



**Department of Housing and Urban Development (HUD)  
Fair Housing Initiatives Program (FHIP)**



# **Application and Award Policies and Procedures Guide for FHIP Grantees**

**June 2013**

# Fair Housing Initiatives Program Application and Award Policies and Procedures Guide

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## INTRODUCTION

### **A. About HUD and the Fair Housing Initiatives Program (FHIP)**

The United States Department of Housing and Urban Development (HUD) is a Cabinet-level agency created by the Housing and Urban Development Act of 1965. The Act states the purpose of HUD is to

“...achieve the best administration of the principal programs of the Federal government which provide assistance for housing and for the development of the nation’s communities, to assist the President in achieving maximum coordination of the various Federal activities which have a major effect upon urban community, suburban, or metropolitan development...and to provide for full and appropriate consideration, at the national level, of the needs and interests of the Nation’s communities and of the people who live and work in them.”

HUD is also uniquely responsible for building inclusive communities free from discrimination through administration of the Fair Housing Act. The Fair Housing Act prohibits discrimination based on race, color, national origin, religion, sex, disability, or familial status in most housing related transactions. The Act covers public, assisted, and private housing, with a few exceptions.

Under the Fair Housing Act and its implementing regulations, HUD has the authority to investigate, attempt to conciliate, and, if necessary, adjudicate complaints of discrimination involving, among other things, home sales, rentals, advertising, mortgage lending, property insurance, and environmental justice. HUD also investigates complaints alleging discriminatory zoning and land use, but must refer these complaints to the U.S. Department of Justice for enforcement.

HUD’s enforcement efforts are augmented by the experienced fair housing organizations that participate in the Fair Housing Initiatives Program (FHIP). The Fair Housing Initiatives Program (FHIP) is the only Federal grant program that supports private organizations to prevent and overcome housing discrimination by increasing compliance with the Fair Housing Act (the Act)



and equivalent state and local Fair Housing laws. It does this through grants and cooperative agreements to more than 100 non-profit organizations, universities, state and local agencies, legal service agencies, and other private entities throughout the country.

FHIP funds support these organizations throughout the country and are used to educate both the public and the housing industry about their rights and responsibilities under the Fair Housing Act and assist private, tax-exempt fair housing enforcement organizations in the investigation and enforcement of alleged violations of the Fair Housing Act. Congress established FHIP under Section 561 of the Housing and Community Act of 1987. The implementing regulations are found at 24 CFR Part 125.

### **FHIP Initiatives**

FHIP consists of four funding initiatives: (1) Private Enforcement Initiative (PEI), (2) Education and Outreach Initiative (EOI), (3) Fair Housing Organization Initiative (FHOI), and (4) Administrative Enforcement Initiative (AEI). HUD makes most FHIP funds available competitively (though only three initiatives, as AEI is no longer used) and typically announces this information in Notices of Funding Availability (NOFAs). The three funding initiatives currently in use are:

#### **Private Enforcement Initiative (PEI)**

PEI provides funding to private, tax-exempt fair housing enforcement organizations for the investigation of housing discrimination complaints and the administrative or judicial enforcement of Federal, state, or local fair housing laws. PEI recipients conduct intake, investigation, mediation, and litigation of housing discrimination complaints and perform tests of housing, lending, and insurance markets.

Under PEI, FHIP funds are awarded through single or multi-year grants. Under the initiative, it is expected that investigative/enforcement activities will result in outcomes to be provided to HUD for determination or appropriate action. Additionally, PEI deliverables are expected to meet or exceed the announcement performance measures outlined in the application and agreed to in the executed grant agreement.

#### **Education and Outreach Initiative (EOI)**

EOI provides funding to develop, implement, carry out, and coordinate education and outreach programs that inform the public about their rights and responsibilities under Federal, state, and local fair housing laws. These activities may include, but are not limited to, developing brochures and other printed materials, producing public service announcements, creating websites, and conducting training. All EOI grantees are required to have a procedure for referring possible fair housing violations to HUD or a certified state or local agency.

#### **Fair Housing Organization Initiative (FHOI)**



FHOI provides funding to help establish new fair housing enforcement organizations or build the capacity of existing organizations in underserved areas of the country, particularly rural areas or areas with a large influx of immigrants. The goal of FHOI is to build the capacity in fair housing to conduct enforcement activities, including investigating, mediating, and litigating housing discrimination complaints, as well as testing housing providers for unlawful discrimination.

HUD receives approximately 300 applications each year for FHIP enforcement and education and outreach projects, of which approximately 150 are funded.

HUD is structured much like other Federal agencies, with grants-funding office/offices for the various disciplines, including for fair housing and equal opportunity. The Office of Fair Housing and Equal Opportunity (FHEO) administers the FHIP program. Under the program, FHIP grantees are responsible for conducting their project activities and tasks and preparing their results for submission or for publication HUD is proud to work with its FHIP partners to help prevent and overcome housing discrimination through this grant program.

HUD has Text Telephone (TTY) capabilities that enable individuals with hearing or speech impairments to communicate with HUD about HUD programs, employment, or general information. TTY may be accessed at 1-800-972-9275.

## **B. Foreword**

This FHIP Application and Award Policies and Procedures Guide is comprised of documents relating to HUD's FHIP application and award process. It has been designed for use by both our customer community and HUD/FHEO staff. It consists of two parts:

- Part I, the FHIP Grant Application Guide, is comprised of HUD's FHIP application preparation and submission guidelines. The FHIP Grant Application Guide (GAG) provides guidance for the preparation and submission of applications to HUD by Grants.gov. The FHIP program has a program solicitation (NOFA) that may modify the general provisions of this Guide, and, in such cases, the guidelines provided in the solicitation (NOFA) must be followed.
- Part II, The Award and Administration Guide, is comprised of the documents used to guide, manage, and monitor the award and administration of grants and cooperative agreements made by the Department. This covers the entire life cycle of the award, from issuance and administration of the FHIP award, through closeout. Guidance regarding other grant requirements or considerations that are not universally applicable also is provided.

