing then we would give you ten days within which to provide the additional support.

If there are findings we would possibly conduct an exit conference with those open items there. So you would know that we've had the exit conference, but there are certain things that are still open for resolution

that could potentially result in a finding. Or we may delay the exit conference for a later date after we've completely completed all our testing procedures, and then we have the exit conference then. Also, depending, we could also go ahead if general findings were completely done at that time then we would go ahead and complete the exit conference and move on to the reporting phase.

So the entrance conference agenda, usually we have the introductions, we talk about the scope of work. It's a brief synopsis of what we will be doing as far as the financial and administrative review, the key areas that we're going to be looking at, for example, cash receipts and disbursement, the quarterly financial reports, if you have program income, if you had leverage funds. Also if you had any indirect costs and charge that to the grant, we take a look at that as well. We would talk about the timing of work. At that point we would have a better idea of how much longer it would take for us to complete the review based on your responsiveness and based on the documents that we have already received from you at that point.

We'd also get into the reporting phase and how we communicate findings and any other matters that are open for discussion at that point.

While onsite we also review the flow charts, policies and procedures, and organizational structure and workflow structure that you submitted to us. If we have questions we would pose those questions to you. We would review the individual roles and responsibilities while observing those roles and responsibilities while onsite. We would interview individuals to confirm the narrative of the roles that's been documented in the roles and responsibilities write up that you submitted to us.

When we interview the personnel from the accounting or the program department, these are the typical questions that we do ask. What are your roles and responsibilities as they relate to compliance and oversight of the housing counseling program? Do you understand your agency's code of conduct? Did you receive training on your agency's compliance policies and procedures as they relate to compliance and oversight of funding from HUD?

What are the compliance and/or ethics related challenges that you face in your current role? Who would you report your concerns or issues or potential violations of laws if you wanted to do so confidentially? Have

you had a refresher trainer on the company's code of conduct, the compliance and ethics policies, and things of that nature?

While onsite, we would also verify the status of sub-grantee confirmation.

So, if we had sent out any confirmations that we haven't received a response to or if there were any discrepancies or anything like that, then we would discuss those with you guys, because sometimes what we've noticed is a lot of times intermediaries, they would send an email to their subs and let them know you guys need to look out for an email from Booth Management Consulting. They're going to be performing a confirmation process. So look out for it, please respond timely.

Sometimes, agency sub-grantees may over look that. So, the parent agency would then do a follow up at that time.

For the cash receipts process, we're verifying again who's opening the bank statements and preparing and reviewing the billing documents, who's receiving the payments, who's reconciling posts, and the general ledger, and who's approving the credit memoir write off and we select a sample of cash receipts transactions for testing.

We're looking for the invoice date and time, the payment receipt date, when it was posted to the ledger. Was it included in the bank reconciliation and was it properly reported on the HUD report? And of course, this would be from cash receipts from HUD under the housing counseling grant program.

For your cash disbursement, again, this would be specific to your housing counseling grant program. We would select a sample of ten to twenty cash disbursement transactions and that will depend on how many transactions you have. And again, it would be specific to the fiscal years that we're looking at and that is FY13 and FY14.

So, for each of the cash disbursements, we typically look for the purchase order, the invoice that's [audio disruption] the disbursement, documentation of approval, whether or not you have the proof in the general ledger accounting, and whether or not there's a cancelled check or a bank statement that verifies the payment was actually made.

When we look at your accounting system, we will be performing a reconciliation of your general ledger to your financial statements and your federal financial reports for the period. If you had a management letter

and findings were identified there, then we'll be looking to see whether or not those were resolved. If they were, were they resolved timely or if you have a corrective action plan that's been drafted or approved, but not in place as yet, just something to address any of the findings that were noted in your management letter.

We will test and reconcile one of your reports filed. So, that could be your federal financial report to make sure that that was accurate, and we would do a walkthrough of your accounting system to determine how costs are charged to the grant. We want to make sure that you're accounting for the housing counseling program properly as required by the uniform grant guidance.

When we do the time and attendance testing, we select a sample of employees to test to see whether or not documentation exists to support their attendance and to see whether or not also the time allocated to the housing counseling program is—whatever documentation you use is in compliance with the uniform grant guidance. Now the number of employees that we sample of course that's going to depend on your agency size and however many housing counselors you have who may have charged their time to the housing counseling grant.

