



Final Transcript

HUD-US DEPT OF HOUSING & URBAN DEVELOPMENT: The Sub-Grantee Award and Monitoring for Intermediaries, SHFAs, and MSOs

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SPEAKERS

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PRESENTATION

Moderator Ladies and gentlemen, thank you for standing by. Welcome to the conference call today: The Sub-Grantee Award and Monitoring for Intermediaries, SHFAs, and MSOs. Now at this time, all participants are in a listen-only mode. Later we will conduct a question and answer session. [Operator instructions].

Your host and speaker, Linda Bozeman. Please go ahead.

Linda

Good afternoon, everybody. Thank you for attending this training today.

It's going to be going over the requirements to complete a performance review and a financial administrative review of your grant money that you have received.

HUD has hired a contractor, that is Booth Management, to go ahead and conduct our performance reviews and our financial audit reviews, and these are separate from your HUD POC performance reviews that are completed. These actually go over the grant requirements for the 7610 and also the 24 CFR Sub-Section 214. It also is in compliance with regulations for OMB A-133 and A-122.

So at this time, I'd like to turn it over to our contractor who will be giving you instructions and pre-training requirements for your review. Thank you for your attendance.

Petergay

Hello, everyone. I'm Petergay Bryan with Booth Management Consulting. As Linda mentioned, we were contracted by HUD to conduct financial and administrative reviews as well as provide technical assistance to recipients of their Housing Counseling Grants as well as provide training to agencies who receive this grant.

Today, there'll be an audio recording throughout the presentation, and it along with the PowerPoint will be available at HUD.gov/HousingCounseling under the Webinar Archives tab. During the presentation, your lines are going to be muted; however, if I do break for questions, then the operator will give the instructions on how you will be able to make your comments and pose your question.

During the session, prior to pausing for questions, if you look on your control panel, there is a Questions tab. You can expand that tab and type your questions there. We do have personnel from Booth Management Consulting who will be providing a response to you. They'll be able to get back to you pretty quickly once you pose a question to them.

Also, if at the end of today's session, you think of any additional questions, you can also send an email to housing.counseling@HUD.gov. Here is the email address right here. In the subject line, you just reference the title of today's training, which is Sub-Grantee Award and Monitoring Guide, and Booth Management will respond to those questions that you submit to that email address.

At the end of the session, we do ask that you please complete a brief survey. This helps HUD to better plan and provide webinars for you in the future, so your feedback is definitely appreciated and it's looked at. Also, you'll be receiving a certificate of training, and that's going to come from GoToWebinar within the next 48 hours. That'll just be an email saying thank you for attending, and it will list the number of credit hours that you'll receive for today's training. What you would do is print that out and save that in your records for your certificate of training.

All right, so we'll go ahead and get started with today's session. Again, we'll be talking about the Sub-Grantee Award and Monitoring Guide today. We'll be first looking at the purpose of today's training. We'll talk about the components of the Sub-Grantee Award and Monitoring Guide. We'll also share with you some feedback that we've received from parent agencies, whom we've actually conducted training with. We'll also give the instructions on how you could go about requesting assistance, if this is something that your agency feels like you'd want to implement going forward. We'll also be taking questions, clarifying any areas of concern as it relates to assessing and awarding grants to your sub-grantees.

Okay, so with the new Uniform Grant Guidance, which became effective December of 2014, there are a lot more—the OMB now requires a lot more policies and procedures and documentation of how parent agencies, who receive funds from a federal award, how they go about evaluating, awarding, and monitoring subrecipients of those funds. Because of these new requirements that HUD and BMC, that's our agency, we worked together to really develop this guide that will help grantees or parent agencies to implement all of these new requirements.

So we've developed what's called a Sub-Grantee Award and Monitoring Guide, which talks about how you would go about evaluating new applicants each year or each cycle, how you would go about conducting a risk assessment and different monitoring tools that you could use as you go forward. Just to make sure that whoever you sub grant funds to or sub-award funds to, that you're making sure that they're adhering to the requirements of the OMB as well as the HUD Housing Counseling Grant that you yourselves assign with HUD.

The first section of the guide is an overview, and in the overview, we spell out for you what the regulatory requirements are, specifically OMB 2 CFR part 200 subpart A, part 200.331. It tells you specifically what the

Uniform Grant Guidance now requires of parent agencies, or pass-through agencies as they refer to them.