General information about the FHIP program may be found on the FHIP website at [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/fair\\_housing\\_equal\\_opp/partners/FHIP/fhip](http://portal.hud.gov/hudportal/HUD?src=/program_offices/fair_housing_equal_opp/partners/FHIP/fhip). Additional information about special requirements of individual components of the FHIP



may be obtained from the FHIP Division. Information about FHIP program deadlines and target dates for applications are available on the FHEO website at <http://portal.hud.gov/hudportal/HUD?src=/topics/grants>

### **Catalog of Federal Domestic Assistance**

The FHIP program falls under the following categories in the latest Catalog of Federal Domestic Assistance (CFDA) issued by the Office of Management and Budget and the General Service Administration:

CFDA 14.408 – Fair Housing Initiatives Program

CFDA 14.416 – Education and Outreach Initiative (EOI)

CFDA 14.418 – Private Enforcement Initiative (PEI)

CFDA 14.417 – Fair Housing Organization Initiative (FHOI)

Administrative Enforcement Initiative (AEI), a FHIP initiative that is not currently used in the FHIP funding cycle, is not assigned a CFDA number.

CFDA numbers change annually. A list of FHIP CFDA numbers is available on the HUD Website FHIP NOFA page when the FHIP NOFA is announced. CFDA numbers can be found at [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/administration/grants/fundsavail/nofa12/fhip](http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/grants/fundsavail/nofa12/fhip).

Any questions or comments regarding the FHIP Application and Award Policies and Procedures Guide should be addressed to the Office of Programs, FHIP Division, at 202-402-7095 or by email to [Myron.P.Newry@hud.gov](mailto:Myron.P.Newry@hud.gov).

#### **1. HUD-Grantee Relationships**

- a. A grant will be used by HUD when the accomplishment of the project objectives requires minimal HUD involvement during the performance of the activities. Grants establish a relationship between HUD and the FHIP grantee in which:
  - i. HUD agrees to provide up to a specific amount of financial support for the fair housing project to be performed under the conditions and requirements of the grant. HUD will monitor FHIP grantee progress, provide technical assistance, and assure compliance with applicable standards.
  - ii. The FHIP grantee agrees to perform the project as proposed, to the prudent management of the FHIP funds provided and to carry out the supported activities in accordance with the provisions of the grant. (See Award and Administration Guide (AAG) Chapter I.B., for the documents that comprise a



FHIP grant.)

- b. A cooperative agreement will be used by HUD when the accomplishment of the project objectives requires substantial ongoing agency involvement during the project performance period. Substantial agency involvement may be necessary when a fair housing activity is technically and/or managerially complex and would require extensive or close coordination between HUD and the FHIP awardee. This, however, does not affect HUD's right to unilaterally suspend or terminate support for cause or consider termination in accordance with AAG Chapter VII, if it is in the best interest of HUD or the government. HUD will notify the awardee before any action of this nature is taken.

Cooperative agreements will specify the extent to which HUD will be required to advise, review, approve or otherwise be involved with project activities, as well as require more clearly defined deliverables. The distinction of a cooperative agreement is that HUD is substantially involved; however, awardees have the primary management responsibility for conduct of their FHIP projects. To the extent that HUD does not reserve responsibility for coordinating or integrating the project activities with other related activities or does not assume a degree of shared responsibility for certain aspects of the projects, all such responsibilities remain with the awardee.

As appropriate, HUD may provide advice, guidance or assistance of a technical, management, or coordinating nature and require that the awardee obtain HUD prior approval of specific decisions, milestones, or procedures. While HUD will monitor cooperative agreements in accordance with the terms and conditions of the award, it will not assume overall control of a project or unilaterally change or direct the project activities. All cooperative agreements will state the nature and extent of expected HUD involvement to ensure that the responsibilities of each party are fully understood.

### **C. HUD Organizations**

The HUD offices described below are normally of most direct interest to the FHIP applicant and awardee community. Consult the HUD website at <http://portal.hud.gov/hudportal/HUD?src=/about> for the most current list of HUD offices/directorates. An FHEO organizational chart is included as Exhibit 1 of the AAG Introduction. Consult the HUD website at [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/fair\\_housing\\_equal\\_opp/fheodir](http://portal.hud.gov/hudportal/HUD?src=/program_offices/fair_housing_equal_opp/fheodir) for who's who in FHEO.

#### **1. Office of Fair Housing and Equal Opportunity (FHEO)**

FHEO is responsible for all fair housing matters pertaining to HUD programs or activities receiving Federal financial assistance.



## 2. FHEO's FHIP Division

The Fair Housing Initiatives Program (FHIP) Division of HUD's Fair Housing and Equal Opportunity Office administers funds and grants to fair housing organizations and other non-profits to assist people who believe they have been victims of housing discrimination. The Division is also responsible for technical and programmatic review of applications and for recommending that applications be declined or awarded. FHEO staff that are integral to the HUD application and award process are listed below.

### a. FHIP Program Analysts

Program Analysts administer the merit review of applications and recommendations of which project should be supported by the Department. They are considered subject matter experts and they often provide technical and programmatic advice. Carrying out these responsibilities requires a thorough understanding of the program requirements, regulations and applicable statutes and knowledge of its substantive technical issues, as well as knowledge of the HUD/FHIP application and award process.

### b. FHIP Monitors

The award is monitored by the FHEO Government Technical Representative (GTR) and the Government Technical Monitor (GTM) identified in the award document. Many of the FHIP monitors are located in HUD's FHEO Regional and Field Offices.