Typical supporting documentation would include the time sheets, if they took leave within that time, their leave authorization documents, payroll registers and personnel activity report or its equivalent. Something that shows, okay, we charge 50 hours to the housing counseling grant during this quarter, this is how we document that we actually provided services that are billable to HUD. Whatever your process is, we would take a look at that and verify that those services were provided.

We'd also look at your quarterly financial reports that you submitted to HUD and we're looking to make sure that they were submitted timely. And all of the elements that are required by HUD, we want to make sure that those are captured in your quarterly reports. So, we always encourage agencies or grantees to each year, once you get a HUD award you want to take a look at the reporting requirements of that award and that's in Article 11 of your grant agreement.

It will specify for you that you paid for each of your reports and it will tell you, I mean, it gives you a description of exactly what is required for you, what do you need to report to HUD each quarter. And if you take a look

at that each time you get a HUD award, usually you should be fine when it comes around time for a financial and administrative review.

We would also be doing a reconciliation of the report submission dates for HUD as well as per your documents to make sure that they match up.

With the cash management testing, if any funds are received in advance of your expenditures, then we're going to be tracing those to the general ledger and discuss any weaknesses, if there are any weaknesses in your cash management policies and procedures. We would collect two transactions there to perform a test of controls.

If you had a federal negotiated indirect cost rate agreement, we would review that agreement. We want to make sure that the time frame specified in the NICRA, it coincides with the grant award period if that's what you use during your grant award period. We also want to look at your base cost per your NICRA and the rate that was applicable during the time of your NICRA.

And then we will review the cost charge compared to your approved schedule and make a sample of five transactions to check those for

allowability, allocability, and reasonableness. We also make sure that they receive the correct treatment during the period.

For the procurement process, if you have contracts in excess of \$25,000, as they relate to the housing counseling grant program, during the period, then we're going to be looking at the basis for the award, the basis for the vendor selection, any vendor department certification, and any justification letters that you guys may have for lack of competition.

In our program income testing, we would first inquire if you charge any fees for services provided and what are your policies and procedures for testing and tracking those fees and making sure that program income is properly reported.

For your leverage funds, if during your grant application, you reported any leverage funds there, then we're going to be obtaining supporting documents to back up that claim. So, the first thing that we would do is to reconcile your leverage funds to your general ledger and then we'd also be taking a look at any agreements or any award letters that you received from donor. We look at your cash donation receipts, or any non-cash donations that you received and used as leverage, and how you document

for leverage funds. Also, if there are any leverage funds that were passed through to your subs, then we'd take a look at that, too, and see how that was documented.

We would also prefer reconciliations of amounts charged to the project versus what was approved. So, we would take a look at your budget, the approved budget that was agreed to by your agency and HUD, and we'll be looking at the actual costs incurred during the period. And if there are any deviations between the two, then we would follow up with you and find out whether or not an amended budget was submitted and approved by HUD prior to submission for reimbursement.

We would also be reconciling the listing of grant dollars provided by HUD and if there are any discrepancies, we would of course clarify that during our review.

In our exit conference, again, we would do the introductions, make sure that we document all of those who have attended, talk about the purpose of the exit conference, which is pretty much to summarize our results of the review. We'd review the objectives and scope of the review process and any potential findings and observations that we've noted.

So, if during the review process we had any potential findings or observations and we spoke to you about them, but they still remain open, then we'd talk about that at the exit conference and we'll give you some time to find a mitigating control or some mitigating factors that would resolve those potential findings. If there are any open items at the exit conference, we'd talk about that as well and give you a time frame within which you have to respond before we wrap up the review completely. Also, we'd talk about the audit resolution process and the closing out process which would be the reporting.

And we're on to phase three which is the reporting process. Were there any questions?

Moderator [Operator instructions]. We do have a question coming in. It'll be just one moment please. [Operator instructions]. We'll go the line of Michelle Runningwolf.

Michelle Yes. Do I speak now, or—

Petergay Yes.

Michelle I was calling to find out what kind of funding are you talking about from HUD?

Petergay Your Office of Housing Counseling award.