So they require that you evaluate each sub-grantee's risk for noncompliance with the federal statutes, regulations, terms and conditions of the sub-award. It requires that you consider imposing specific sub-award conditions based on if it's appropriate for that applicant. It requires that you consider whether or not the results of the subrecipients audits, any onsite reviews, performance reviews, or any other kind of monitoring that you perform at the agency, does that necessitate any adjustments to your own records? It also requires that you consider taking enforcement actions against any noncompliant recipients and to also discuss remedies for noncompliance. How could you help a noncompliant sub-grantee to become compliant or do you just want to go ahead and drop them from the program. What indicators would you look at in order to make certain determinations?

Continuing on from the previous tab, or previous slide. Depending on your initial assessment of risk, so whenever you conduct the risk assessment, the Uniform Grant Guidance recommends one of these three actions be taken. So you could either decide to just train up your sub-

grantees by providing technical assistance to them on program-related matters. Maybe that's all they'd need to become in compliance. Also, you could perform onsite reviews or desk reviews. You would determine how frequently you wanted to do that based on your assessment of risk for each particular sub-grantee. Or if it's a case of where you yourself aren't experienced or if it's a problematic sub-grantee, you may want to refer them to receive an Agreed-Upon Procedures Engagement.

Currently, HUD has a contract with Booth Management Consulting where, if that was the case, you could let your HUD POC know. Your HUD POC would then require that Booth Management Consulting goes out and actually performs a financial and administrative review of your sub-grantee and then provide feedback to your agency. If it's a case where we need to develop a corrective action plan for that sub-grantee or provide further technical assistance, then we definitely do that as well to make sure that everyone is in compliance with the requirements of the HUD and OMB regulations.

Here we have a flowchart just to illustrate the flow down of funds from HUD, which is the federal agency. HUD would grant money to your agency, so you are the intermediary, the SHFAs, the MSOs. You are the

grantee under the Housing Counseling Grant, and then you may decide to sub-grant some of those funds, or 100% of those funds, to subrecipients.

As an intermediary, you are expected to hold your sub-grantees accountable under the Housing Counseling Program. In the same way that when you yourselves submit an application to HUD under the NOFA, HUD has to evaluate each applicant that comes in and determine whether or not they are a good fit for the program. In that same way, you yourself have to make sure that each of the subrecipients or each applicant that submits an application to your program, you want to make sure that they're the right fit for the program. You want to make sure that you're conducting a proper evaluation session. You're doing a proper risk assessment evaluation. You're also making sure that you're implementing proper monitoring tools, so that you make sure that the funds are being used appropriately, and that all of the reporting requirements and all of the program requirements are being met.

We created this guide so that we could help parent agencies who actually sub-grant the funds to their sub-grantees, to provide tools to you guys to create these pre-award assessments. The guide includes how you would properly document the process for each grantee, like what factors did you

look at to determine whether or not you would accept them in the program. What are your risk factors and risk indicators? How do you use that to then determine—is this a high-risk grantee or a low-risk grantee or a medium-risk grantee? Then based on that information, how do you use that then to monitor your subrecipients?

This guide that we've developed, it includes guidance for how you would go about each of these steps that you need to take with new grantees and your existing grantees, and we also provide sample work papers and templates for you guys to use throughout the entire process.

Here we have a flow of how the guide is set up. It is available to you in electronic as well as hardcopy. But before we issue it to intermediaries or parent agencies, we do conduct a training where we go in depth on each of the sections, on each of the aspects of the guide.

The first thing that we look at is a pre-award assessment guide with you. Then we would look at a risk-assessment guide. We'd also talk about how to conduct a desk review or when to conduct a desk review versus a parent onsite review. Then we also provide certain templates, such as a quarterly financial reporting template or an invoicing template that you yourselves

could use and issue that out to your subrecipients to make sure that all of them are reporting the same information to you guys, and what to look for when you're performing your monitoring procedures. We have a bunch of checklists and web programs and templates that are available to you, as I've said.

Prior to us submitting the guide itself to you, we do provide a training. It could be a one day in-person training, where we actually come out to your site and we work with personnel from your staff who would be involved in this process and the evaluations, the risk assessment, and the monitoring process. We've also had training exercises that included the subrecipients as well, just so that we make sure that everyone is on the same page and all of the requirements will be met in the future. Towards the end of today's exercise, I'll go ahead and let you know how you could request this training if it's something that you're interested in, but for today, we're just going to introduce you to all of these different guides, or mini-guides, that make up the entire Sub-Grantee Award and Monitoring Guide that we have created.

The pre-award assessment, so this is when an applicant submits an application to your program in order to be accepted in your program, and

receives housing counseling funds from you guys in order to operate their own Housing Counseling Program. It's going to be your responsibility to determine each applicant's eligibility. Going forward, if you haven't already been doing so, you are going to be required to actually have documentation to support how you determined each applicant's eligibility into the program.