### c. FHIP Division Director

A Division Director's responsibilities include:

- long-range planning, contributing to the achievement of HUD's strategic goals and objectives;
- providing stewardship for budgetary and other resources; and
- overseeing merit review of applications and the award process.

### d. FHIP Financial Analyst

The financial analyst is available to assist grantee financial and business officials in matters of payment and financial reporting discussed in Chapter III of the AAG.

## 3. Grants Management and Oversight Division (GMOD)

The GMOD is the central point of contact for HUD grant management and oversight. The office provides oversight and policy responsibility for all of HUD's grant programs. It ensures that program offices are fully aware of and comply to Federal statutes, regulations (including OMB



Circulars), and Executive Orders that govern the management of grant programs; establishes processes to ensure the timely obligation of funds and reporting on results achieved; and fulfills the requirements of public laws aimed at streamlining Federal grants across the agencies.

GMOD's responsibility includes developing the General Section to HUD's annual Notices of Funding Availability (NOFA) and managing the NOFA processes, ensuring consistency of HUD's NOFAs with HUD's strategic goals and policies, and developing performance eLogic models for all competitive programs.

GMOD works closely with program offices to review and analyze program results with the goal of increasing the effectiveness of HUD's program delivery and accountability without placing undue burden on the grantee community.

#### **4. Office of General Counsel (OGC)**

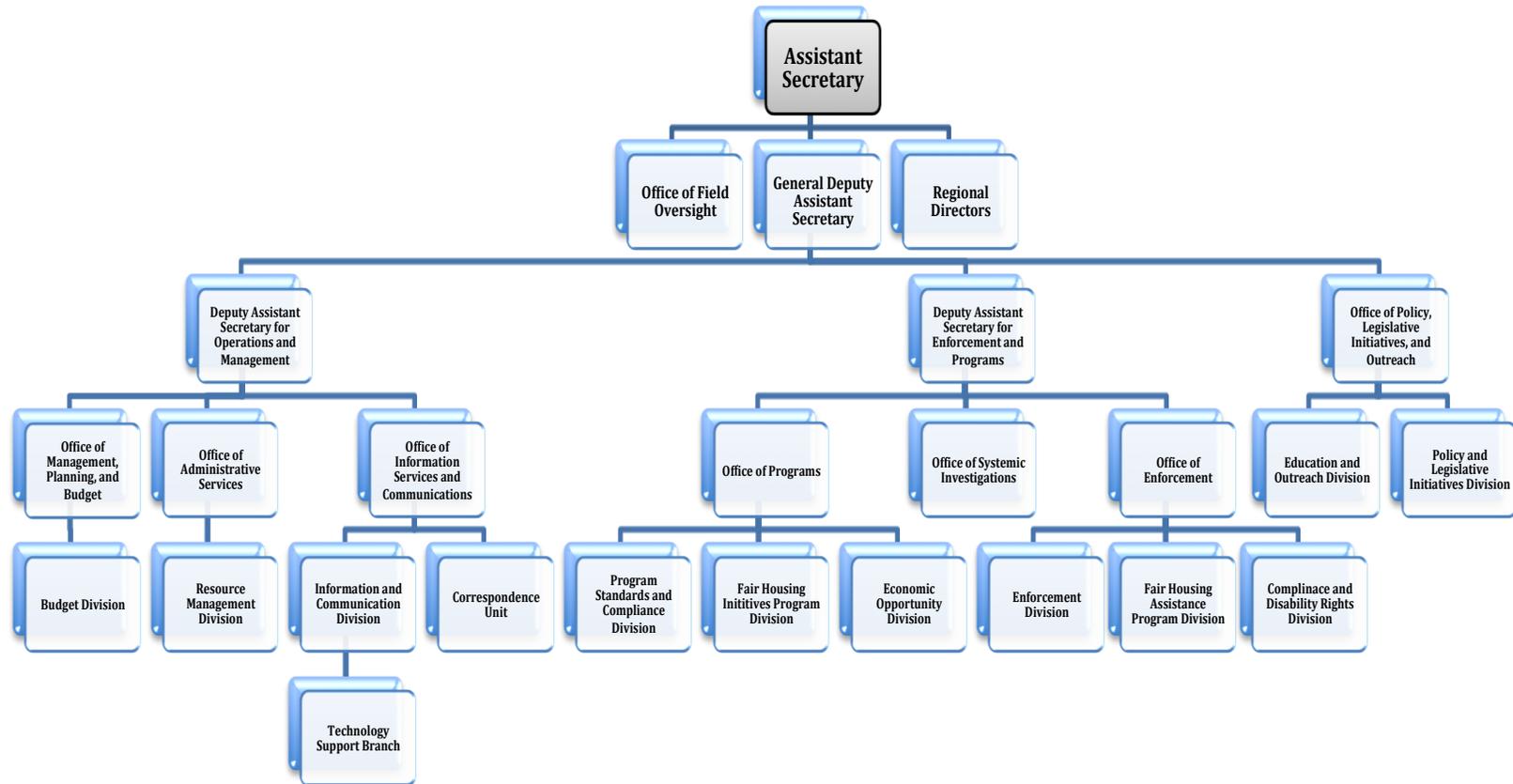
OGC is the legal advisor and advocate for FHIP, providing legal advice and assistance on all aspects of the FHIP program, policies, and operations, as well as any area affecting fair housing. Advice is provided in a variety of areas, such as: contracts and grants; conflicts of interest; privacy (including the Freedom of Information Act (FOIA), the Privacy Act; Federal fiscal administrative law and procedure; and restrictions on fair housing investigations (including testing controls).

