

Building Subrecipient Capacity to Meet Timeliness Standards

This guide ensures subrecipients understand timely performance requirements and provides strategies for meeting expenditure timeliness standards.

Timely Performance

Timely performance refers to complying with the obligation for a grantee or subrecipient to carry out their program promptly, as indicated by the rate of fund expenditure outlined in grant agreements. Subrecipients should understand that HUD enforces various timely expenditure requirements across different grant programs, which are crucial in helping grantees meet deadlines.

→ **CDBG**

According to [24 CFR 570.902](#), a grantee must spend CDBG funds at a rate that leaves a balance of no more than 1.5 times the most recent annual grant in their line of credit (LOC) 60 days before the program year ends. Failure to meet this requirement can lead to the loss of excess funds.

→ **HOME**

As stated in [24 CFR 92.205 \(e\)](#), the HOME program mandates a four-year project completion time frame. After this period, unfinished projects will be terminated, and HOME funds must be returned. Under §92.500(d), HOME CHDO set aside projects have a five-year deadline for expenditure.

→ **ESG**

As per [24 CFR 576.203\(b\)](#), ESG funds must be spent or committed for spending within two years from the date of HUD signs the grant agreement. Recipients can access funds for eligible expenses incurred before that deadline.

Note: Moreover, all HUD funds, regardless of the program, has a regulatory grant term or “period of performance” during which all funds must be expended. For example, some programs have built-in expenditure thresholds as well as a defined point in time where all funds must be expended. Keep in mind that the maximum availability of federal funds (unless statutorily defined otherwise) of 8 years from the date of the agreement with the federal agency.

Timeliness Standards-For Grantees

Subrecipients play a major role in helping grantees achieve their local housing and community development goals. However, subrecipients often encounter challenges in utilizing federal funding promptly, which may impact a grantee's compliance with program timeliness. To address this issue, grantees can support subrecipients in maintaining progress, identifying spending issues, and taking initiative-taking measures to overcome obstacles.

HUD's [Subrecipient Timeliness Guide](#) provides useful information to ensure CDBG subrecipient timeliness. Subrecipient timeliness starts with strong program management, strong communication, and effective management tools.



Tips for Grantees

Activity Selection

- Understand that when choosing activities for new subrecipients, opt for those that are easier to manage. For instance, street outreach is a less complex task for subrecipients to handle with ESG funding.
- Understand that starting small allows subrecipients to gradually enhance their capabilities to handle more intricate activities in the future, while enabling grantors to evaluate performance effectively as they expand.

Subrecipient Agreements

- Craft detailed subrecipient agreements that include budgets, performance metrics, expenditure milestones, and reporting obligations.
- Define performance objectives and expenditure criteria in agreements for use as a monitoring tool for grantors to effectively supervise subrecipient timeliness.

Training and Communication

- Provide training and maintain regular communication with subrecipients to ensure they are well-versed in regulations and their duties, facilitating the prompt execution of projects.
- Utilize [HUD online resources](#) available on the HUD Exchange for additional support.

Request for Payment

- Implement a [request for payment form](#) containing essential information to monitor spending rates and identify performance challenges. The example is from the CDBG-CV program. Other programs may use different templates.
- Understand that new subrecipients may require the initial time at the start of the performance period to establish financial or performance management systems compliant with federal regulations.

Using Performance Tracking Systems

- Develop user-friendly reports to monitor subrecipient progress and performance.
- Engage with subrecipients who fail to submit reports on time. Do this promptly because this could signal underlying issues.

Monitoring for Compliance and Effectiveness

- Understand that regular monitoring of subrecipients is vital to ensure compliance with program requirements and efficient fund utilization.
- Understand that early monitoring of new subrecipients in the performance period aids in identifying issues and providing necessary technical support.

Developing Templates and Tools

- Create and distribute templates and tools for project planning, financial tracking, and reporting to assist subrecipients.
- Standardize processes using resources such as project timeline templates, budget spreadsheets, and progress report formats to simplify compliance with program requirements.

Encouraging Collaboration and Partnerships

- Pair less experienced subrecipients with seasoned ones for mentorship opportunities.
- Promote the exchange of best practices, success stories, and effective strategies through peer-learning sessions or networking events.
- Facilitate collaboration among subrecipients, nonprofits, and stakeholders during the Consolidated Plan process.

Addressing Untimely Performance

- Ensure that grantees implement work-out plans with subrecipients facing timeliness issues.
- The guide [Developing and Implementing a CDBG Workout Plan](#) offers useful tools for grantees to assist subrecipients in developing expenditure plans. (note: convert to printable Excel tool for ease of use).



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