The purpose of the pre-award assessment is to help you guys to determine what are the eligibility requirements, and how do you determine whether or not the sub-grantees are eligible for the program. It's going to help you to assess the risk and capabilities of your potential sub-grantees prior to awarding them the housing counseling funds, and to also identify any areas of potential deficiencies in order to determine a need for special conditions to be included in the sub-grant.

Certain grantees or sub-grantees, it will be pretty straightforward. Maybe they have a lot of years of experience running the program, but some, they may need a little help. What you could do is you could include special conditions in the sub-grant agreement to make sure that you're paying attention to the areas that they do need assistance with. Also, as I

mentioned, identify a need for any additional technical assistance early based on your pre-award assessment.

Here, we have a copy—and included in the guide—we have a typical sub-grantee application. You want to make sure that they're putting in their name, address, their contact information, a narrative of their proposed activities that they're going to be performing. They should document the needs to be addressed, any service languages that they're going to be providing, modes of service or any target groups. All of those things should be included in their application package in order for you to be able to really determine whether or not you're going to include them in the program.

They should also include their financial capacity or an implementation schedule. What are we going to be implementing at this step of the way? They should include a detailed budget that's going to show all of the funding sources, so that you will be able to determine, okay, they have leverage funds from these different sources, so they'll be able to manage the program at least for the next fiscal year.

The application should also include their staffing structure so that you will be able to determine what are the staffing capabilities. Are enough of the staff certified? Do they have enough past experience to be able to operate the program properly? Also, a narrative of how they plan to maintain compliance with the housing counseling requirements, as well as your requirements. At the end of the day, even in your sub-grantee award agreement, you want to make sure that all of the requirements that you yourselves are being expected to adhere to, you want to make sure that your sub-grantees know that they, too, have to be in compliance with those requirements.

Certain considerations that you would take into consideration; when you're doing the pre-award assessment you want to see whether or not the proposed plan addresses an established need. That's of importance. Have all of the major activities necessary to implement the plan been identified? In their narrative, did they give you enough information for you to be able to make that judgment? Does the applicant have any past experience in the Housing Counseling Program? Does the applicant have enough qualified staff to run the program? And pretty much, does it make sense, what they've reported to you, does it pretty much make sense? Do they have adequate fiscal and management structure to comply with the

requirements of the award? When you do this pre-award assessment, you want to take these things into consideration, because you don't want to take on a risky grantee if they really don't have the tools to have a successful program.

When we look at the application rating factors, certain things that the guide, or examples of application rating factors that the guide will provide to you. For example, number 1, you want to take a look at their capacity. Evaluate each applicant's readiness and ability to successfully implement their proposed work plan. What about the expertise of the housing counselors that they've reported? Do they have enough expertise in that area? What about the languages that are being offered? Are they offering services in multiple languages? And based on where they are, how many people will they be able to reach based on their location or their modes of service? Also, if it's an existing grantee, how have they been performing over the past few years? Have they been in compliance with the requirements?

The second rating factor that we would propose is to assess the program need, and the justification that they've documented in their work plan.

You also want to see what are the proposed benefits to the target areas that

they've mentioned to you, and whether or not the proposed work plan aligns with the notice of funding agreement priorities.

Rating factor 3, how about the soundness of their approach? Does it seem like something that's reasonable? Do their goals seem like they will be attainable throughout the year? Look at their submitted number of clients to be served as well as who's going to be serving those clients. And the budget and oversight activities, you want to take a look at that, too, to make sure that it's seems like something that's actually achievable in the next grant year. For leverage funds, you want to look at their ability to receive funding from other sources. Maybe they can prove that to you in their application process. They will document on their budget however many other funding sources they have and in what amounts.

Rating factor 5, you want to evaluate how they will be achieving their results. What methods do they use to measure performance of their program? Is there a succession plan or a transition plan in place that they have there documented? Do they participate in any other HUD-sponsored programs, and how has that been over the past few years?

Another thing that you may want to look at is the timeliness and completeness of the application that they've submitted to you, because that, too, is an indication of how well they might do in the program. In the solicitation process where you tell them, 'Okay, you need to submit these ten items to us by this date,' did the applicants actually meet the deadline, and were all of the required documents provided to you guys? Is it in sufficient detail for you to make any assessment or pre-award assessment of how successful that subrecipient might be in your program?

The guide gives you all of these factors and here, we have an extract. Of course, this is not the complete thing from the guide, but this is just an extract from the guide that shows you how you would go about rating applicants based on their capacity need, the soundness of approach, their leverage funds, how they achieve results, and then the completeness and accuracy of their grant application.