#### **5. Office of Inspector General (OIG)**

OIG is an independent oversight office that reports directly to HUD and the Congress. It is responsible for conducting audits, and investigations of HUD programs and organizations that receive HUD funding. The OIG staff includes attorneys, certified public accountants, investigators, and evaluators. OIG audits focus on HUD's internal agency programs, as well as grants, contracts, and cooperative agreements funded by HUD. Their purpose is to ensure that the financial, administrative, and program activities of HUD and its awardee organizations are conducted efficiently and effectively. OIG investigations focus on program integrity and possible financial or non-financial wrongdoing by organizations and individuals who submit applications to, receive awards from, conduct business with, or work with HUD. FHIP grant recipients and administrators should contact the HUD OIG Hotline (1-800-347-3735) to report any instances of possible misconduct, fraud, waste, or abuse.



Exhibit 1. FHEO Organization Chart



# Fair Housing Initiatives Program Application and Award Policies and Procedures Guide Part I. Grant Application Guide

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## PART I. GRANT APPLICATION GUIDE

### Chapter I. Pre-Submission Information

#### A. HUD Application Preparation and Submission

All applications for HUD funding must be submitted via use of the Grants.gov system. The Grants.gov system uses Internet/Web technology to facilitate the way HUD does business with related communities. However, applicants may request a waiver of the electronic submission process. Please see Section II of “How to Submit Applications” for a detailed discussion on the submission process.

The Grants.gov system is a portal or *mailbox* that receives completed applications for federal government agencies that administer grants. Grants.gov accepts timely submitted FHIP applications, and forwards them to HUD’s Office of Strategic Planning and Management for processing. Although the Grants.gov electronic submission process is required for FHIP applicants, applicants cannot submit the application unless applicants meet a pre-submission Grants.gov and System for Awards Management (SAM) requirement, which is the Grants.gov registration process. All applicants must complete this requirement before they can submit an application through Grants.gov. Please see Section II of “How to Submit Applications” for a detailed discussion on the Grants.gov mandatory registration process.

In addition, there are multiple resources available for more information on how to complete the electronic application process, including but not limited to:

- HUD’s NOFA Information Center toll free at 800-483-8929. Persons with hearing or speech impairment may access the center’s toll free number the Federal Relay Service at 800-877-8339.
- Grants.gov customer support website <http://www.Grants.gov/contactus/contactus.jsp>. (24 hour, seven days per week assistance).
- Grants.gov email at [support@Grants.gov](mailto:support@Grants.gov).
- Telephone Support at Grants.gov at 1-800-518-GRANTS.
- Grants.gov Registration Checklist at <http://Grants.gov/assets/OrganizationalRegCheck.pdf>.
- System for Awards Management at <http://www.SAM.gov>.

The above resources are not sources permitted to help applicants prepare the application content,



but can assist in clarifying prerequisites for successful electronic application submission.

Prospective applicants are encouraged to contact FHEO's FHIP Division personnel prior to preparation and submission. The FHIP staff provides customer service for general and technical inquiries to applicants, the general public, and others throughout the grant application process. The FHIP staff is not available to assist applicants with writing applications.

## **B. HUD Funding Opportunities**

Many potential applicants are not familiar with how to locate other grant funding opportunities. However, this is a critical part of the pre-application submission process. There are multiple sources to assist you in locating available funding opportunities throughout the federal government and those specific to your organization's capabilities.

### **1. Grants.gov Assistance**

Grants.gov is the official source for locating all discretionary grants offered by 26 federal grant-making agencies, including HUD/FHEO grants. Grants.gov offers numerous search methods, which allows a potential applicant to search for general or specific grant funding opportunities. Potential applicants may go to Grants.gov, "Find Grant Opportunities." On this webpage, potential applicants may use the following search methods to locate available funding opportunities:

Basic Search – search of keywords, funding opportunity number (FON), or Catalog of Federal Assistance (CDFA number)

- a. Browse by category – search by categories of funding activities
- b. Browse by Agency – search specific federal agencies offering grant opportunities
- c. Advanced Search – search by sub-agency or eligibility
- d. Find Recovery Act Opportunities – search for Recovery Act Opportunities

Through these search methods, potential applicants may review grant funding opportunities for FHIP as well as throughout the Federal government. Potential applicants are not limited to the use of a single search method. Grants.gov users may use any search method based on their specific search criteria needs.

Grants.gov also provides a link where potential applicants can subscribe to receive one or several notifications of new grant opportunity postings, or those specific to an agency or other search criteria the user identifies. Potential applicants may to the Grants.gov webpage:

- Click on Funding Opportunities



- Click on Subscriptions

Or potential applicants may go directly to: [http://Grants.gov/applicants/email\\_subscription.jsp](http://Grants.gov/applicants/email_subscription.jsp). Users may receive alerts for all grant opportunities, grants identified by funding opportunity number, or grants based on an Advance Search result. Additionally, the webpage provides other general grant information and Grants.gov updates.

## 2. HUD Assistance

Potential applicants may also review the FHEO website at <http://www.hud.gov>, for specific FHIP funding opportunities. The website provides comprehensive information sources on HUD/FHEO programs, contact information, and funding opportunities. The FHEO website is also designed to keep potential applicants and other interested parties apprised of new HUD/FHEO (including FHIP) funding opportunities and publications, important changes in application and award policies and procedures, and upcoming HUD/FHEO Conferences including grants conferences. FHIP strongly encourages use of this website by potential FHIP applicants.

Additionally, potential applicants may register to be on the FHEO/FHIP mailing list to receive updates on FHIP funding opportunities and other information. The mailing list can be found at <http://www.hud.gov>.

To register, individuals must go to the website, click on *Resources* at the top right corner, click on *Mailing Lists*, and then click on *Fair Housing Initiatives Program* (located under the *Communities* heading). Enter an email address and click *OK*. You are now added to the mailing list. To go directly to the site, click on the following link:

<http://portal.hud.gov/hudportal/HUD?src=/subscribe/signup&listname=All%20About%20FHIP&list=ALL-ABOUT-FHIP-L>.