Michelle Office of Housing Counseling award?

Petergay Yes.

Michelle Okay. All right, thank you.

Petergay You're welcome.

Moderator Thank you. We do have another question coming in. It'll be just one moment. [Operator instructions]. We'll go back to the line of Latisha Carlisle.

Latisha I have a question around the periods under review for FY13, FY14 for the onsite. That's correct, right?

Petergay

Yes.

Latisha

And will it be applicable to—and I may have something mixed up here. I understood the Omni to be implemented December 26, 2014. The procedures you're reviewing, are they to be in line with the new super circular proceedings, or just whatever procedures we already had in place?

Petergay

Whatever was in place at that time. Well now it's called the uniform grant guidance. So, that wasn't applicable at the time. So, you wouldn't be held accountable for the new requirements.

Latisha

Okay. Thank you.

Petergay

You're welcome.

Moderator

I believe we have another question here. Just one moment. [Operator instructions]. Okay, it'll be just one moment while the operator gathers the names. [Operator instructions]. We go to the line of Evelyn Sanchez.

Evelyn Yes. My question is in regards to the test contracts in excess of \$25,000.

Are you referring to, as an example, of a sub-grantee receiving the contract through their intermediary of \$25,000 or more?

Petergay No, so not your sub awards, your sub-grantee. If you were procuring, for example, a different type of project under the housing counseling program, then that's what would be applicable.

Evelyn Okay, so the procurement is based on what are we submitting for RFPs to for those I want to apply.

Petergay Right.

Evelyn Okay. Thank you.

Petergay You're welcome.

Moderator Thank you. I see no additional questions at this time.

Petergay Okay. All right. So, we'll move on to phase three, which is the reporting phase. Now if there were no findings during our review, then we would

draft our report, which is then submitted to HUD and your HUD housing specialist, so your main point of contacts would receive that report.

Usually what happens is once they receive the report, then there may be comments and they would make those comments to Booth Management and we'd go back. We'd take a look at the report and we may adjust the report based on those comments. After that period is completed, then that's when the report may be ready for finalization, and then once it's finalized, then HUD themselves would send the report directly to your agency.

If there are findings, then within ten days after the exit conference, then we would give you that time frame within which to provide anything to address those open items. And then once you've provided those open items, then we'll be prepared to go ahead and draft the report and submit it to HUD. And again—oh sorry, where did that go? I'm sorry. Oh, sorry.

So, if there are no findings—then if there are findings, then we would work with HUD to determine whether or not the findings were addressed. Once our process is complete, we'd send a draft report to your HUD GTM and your housing counseling specialist. Again, we'd incorporate the

comments and finalize the draft for submission to your agency. We'd also, again, as mentioned before, incorporate any comments and submit the final report which then gets submitted to you for review.

The fourth phase and the final phase, this would apply to those agencies that had findings based on their review. Each finding would have a description of what that finding is. We would also recommend a corrective action plan for resolving that finding as well as we would recommend for technical assistance in areas that we believe that you need technical assistance if it's something that your agency's not able to correct on your own or you've just expressed that we need some assistance in resolving this issue.

So, common findings that we've noted while conducting these reviews, grantees have policies and procedures for monitoring and oversight of their sub-grantees. A lot of instances, we'll see where grantees and/or their sub-grantees have used unapproved negotiated indirect cost rate agreements, or they may have used the incorrect rates during the period of performance.

We've also seen where grantees have lacked supporting documents for their sub-grantees' reimbursements. So, agencies may have not verified the reimbursements prior to submitting a refund. Sub-grantees did not return the confirmations. Grantees lacked an invoice verification process or they may have used budgeted hourly rates versus actual rates.

Indirect cost charge includes excess amounts. Grantees lacked supporting documents for reimbursement, or for payroll, or for time and attendance tracking and reporting. Time sheets may have not included HUD services provided, so we're unable to verify that hours worked or services provided were related to the program. There were no time sheets or personnel activity reports or anything equivalent for us to verify charges submitted to HUD for reimbursement as far as the services provided. And also, instances may have lagged policies and procedures requiring PARS or any other documentation that could be used as a PAR.