In total, we have 52 questions in the guide itself, but for example, when you're looking at their capacity, these are the things that you'll be looking at. For example, number 1, has more than 50% of the housing counselors received formal housing counseling training in the past two years? Based on how you set up your application process you would have received that

information initially, and you'd be able to document whether or not they do have at least 50% of the formal housing counseling training.

The second one, does the applicant require training or certification for housing counselors who are going to be providing the services under the program? In their narrative you should be able to tell whether or not they do. Also, for rating factor number 2 for example, do the activities described in the proposed work plan address an established need?

For example in rating factor number 3, the soundness of their approach, does the applicant have a documented plan to oversee the grant and ensure that quality counseling is being provided, and that accountability measures are being implemented? Based on the narrative that they provide you would be able to make that determination at least preliminarily.

When you look at rating factor number 4, has the applicant demonstrated the ability to obtain additional non-federal resources in the form of grants, or fees, or in-kind contributions? You would be able to tell that from the application package as well.

In the achieving results rating factor 5, does the applicant use their client management system to evaluate performance measures and see whether or not goals are being achieved?

Then the last one we had was the bonus question, did they submit a complete authorized application package, and did they do so timely?

Again, in the guide that we provide to you, these are just an example of some of the questions that we propose that you use in your pre-award assessment guide. We have a lot more questions in the guide that we have developed. Again, it's just a guide, so if you do choose to accept the training, then of course if you wanted to customize it, add certain questions, or if certain things are of a particular risk to you, or it's a factor that you wanted to consider, when you are evaluating an application then of course that can be customized and added to the guide itself.

Okay, so here we have an example of what a score, the application score matrix would look like. Again, in the guide that we do have, there are 52 questions based on the different rating factors, based on these 5 rating factors that we have here and this bonus one. In total, we have 52 questions currently.

For example, when rating the applicants, there is a [ph] 20 favorable responses would receive a low score that would be low; 21 to 35 would be medium; and 36 to 52 would be high. Based on where they fell there is a strategy that you would take. For the low scoring applicants, those applications could be denied. For the medium ones, you would go ahead and award the grant, but you may want to include special conditions in the sub-grantee agreement just to make sure—well, if you found it necessary—just to make sure that compliance measures are being taken. If they scored high then you just want to go ahead and award the sub-grant with no special conditions.

The second section in the guide would be the risk assessment—I'll go ahead and break for any questions, actually.

Moderator [Operator instructions].

Petergay Okay, no questions?

Moderator No questions over the phone at this time.

Petergay

Okay, I'll go ahead. The second mini guide that we've created is a risk assessment guide. We have certain risk factors that based on the Housing Counseling Program and talking to parent agencies, we feel like these are pretty much the major risk factors to the Housing Counseling Program. We've summarized here the different risk factors.

The first one is a change in personnel. We've had instances where key personnel have left the program, and they've left the program with key documents that were needed for the program. One of the things that we would look at, or we encourage you to look at is has a change in personnel impacted the sub-grantee's operations. For example, if someone from the accounting department had all of the accounting records and they just took off with the accounting records, the sub-grantee now has no general ledger to provide to you guys during the fiscal year. That's definitely a risk.

You want to see if any key personnel have left the program, and did they leave with pertinent information that was needed for the program.

Also, another thing to look at is whether or not policies and procedures are in place to account for the federal grant. Even if there was a change in the key personnel, does the agency have adequate policies and procedures in place whereby someone new could come into the agency, go through the

policies and procedures and pretty much be okay in picking up the pieces and moving forward? Or, does the agency have a transition program whereas if some someone, a top level person should leave, do they make sure that whoever's going to be coming in behind them gets the proper training so that they, too can just pick up the pieces and keep the program running at an efficient level?

The second risk factor would be prior audit findings. This is usually an indication, especially if there are audit findings related to federal grant award. When the applicant submits their financial statement audit, or their OMB A-133 audit, if they have that, then you would go ahead and review those reports and see whether or not there are any findings that could impact the Housing Counseling Grant. Also, you're taking a look at any questioned costs that were identified during the audit and whether or not that's something that could potentially affect the grant.

Also, if they have findings, what did they do about those findings? Was a corrective action plan developed, approved, and implemented? Was that done timely? Or, do they have findings from the past few years which have never been resolved? These are key risk factors that you want to take a look at when you're looking at applicants to your program.