The Department also utilizes a variety of other mechanisms to generate HUD applications. Some of these are:

- a. In-house developed email lists. An electronic copy of an email developed by the HUD email lists is distributed to various community and religious groups and has been developed for mass mailings. These lists are reviewed for updates and sent out in mass when the HUD NOFA is available at <http://portal.hud.gov/hudportal/HUD?src=/subscribe/maillinglist>.
- b. Satellite Broadcasts. HUD offers a Satellite broadcast on the General Section and the eLogic Model. Schedule dates and information are sent to the regional staff to disseminate to their grantees and other interested persons. Information on broadcasts is sent out at least a week in advance to allow individuals to review the materials and have prepared questions.



- c. Office of Faith-Based and Neighborhood Partnerships (FBCI) grant writing classes. FBCI conducts annual classes on how to write grants for a multitude of HUD grants. They also provide information on funding opportunities for FHIP.

## **C. FHIP Application Submissions**

### **1. Complete Application**

Applicants should make every effort to submit a complete application in response to a FHIP funding opportunity. FHIP funding is not a guarantee, but a competitive process; therefore, the first step in assuring that your application is competitive is making sure that it is complete. Generally, an application should present: the 1) objectives, or fair housing significance of the proposed work; (2) the suitability of the methods to be employed; (3) the qualifications of staff and the grantee organization; (4) the outcomes and effects of the proposed activity; and (5) the amount of funding required. The application should present the merits of the proposed project, and provide sufficient application information to enable HUD Technical Evaluation Panel (TEP) reviewers to evaluate the application in accordance with the FHIP review criteria established by the Department. In addition, the application should include all mandatory forms and provide narrative responses to specific criteria outlined in the NOFA.

To better prepare a complete application, applicants must review the FHIP NOFA and HUD's Notice of Funding Availability (NOFA) General Section (General Section). Applicants should not attempt to complete an application using only the FHIP NOFA or only the General Section. FHIP applicants must read both documents and follow all instructions carefully to complete the application process.

Although a complete application does not guarantee funding, it can assist an applicant in submitting a more competitive application package. More detailed information on the requisite application preparation instructions are contained in GAG Chapter II.

Also, in preparing an application, applicants must not use a FHIP NOFA or the General Section from a previous year since the General Section and NOFA application information and requirements are subject to change.

### **2. Proprietary or Privileged Information**

Patentable ideas, trade secrets, privileged or confidential commercial or financial information, testing methodologies, the disclosure of which may harm the applicant, should be included in applications only when such information is necessary to convey an understanding of the proposed project. Such information must be clearly marked in the application and be appropriately labeled with sentence such as "The following is (proprietary or confidential) information that (name of proposing organization) requests not to be released to persons outside the Government, except for purposes of review and evaluation."



While the Department will make every effort to prevent unauthorized access to such material, the Department is not responsible or in any way liable for the release of such material. (See also GAG Chapter III).

#### **D. Who May Submit Applications**

The Department welcomes FHIP applications on behalf of all eligible organization entities under the FHIP. Unaffiliated individuals are not eligible to apply.

##### **Categories of Applicants**

Except where the FHIP NOFA establishes more restrictive eligibility criteria, organizations in the following categories may submit applications:

1. **Non-Profits:** Public or private not-for-profit organizations or institutions, and other public or private entities that are formulating or carrying out programs to prevent or eliminate discriminatory housing practices are eligible to submit applications.
2. **Universities and Colleges:** Universities and two-and four-year colleges (including community colleges) accredited in, and having a campus located in, the United States, acting on behalf of their faculty members. Such organizations also are referred to as academic institutions.
3. **State and Local Governments:** State and local governments may submit applications for projects intended to educate and provide outreach to the general public on fair housing.

However, eligibility varies depending on the initiative/component an applicant is applying. Applicants must read the FHIP NOFA carefully to determine if your organization is eligible to apply under a specific component. For example, if an applicant applies under the PEI Multi-Year component, this component is only open to Fair Housing Enforcement Organizations (FHOs) and Qualified Fair Housing Enforcement Organizations (QFHOs) with specific enforcement experience. If an applicant applies under this component, but is not an FHO or QFHO, FHIP will deem the application ineligible for review. Therefore, before applying under a component/initiative, make sure that your organization meets the eligibility criteria under each specific component/initiative you wish to apply.

Of equal importance, your organization must be aware of the specific eligible activities that may be funded under a FHIP grant. Again, applicants must review the FHIP NOFA for the list of eligible activities under each component/initiative to avoid one or more activities proposed in an application being deemed ineligible. For example, FHIP does not support fair housing research for a particular project. However, fair housing testing activities, investigation, and enforcement activities are eligible for support. Also, the eligible activities will differ if an organization is applying for an education and outreach grant, as opposed to a PEI enforcement grant. The FHIP NOFA lists eligible activities for each initiative/component.



Applicants should also be aware that eligibility cannot be transferred. Thus, the merger of a QFHO or an FHO with a new organization with a new Employee Identification Number does not confer QFHO or FHO status upon the successor organization. To be eligible as a QFHO or FHO, the successor organization must establish in its application that it is a private, tax-exempt organization with the requisite two years of enforcement related experience for a QFHO or one year experience for an FHO.

## E. When to Submit Applications

Applicants should allow adequate time for HUD review and processing of applications. Many HUD programs accept applications at any time. The FHIP program, however, establishes due dates for submission of applications. Potential applicants should be aware of the following due date information:

### 1. Target Dates

Dates after which applications will still be accepted.

### 2. Deadline Dates

Dates after which applications will not be accepted for review by HUD. Thus, when applying for FHIP funding opportunities, it is critical for your organization to understand the timeframe for doing so. Applications that do not meet the application deadline date will not be accepted through Grants.gov and their applications will not be reviewed or considered for funding.