Also, we've seen a lot of times where the federal financial report were submitted late or not at all. The quarterly reports may have not included the staff hours provided. Another big one is where agencies wouldn't break out the individual costs incurred in each quarter, but they may have submitted accumulative costs for the total grant year. But you know HUD

does require that you break it down each quarter and then provide accumulative column. Quarterly reports are filed late. Grantees lack procedures to verify and track leverage funds or supporting documents for leverage funds. Grantees were unable to reconcile their general ledgers to their approved budget.

So, typically, these are the findings that we've noted. So, you'll want to pay attention to those, research your findings and make sure that on a go forward basis, you are aware of these and you do everything that you can to prevent these findings from happening in your agency.

And now for lessons learned, for the past few years that we've been conducting financial and administrative reviews, and based on the types of findings that we have noted, we'll see where the method used to apply their NICRA have been incorrect. So, we know that grantees may need more training on that.

Also, they need training on how to track their expenditures and also how to make sure that they maintain adequate supporting documentation for grant expenditures. How do they monitor their sub-grantees? You want to make sure that there's a policy, there's a documented process in place

on how you're monitoring your sub-grantees, how to track program income, time and attendance tracking, filing financial reports and quarterly reports on time and leverage funding. We do provide technical assistance and training on most of these areas if you are interested.

Some frequently asked questions, how many days does a grantee have to submit the documentation requested in the notification letter? It does specify the number of days. Once you receive your notification letter, there is a due date. But, when you need to submit that, so I encourage you to go back and take a look at the notification letter and see what dates you need to submit that by. If you need an extension, the earlier you communicate that to us, the better, so that we're able to plan out our site visits accordingly.

What's the preferred method to send documentation requested in the notification letter and the second letter? We do prefer that you send it, you upload the files there or a document repository, which you do need access to. You would send an email to Richard Yirenkyi. He's the person who's submitted the initial notification letter to you guys and he would give you instructions on how you can access the site and upload your documents.

Of course email works, and mail that also works as well. Just send it to our address and we do receive them. So, whichever is more convenient for you, I find that a lot of people prefer to use the document repository because it has the capacity to hold a lot of files there and it's very accessible and easy to use.

Will the meeting between BMC and the individual agency's POC occur before or during the site visit? We usually start our discussions prior to the site visit. But, we also keep communication throughout because we want to make sure that your HUD POC's aware of what's going on and the status of the review.

What's the approximate duration of the site visit? Again, we're usually only there for one day. But we try to start our review process prior to coming out there in the planning phase. So, once we get your documents, we start our evaluation there. Then when we get onsite, we would by that time receive supporting documents for the sample selection. If there's still open items, we give you about ten days after that to resolve any open items or any issues and that's pretty much the time frame for completing the review.

How many days does the grantee have to submit their additional documents needed to mitigate all findings revealed during the agreed-upon procedures? So, once you have received your report from HUD, again that's sent directly from HUD to your agency, I believe HUD gives you between 30 and 60 days within which to develop a corrective action plan and have that plan in place and implemented.

And our final question here, is if a final report findings lead to technical assistance, what would be the duration of the technical assistance? So, depending on what the technical assistance entails, that will pretty much specify the duration. If it's a training that can be done by a webinar, and it's usually an hour or two hours depending on what you're being trained on, then we could do that. But if it's something that requires us to come back onsite, for example, if an agency wanted us to come and do a training with their sub-grantees and they prefer that we come out there and do a hands-on training with their sub-grantees, then that can be arranged, too.

So, pretty much depending on what the technical assistance will entail, that will determine the duration. But we do try to do it as soon as possible

after your review and whichever method will be more beneficial to your agency, that's the way that we would go.

Okay, were there any more questions?

Moderator [Operator instructions]. We'll go to the line of Kirby Smith. Sorry, it looks like he's queued up again. One moment please. [Operator instructions]. I see no questions in queue.

Petergay Okay. All right. Again, if you have any questions, please send them to housing.counseling@hud.gov and include the title of the PowerPoint presentation as your subject line and we will respond to your questions as soon as we can. I want to thank you so much for calling in today and I hope today's exercise was helpful. Have a good one.

Moderator Thank you. Ladies and gentlemen, that does conclude our conference for today. Thank you for your participation and for using AT&T Executive TeleConference. You may now disconnect.