The third one, do they submit their financial reports timely? This is for existence of grantees in your program. Do you have a history, or do they have a history of submitting incomplete and incorrect financial reports time after time, and time again? That's a clear indicator that okay, they either need a lot of technical assistance with the program, or maybe we need to mix up our strategy a little bit based on this risk factor.

Reporting errors and omissions, again, with the quarterly financial reports, did they do it in conjunction with a payment request depending on how you as a parent agency set up this requirement? Were the reports complete, accurate, and were they authorized? Does the sub-grantee have an established accounting system with effective internal controls in place to make sure that the grant is being properly accounted for? This is something that you definitely want to pay attention to, especially if it's an existing sub-grantee.

If it's a new grantee, then you could ask them about their policies and procedures for their accounting system. Also how will they make sure that the grant is properly accounted for? And how will they make sure

that the housing counseling requirements are complied with throughout the grant year?

For existing grantees again, you want to take a look at their performance reviews or any monitoring reviews that you've done at that agency. Have they had a recent performance review or monitoring review, and what were the results of that review? Were there any findings? If there were findings, what kind of findings were there, and were they subsequently resolved? For example, you did a review of this agency a year or two ago, and here you come 12 months later and nothing has been done to rectify that. That's definitely a risk factor that you want to take into consideration.

Risk factor rating 6, this has to do with public relations. You're taking a look at any industry conditions or any other external factors that may affect that organization and their ability to have a successful Housing Counseling Program.

We go in depth in all of these rating factor considerations in the guide. Again, this is just a quick overview of certain things that you want to consider. When we do go out to parent agencies, we actually go ahead

and if there are other factors that you want to include in your write-up, we work with you to develop those risk factors as well.

Risk factor number 7, for new applicants to the award, if they're new to the agency, that's usually a risk factor, especially if they've never received a Housing Counseling Grant before. This is their first year having a Housing Counseling Grant or even a Housing Counseling Program at that agency. You want to take a look at that because the first time around when an agency may have this program to deal with, they may need a lot more help than a more well-seasoned sub-grantee.

After we've looked at all of the seven risk factors on the previous slides then we will take you here. This is an extract from the risk assessment guide that we developed as well. Pretty much, you would be documenting how you rate each risk factor. For example, the first one was, 'Has there been a change in personnel in the past 12 months that negatively affected the Housing Counseling Program?' You would document either a yes or a no, and comments, and source documents. So, whatever you looked at, some communication with the sub-grantees themselves, then you would document here what you looked at in order to make that determination. You go ahead and document either yes or no for each of the risk factors,

and it will tell you for you a score total, a yes score total. For each yes, that means it was a risk factor noted for this grantee or this applicant.

We proceed to the next worksheet, and here we have a score matrix for low risk, medium risk, and high risk. For the low risk, those are the ones that had zero to two from the previous stack [ph], so from here. Whatever the total is here you're going to transfer it over here. Zero to two would be low risk; three to four, medium; five to seven, high.

Then based on those scores, for the low risk, we would propose that you did a desk review with those agencies. For a medium risk you may want to consider doing an on-site review for those agencies. Then for high risk with five to seven yes's, then you may want to refer them to HUD for a financial and administrative review. That's where Booth Management Consulting would actually go out and do a financial and administrative review of that subrecipient and provide responses or feedback to your agency as well as HUD.

The next segment we'll talk about is a parent on-site review. Remember we said that we had templates for desk reviews as well as on-site reviews. In today's exercise we'll only be talking about the parent on-site reviews

because the parent on-site reviews, they encompass a lot more than a desk review. A desk review is just shorter, and you perform a lot less procedures than you would in a desk review versus an on-site review.

But once you receive the guide itself, then you would see the difference. The procedures are the same depending on the testing areas, but the desk review, definitely be looking at the more risky areas. You definitely want to perform those procedures. A parent on-site review is a more comprehensive review, you look at everything related to the Housing Counseling Program actually, and again, if you do receive a training or are interested in receiving a training on the guide then you will be able to see that.

The key on-site review test areas, the first thing of course, you want to make sure that they have a sub-grantee agreement on file once you get on-site. You want to make sure that they have updated their agency profile in the housing counseling system. You want to see whether or not they sub-contracted any parts of the grant. If they did, did they get permission from you guys as well as HUD prior to doing so? Did the sub-grantee notify the parent agency—who would then notify HUD—within 15 days of any

change of their contact information or business environment? Those are the general considerations that you would look at.