The application deadline for receipt of a HUD application via Grants.gov is 11:59:59 p.m. Eastern Time on the date identified in the published HUD program NOFA (located on Grants.gov).

In order to identify the submission date for the funding opportunity that interests your firm, go to Grants.gov and

- Click the Find Grant Opportunities.
- Click the *Basic Search*, and type FHIP into this search engine.
- Identify the desired funding opportunity.
- Click the *Opportunity Title* button and then click the *Full Announcement* button.

Applicants should thoroughly read and review the Full Announcement (General Section of the HUD NOFA). It is the full NOFA announcement, and includes the specific date for submitting your organization's application. In addition, the Full Announcement provides other critical guidance and information to complete your grant application package. The Full Announcement outlines the funding opportunity description, award information, eligibility information,



threshold and other requirements, provides a checklist of all items that should be included in the application, the criteria for each rating factor, important award administration information, and more. All applicants must adhere to the submission deadline due date/time by making sure your organization's package is electronically submitted and received by Grants.gov by the deadline.

Throughout the application process, it is possible that unforeseen circumstances will arise that impact the submission date. Such instances can never be predicted but should be considered as your organization pursues FHIP funding opportunities. Accordingly, before clicking the Full Announcement button scroll down on the page and click the *Send Me Change Notification Emails* link. This is the best way to be appraised of modifications in the submission and application process. Also, your organization may:

- Regularly visit the Grants.gov site.
- Sign up to received alerts or notifications of new grant opportunity postings and updates on Grants.gov at [http://Grants.gov/applicants/email\\_subscription.jsp](http://Grants.gov/applicants/email_subscription.jsp).

### **Special Exceptions to HUD's Deadline Date Policy**

In the event of a natural or human disaster that interferes with an organization's ability to meet an application submission deadline, HUD has developed the following guidelines for use by impacted organizations:

1. Grants.gov Grace Period as specified in the HUD General Section
2. the President must issue a disaster declaration for the designated area(s);
3. the President's declaration thereby allows HUD to offer assistance to families and/or businesses living or conducting business in those areas; and
4. notices of extensions are published on Grants.gov and in the Federal Register.

Also, the application deadline may be extended if the Grants.gov system is down and not available to applicants for at least 24 hours prior to the deadline date, or is down for 24 hours or longer and impacts the ability of applicants to cure a deficiency within an authorized grace period. Again, any notice of an extension will be published on Grants.gov.

### **3. Submission Windows**

Submission windows are designated periods of time during which applications will be accepted for review by HUD. It is HUD's policy that the end date of a submission window converts to, and is subject, to the same policies as a deadline date. The FHIP target dates, deadlines, and submission windows are published in specific program descriptions, program announcements, and solicitations that can be obtained electronically through the HUD Website. Unless otherwise stated in a program announcement or solicitation, FHIP applications must be received by the



specified end/deadline date and time.

If the deadline date falls on a weekend, the deadline will be extended to the following Monday; if the date falls on a Federal holiday, it will be extended to the following business day. Unless otherwise specified in a FHIP NOFA that has identified deadline date, applications must be received by 11:59:59 eastern time on the established deadline date.

FHIP applicants should never wait until close to the deadline date to attempt to submit an application. Below are some additional reminders regarding when to submit a FHIP application.

- Remember that the time for submission of the FHIP application is a firm deadline that must be met without exception. Failure to do so will result in your organization's application being removed from the prospective application pool.
- Pay attention to the time zone that is specified for submission, as the referenced eastern time zone may not be the one in which your organization is located.

## F. How to Submit Applications

### 1. Electronic Requirements

All grant applications (including FHIP applications) to HUD must be submitted electronically through the Grants.gov system. The only exception to electronic submission is an authorized waiver, which is discussed later in this section.

HUD uses the Adobe Forms in the application packages available from Grants.gov. The Adobe Forms packages are compatible with the Microsoft Windows Vista operating system, Apple Macintosh computers, and Microsoft Office 2007.

The first step in completing the Grants.gov application process is registration. Grants.gov will not accept an application unless an organization is properly registered; therefore, ALL organizations must complete the 5-step Grants.gov registration process. Again, this must be completed before an organization representative can submit a Grants.gov application. The entire Grants.gov registration process can take 2–4 weeks to complete. The table below outlines the five steps needed to complete the application process. Please note that a comprehensive explanation is available in the HUD NOFA General Section and on the Grants.gov Website at [http://www.Grants.gov/applicants/get\\_registered.jsp](http://www.Grants.gov/applicants/get_registered.jsp).

#### Exhibit 2. Steps for Completing the Application Process

Step	Required Action
1	Obtain a Data Universal Numbers System (DUNS) number if your organization does not have one, and follow all of the Dun and Bradstreet registration steps.



2	<p>Registration at SAM.gov Requirement. Applicants must register or update a current registration in the Central Contractor Registration (CCR), which is now part of the System for Award Management (SAM), found at <a href="https://www.sam.gov/portal/public/SAM/">https://www.sam.gov/portal/public/SAM/</a>.</p> <p>SAM is a free web site that combines Federal procurement systems (including award processes) and the Catalog of Federal Domestic Assistance into one new system. SAM consolidates the capabilities/functionality formally found in the following systems:</p> <ul style="list-style-type: none"> <li>* Central Contractor Registry (CCR)</li> <li>* Federal Agency Registration (Fedreg)</li> <li>* Online Representations and Certifications Application</li> <li>* Excluded Parties List System (EPLS)</li> </ul>
3	Have the Authorized Organizational Representative (AOR) register with the Credential Provider to obtain a username/password.
4	Have the AOR register with Grants.gov for an account.
5	Have the E-Business Point of Contact (POC) approve the AOR to submit applications on behalf of the organization.

The registration process can be time consuming. As a reminder, registration is incomplete if all of the steps are not completed. Also, remember that the specific deadline for the FHIP application submission is firm. Delays in receiving your DUNS number and registering with SAM will not be considered acceptable circumstances for FHIP to accept an application after the deadline due date. Therefore, it is important that your organization complete each step in the Grants.gov registration process correctly and in a timely manner (prior to a funding opportunity deadline due date) to avoid errors or a rejection that may compromise meeting the FHIP deadline due date.

## 2. Assistance

If you have questions about the Grants.gov registration or application process, there is help. HUD and Grants.gov have multiple resources to guide organizations through the registration and application process.

- a. General Section: One resource is HUD's General Section. As noted earlier in this chapter, the General Section specifies the requirements that must be met by ALL applicants who apply for any grant within HUD. In regard to the pre-application process, the General Section provides applicants with the necessary instructions to complete the registration process, as well as guidance on electronic submission requirements such as: (1) technical



assistance and resource contact information, (2) content and form of application submissions, (3) application instructions and (4) other critical instructions that are mandatory for completing your grant application package.

- b. FHIP staff also provides customer service for general and technical inquiries to applicants, the general public, and others throughout the grant application process. Prospective applicants are encouraged to contact HUD/FHEO program personnel prior to preparation and application submission for assistance.
- c. Other resources that may be helpful for grant application preparation and submission assistance include:

**Exhibit 3. Grantee Resources**

RESOURCE	USEFUL FOR	RESOURCE ACCESS
Grants Management and Oversight Division	General Section, Logic Model, Grants.gov, SAM, etc.	www.hud.gov
Grants.gov	Grantor Help Resources – user guide, reminder items, registration, frequently asked questions, tutorials, training materials, and contacts	http://Grants.gov/agencies/grantors_help_resou.jsp
Duns and Bradstreet Data Universal Numbering System (DUNS)	All organization entities seeking funding directly from HUD must have a DUNS number	Toll Free 866-705-5711 (for the status of existing DUNS number) Toll Free 866-705-5711 (for new DUNS numbers) Toll Free 800-234-3867 (for Alaska and Puerto Rico)
Grants.gov customer support	Provides assistance in navigating through Grants.gov	http://www.Grants.gov/contacts/contactus.jsp (24 hour, seven days per week assistance)
HUD’s NOFA Information Center	Provides general and technical information on HUD NOFAs	Toll free 800-483-8929 Persons with hearing or speech impairment may access the center’s toll free number the Federal Relay Service at 800-877-8339.
Grants.gov email	Respond to email inquiries for technical assistance on system navigation or other general electronic processing issues	support@Grants.gov



Telephone Support at Grants.gov	Issues regarding Grants.gov	1-800-518-GRANTS
Grants.gov Registration Checklist	Checklist of items required to successfully register through Grants.gov	<a href="http://Grants.gov/assets/OrganizationalRegCheck.pdf">http://Grants.gov/assets/OrganizationalRegCheck.pdf</a>
System for Award Management (SAM) (replaced CCR in August 2012)	SAM – one login allows entities to create and update registration and other requirements for Grants.gov and other government systems	<a href="https://www.sam.gov/portal/public/SAM/">https://www.sam.gov/portal/public/SAM/</a>

None of the resources listed above are permitted to help applicants prepare the application content.

### 3. Application Submission Waivers

For FHIP applicants who cannot submit electronically, an authorization to deviate from the electronic submission requirements must be approved in advance of submission of the paper application.

- Waivers must be requested in accordance with 24 CFR 5.1005.
- Waivers must be requested in writing at least 15 days prior to the application deadline, and submitted to the Assistant Secretary for Fair Housing and Equal Opportunity and Director, FHEO FHIP Division.
- Waivers DO NOT change the application deadline date. The NOFA application due date remains the same and the entire application package submitted via a waiver-approved transmission method must be received by the due date/application deadline date.
- Refer to the HUD General Section NOFA under the subtitle, “Other Submission Requirements,” and the FHIP Program NOFA for additional information on waivers.

### 4. Submission Instructions

The submission of duplicate or substantially similar applications concurrently for review will result in the last valid submission being used for review and scoring. All other duplicate submissions are not reviewed.

In submitting a FHIP application for funding, the Authorized Organizational Representative (AOR) is required to provide certain application certifications. (See GAG Chapter II.C.1.b). This process can occur concurrently with submission of the application for those organizations where the individual authorized to submit an application also is the AOR (designated), or as a separate



function for those organizations that choose to keep the certification process separate from the submission function. For those organizations that designate separate authorities for these functions, the AOR must provide the required certifications within 5 working days following the electronic submission of the application.

An application may not be processed until HUD has received the complete required application documents (including the electronic certifications from AOR).

## **5. Requirements Relating to the Data Universal Numbering System (DUNS) and Central Contractor Registration (CCR)**

The Office of Management and Budget (OMB) issued a policy directive (September 14, 2010, 75 FR 22706) that requires applicants to provide a Dun and Bradstreet Data Universal Numbering System (DUNS) number when applying for a new award or renewal of an award under federal grants or cooperative agreements. In accordance with this mandate, each HUD applicant must have a DUNS number prior to submission of an application to HUD.

In addition, each applicant also must be registered in the Central Contractor Registration (CCR), which is now a part of the SAM. SAM registration must be maintained with current information while an organization has an active award or while an application is under consideration by HUD.

To register CCR and other information into the SAM system, go to <http://www.sam.gov>. If an applicant had an active record in CCR when CCR migrated to SAM, that information is now housed in SAM. SAM will notify the organization prior to a record expiration. If an entity has an expired CCR record, the organization should create a SAM account and migrate the information from CCR. For additional information regarding SAM, go to <http://www.sam.gov>.

Failure to comply with the above requirements prior to your application submission may impact the processing of your organization's FHIP application.