Also, you'd be looking at their policies and procedures for key business process areas. You're looking at their cash receipts and disbursements, timekeeping and personal activity reporting. How do they go about doing that? Any cash management policies and procedures that they have, their grant-related reporting, that's how do they account for the grant activities. Procurement, indirect costs, if they charge indirect costs to the grant, their accounting system, how is their accounting system set up. How do they make sure that the HUD funds are being properly accounted for? And their billing policies and procedures.

In addition to the Sub-Grantee Award and Monitoring Guide, when we come out there we actually give you templates and checklists as far as what to look at with certain policies and procedures because we do understand that a lot of times the people who would actually be doing the review aren't necessarily accounting personnel. We try to make it easier for you guys in order to conduct the review efficiently. The guide will give you checklists and things to look at in order to make sure that certain things are actually documented and are being complied with.

For any expenses that are submitted for reimbursement, you want to make sure that they are maintaining invoices, receipts, cancelled checks, personnel activity reporting information is being kept. And also their client file number lists, those are being kept, and they are up to par. Any marketing and outreach initiatives, make sure that they have invoices for those and receipts for travel. You want to make sure that you're looking at transactions that are being requested. There's a documentation there for that, as well as documentation of the approval.

If staff is charging time to the grant then they have a method for how they capture the personnel activity report. It doesn't have to be a separate personnel activity report itself, but controls have to be in place to make sure that whatever charges are being submitted for reimbursement under personnel costs, it's properly accounted for by whatever means that sub-grantee sees fit. You, as a parent agency has to make sure that it's suitable and that it's in compliance with the Uniform Grant Guidance requirement.

Also in the guide, we talk about the quarterly program reporting. The HUD 9902, the client management system to make sure that that is update, their group numbers. Did they submit their reports timely? Any

certifications or narratives that would go along with the program reporting, you want to make sure that that is being done.

For the financial reporting you want to make sure that the financial reports are submitted timely, that budget to actual costs are being reconciled by the sub-grantee, that their summary of actual expenditures reflects expenditures that were actually billable and allocable to the award. You'll be looking at the staff hours worked and looking at supporting documentation for that to make sure that it's properly documented and substantiated. You're also going to be looking to see whether or not the reports are cumulative and for the quarter, and that the report that's submitted was properly authorized.

For leverage funds, you would be looking to see whether or not the sub-grantee received funding from other sources. In their application to you, they may have reported that hey, we're going to be getting grants from these five companies. But when you go out there and you do your review, some grantees may not be able to show any of that. In the training exercise that we do at agencies we help them to be able to look and determine whether or not the leverage funds that the applicant had reported, whether or not they actually received those funds, and how can

they prove that they actually received those funds, and what documents do they have on file to ensure that they are proofing that.

For program income, if they charge a fee for service, are they properly tracking and accounting for program income? What are the policies and procedures that they have in place to make sure that program income is properly tracked and accounted for?

Also included in the guide we have sample work papers. For each of the areas that we will be training you guys, or helping you guys with, we have a sample work paper that you could look at. Here we have for the OMB A-133 just a submission to make sure that it was submitted timely. We would help you guys to determine how to document a work paper in the first place. Each work paper has to have a purpose, source, goal, and the procedures performed, the conclusions reached, and whomever conducted the testing would have to sign off. We do go into details as far as the elements of a good work paper, what needs to be included there.

Also with the procedures performed, we walk you through for the different major areas or test areas, what procedure typically is performed to make sure that the requirements are being complied with. For example, to test

OMB A-133 submission we have here confirm whether or not the sub-grantee exhausted over \$750,000 in federal funding. If so, did they get an audit? If they received an audit, did they submit it to the clearinghouse timely? These are typically procedures that you'd perform just to see whether or not the OMB A-133 submission was submitted timely. You will also perform additional procedures to see whether or not they had findings, and what would you do with those findings that were noted.

In the sample work paper number 2, when we look at the financial statement audit report, we give you the procedures again. You want to obtain the most recent financial statement audit report, look at the findings that they've had, and see whether or not they may have related to or affect the Housing Counseling Program, and also whether or not they have corrected those findings. If not, what are they doing to make sure that is being addressed in a timely matter? That's something that you would of course, work through with the sub-grantee while you're doing the on-site review.

The third example is a budget reconciliation we have here. In the procedures again, it tells you obtain their budget as well as their last quarterly report for the year that you're reviewing, and just make sure

whether or not the costs that they reconciled to the pre-approved budgetary line items. Of course, when we provide the training, we tell you specifically what are things that you would look for when you are doing the budget reconciliation process.

The fourth one is the quarterly financial reports testing. Here, items A through K, these are pretty much all that are required of the sub-grantees to be reported each quarter. During the training exercise we go through again how you make sure that grantees are submitting this information timely. For example, the name, address, and grant number; start and end dates of the report period; each counselor/staff hours, their title and hourly rate. We also go into detail on how you look at and how you verify their hourly rate.

Itemized accounting of the actual costs, the HUD Form 9902, the client and group numbers. For your sub-grantees, they wouldn't be required to do the federal financial report because that's a requirement for pass-through agencies, but that does say, 'if applicable.' Their required certification, was that included? Also, were the reports cumulative and to date, or for the quarter? Also, was a drawdown request made in conjunction? And was the report that they submitted, was it accurate, was

it timely submitted, and was it properly authorized. We also train you guys on how to go ahead and make sure that that is properly documented and accounted for.

At the end of each review, of course you would need to do a report. One of the things that's included in our Sub-Grantee Award and Monitoring Guide is a sample final report. Here, you would of course start off with the purpose of the on-site review or the desk review that you did, and the approach of your review. You give some background information on the sub-grantee, and about the purpose.

If you have findings, then you will document the findings, a summary of each of the findings, and we tell you that each finding much have the following elements. For example it has to have a condition, a criteria, cause, effect, and recommendation.

The condition would be based on the facts determined by the review, what happened, and how significant was that, and how could they avoid it in the future. So, you want to pretty much give a description of the area of non-compliance of the grant award. In the criteria you would cite the law or the regulatory requirement that they did not comply with. The cause,

based on your conversation with the sub-grantee, you would document why the condition occurred. Maybe it's something that they didn't know, or maybe they didn't have enough staff to do something. Whatever caused the issue to happen, you would document that there. The effect, what is the impact, or what was the consequence of the condition occurring, you document that here.

Then on the recommendation, this is where you're helping the grantee to let them know what they need to do in order to resolve the issue. You talk about a corrective action plan that must be implemented. So, based on the findings that you've noted, you would document the root cause of the finding, the corrective actions, that plan should address that root cause. It should be feasible, cost-effective, and you should also identify an official who's going to be responsible for making sure that the corrective action plan is properly implemented and addressed.

You also want to give a due date for when the corrective action plan should be implemented. That's a conversation that you would have with the sub-grantee. Based on what the item is, it may be a quick fix like a 2-week or a 30-day fix, or some grantees may need additional time based on the circumstances. You would have that conversation with your sub-

grantee and determine the due date for when that plan should be implemented.

Then you, as the parent agency are responsible for the follow-up to make sure that the sub-grantee actually implemented and addressed those findings and corrective action. You then document your conclusion, and then have the work paper being signed off on by whoever completed the review, as well as the person who you discussed those findings and corrective action plans with.

Some feedback, again, we've provided this training to a couple of parent agencies in the past, and pretty much the feedback has been pretty good and pretty well received. For example, New York State Housing Finance Agency, they mentioned that the training was very helpful, and that they now have a clear understanding of the monitoring requirements of the grant, and that they would work together to incorporate the guide in their sub-grantee selection and monitoring processes.

VHDA said that it was a great tool that they are going to be using to enhance their already existent policies and procedures for selecting grantees, conducting risk assessments, desk reviews, and on-site reviews

going forward. Maine State, they said it was an excellent tool kit and the templates that were provided, it would really help them.

So, pretty much overall, parent agencies have indicated to us that they are really excited about the guide, and it is something that they feel would be helpful. Even though some agencies may have some aspects of the entire guide, maybe they already have a pre-award assessment but they don't have a risk assessment tool already developed, so even if they have some portions of it but not all of it, they felt like it was still helpful and it still provided and added some value to their existing program.

The process for requesting assistance, if you are interested, is to send an email to Gail Osgood, Tracy Fields, or Linda Bozeman and let them know that you would like to receive an action plan. Once you've done that then they would let us know that you guys are interested in an action plan. The action plan, Booth Management would do a preliminary assessment of your agency to see what you guys have in place already and what needs to be adjusted. Then we would have a conference call which lasts about—depending, it could last up to an hour, maybe less, maybe a little bit more if you have more questions, and we pretty much go through each of the

segments of the sub-grantee award monitoring process that you have in place.

We compare that to what is necessary to be in compliance with the regulatory requirements, and then we schedule a technical assistance session where we actually come on-site. It's a full day training. Again, we could do the full day training with only the key personnel from your agency, or if you wanted to do so with your subrecipients on-site, we do that as well; it's up to you.

We also give you electronic and hard copies of the guide itself so that you can have that handy. As I've mentioned previously, if there are certain things that you wanted that's really specific to your agency you really wanted to incorporate that in the guide, we do help you to develop and incorporate that into the guide itself.

Were there any questions?

Moderator

[Operator instructions]. One moment, please. Okay, we do have a question from the line of Jeanette Bland. Please go ahead.

Jeanette This is Jeanette Bland, I'm from a Mississippi Homebuyer Education Center in Jackson, Mississippi.

Petergay Hello.

Jeanette On the training of the tool kit, we're receiving training from Booth Management, as a matter of fact tomorrow via phone. Will that be provided to us, all the information that we're going through today?

Petergay I'm not certain. What's the name of your training?

Jeanette It's just training through Booth Management. I know we had asked for training.

Petergay Right, so we do—I'm sorry, but we provide various different types of technical assistance training, so depending on what you're going to be trained on. As far as the Sub-Grantee Award and Monitoring Guide, we usually do that in person. I don't believe that's what you're going to be receiving tomorrow, but you can send an email. Who's the contact person at Booth that you're going to be working with tomorrow?

Jeanette Will Fredo?

Petergay Will Fredo? This may be it, actually. Mississippi, I'll follow up with you after the call. This may be it, if it's going to be done with Will Fredo, or maybe he's actually doing the preliminary—he's probably doing the action plan now in order to actually come out to your agency and do the implementation of the Sub-Grantee Award and Monitoring Guide.

Jeanette Okay.

Petergay I think that's probably what's happening.

Jeanette Well, we'll find out tomorrow. Okay. I'll ask him those questions, and we're going to get what we want. I appreciate it, thank you.

Petergay You're welcome.

Moderator All right, we do have another question, and that is from the line of Herbie Smith. Please go ahead. Mr. Smith, your line is open now, go ahead. No, actually; sorry, one moment please. Herbie Smith, your line is open now. Go ahead.

Herbie Can you hear me?

Moderator Yes.

Herbie Okay, great. I had a question about the supported documentation for expenses about PARS. What exactly did you require the PARS to have to show proof of? I heard most of it, but I think I missed the ending part.

Petergay So pretty much, whatever documentation, like on a go-forward basis, since PARs aren't specifically required, the agency just has to have something in place to document or to show how the activity is performed, whether or not those are allocable to the Housing Counseling Grant. If they already were using PARs, then of course we'd encourage that they continue to do so. If they don't maybe updating your time sheets to show the activity. It's going to be dependent on that agency, the onus of proof.

They're going to be required to prove to you, the parent agency, how specifically they are making sure that the activities performed are in compliance, and how they align with the Housing Counseling Program. It's not that there's like a list of things that must be done, but whatever

activities are being charged, it has to be shown. They have to show us how they are making that determination that it's chargeable to the grant.

Herbie Okay. Also, is there a certain time frame that you would like for the PARs? Is it year-to-date, or would it be from the last performance review that we had?

Petergay What do you mean?

Herbie The time period that the personnel reports are for?

Petergay So, for the grant year, they are going to have to show you how they accounted for their time. If they charge time in Q1 of the grant year only, and all of the time was just related to Q1, then they may only have that documentation for that quarter. But if it's for the entire fiscal year, then they should be showing how they allocated their time for the entire year.

Herbie Okay, okay. All right, that's all. Thank you.

Petergay Okay. Remember, if you guys have any additional questions you can send it to housing.counseling@HUD.gov. Please include in the subject line the

name of today's training, which is the Sub-Grantee Award and Monitoring Guide.

Moderator Okay, we do have one more question in queue.

Petergay Okay, we'll go ahead and take that question and then wrap it up.

Moderator All right, that's Ashley Singleton. Please go ahead.

Leslie Leslie Singleton. Hello?

Petergay Hello.

Leslie Question, is the guide only geared toward housing counseling funds? If you have an agency, and we're local government, and we receive other funding, can we still utilize the guide or the training?

Petergay Well, the guide is specific to the—because you really wanted to tailor it to the requirements of the Housing Counseling Grant.

Leslie Okay.

Petergay Yes. So, it's very specific to this grant.

Leslie Okay, thank you.

Petergay You're welcome. All right, again, if you have further questions please send them to this email address that we have here. We're usually pretty responsive. As soon as we get them we try to summarize our responses and get them out to you timely. If you have questions on how to request the training and things like that, again you would contact Gail Osgood, Tracy Fields, or Linda Bozeman. If you don't have their email addresses, of course, please send them to this email address as well.

Thank you so much for your time. I hope this exercise was very helpful.

Have a good day, everyone.

Moderator Thank you. Ladies and gentlemen, that does conclude your conference with you. Thank you for joining, you may now disconnect. Have a good day.