## **6. Tracking Grants.gov Application Status**

Upon successfully submitting an application to Grants.gov, the applicant will receive a submission receipt email. This email confirmation verifies that an application has been successfully uploaded to Grants.gov and it is being processed, and assigns the application a Grants.gov tracking number. This number may be used throughout the Grants.gov and FHIP application processing to track an application.

## **7. Application Receipt**

Once the application passes the Grants.gov validation check, it is delivered to HUD for processing. Applicants can access the number assigned to the application via the "Submitted Application" lists in the Grants.gov system. The Department's Office of Grants Management is



available through the Grants.gov “Application Status Inquiry” functions for FHIP applicants and through the “Recent Applications” report for FHEO. Communications about your FHIP application should be addressed to the FHIP Division Director with reference to the Grants.gov application number. FHIP applicants are strongly encouraged to use Grants.gov to verify the status of their submission to HUD.

### **G. Application Processing**

FHIP Applicants should allow up to six months for programmatic review and processing (See GAG Chapter III for additional information on the FHIP review process.). In addition, applicants should be aware that the FHIP Headquarters Division generally makes awards to organizations within 30 days after FHEO makes its recommendation. Grants being made to organizations that have not received a FHIP award within the preceding two years, or involving special situations and other unusual arrangements, may require additional review and processing time.

Applications that are time sensitive (e.g. conference, travel, or a systemic investigation involving something extraordinary) will be accepted for review only if, in the opinion of the FHIP Division Director, they are received in sufficient time to permit appropriate HUD/FHEO review and processing to support an award in advance of the activity to be supported. Every effort will be made to reach a decision and inform the applicant promptly. Until an award is made, applicants should not incur any costs, as HUD is not responsible for any costs incurred by the proposing organization during this time. Nor will HUD back date an award document should the applicant receive funding.

As noted in this chapter, make sure your organization submits all applications electronically through Grants.gov by using the five registration steps outlined earlier in the chapter.



## Chapter II. Application Preparation Instructions

Each applicant organization should be prepared to submit the required certifications and organization and management information required by HUD's General Section when requested by the FHIP Division. To facilitate application preparation, a Frequently Asked Questions (FAQs) document regarding applicant preparation and submission is available electronically on the FHEO website.

### A. Conformance with Instructions for Application Preparation

It is important that all applications conform to the instructions provided in the FHIP NOFA. This FHIP Grant Application Guide (GAG) is a supplement to the FHIP NOFA and HUD General Section NOFA to assist in application preparation and submission. However, the FHIP NOFA is the controlling document. If any information provided in this guide deviates from the FHIP NOFA, the FHIP NOFA will supersede the GAG. In addition, the FHIP Regulation and Statute will supersede the NOFA. For further information about submission requirements, please go to <http://www.Grants.gov/applicants/applicants.jsp>.

### B. Format of the Application

Prior to electronic submission, applicants are encouraged to conduct an administrative review to ensure that applications comply with the application preparation guidelines established in the FHIP NOFA, General Section, and GAG. Each FY's FHIP NOFA includes a checklist for grantees to use to complete that year's application. The checklist highlights certain mandatory items critical to submitting a complete application.

While HUD will review information that has been submitted, the agency is not responsible for alerting potential organizations of missing information, unless the missing information is a technical deficiency. As such, applicants should be knowledgeable of the submission requirements and prepare applications accordingly.

The application preparation checklist should be internally reviewed throughout every application phase.

#### 1. Application Pagination Instructions

Applicants are advised that Grants.gov does not automatically paginate an application. Each section of the application that is uploaded as a file must be individually paginated prior to upload to the electronic system.

#### 2. Application Margin and Spacing Requirements

The application must be clear, readily legible, and conform to the following requirements:



- a. Use one of the following typefaces:
  - i. Courier New at a font size of 12 points
  - ii. Times New Roman at a font size of 12 points

A font size of less than 10 points may be used for mathematical formulas, figures, tables, or diagram captions, and when using a Symbol font to insert Greek letters or special characters. Applicants are cautioned that the text must be readable.

- b. Margins, in all directions, must be at least one inch.

These requirements apply to all uploaded sections of an application, including supplementary documentation.

### **3. Page Formatting**

Applications may be viewed electronically therefore applicants are strongly encouraged to use only a standard, single-column format for the text. Avoid using a two-column format that may cause difficulties when reviewing the document electronically.

The pages of all narratives must be double-spaced. Established page limits must be followed. (Under the FY 2012 NOFA the maximum length of the narrative responses was 8 pages per factor and the Statement of Work and Budget Information did not count toward the eight-page requirement.) However, the page limit is subject to change; therefore, applicants must read the NOFA under which they are applying for specific page limits.

The submission criteria apply to all applicants regardless of their hardware and software capabilities. The guidelines specified above established the type size requirements; however, applicants are advised that readability is of paramount importance and should take precedence in selection of an appropriate font for use in the application. Small type size makes it difficult for the reviewers to read applications; consequently, the use of small type not in compliance with the above guidelines may be grounds for HUD to deduct points from the final score.

Adherence to type size and line spacing requirements also is necessary to ensure that no applicant will have an unfair advantage, by using smaller type or line spacing to provide more text in the application. In addition, applicants should refrain from adding more information than is required to their applications. For example, placing resumes in applications is not necessary. They will not be reviewed and will count towards the eight-page requirement.

## **C. Application Contents**

In addition to program-specific forms, the FHIP NOFA may require the applicant organization to submit supporting documentation including third-party letters or certifications.



Also, in addition to the application contents described below, applicants are required to respond to additional review criteria known as Narrative Rating Factors. The review criteria or Narrative Rating Factors are described in GAG Chapter III, FHIP Application Processing and Review. Applicants must provide narrative responses to each Narrative Rating Factor specified by the FHIP NOFA.

### **1. Single Copy Documents**

Certain categories of information that the applicant submits, in conjunction with the application, is for FHEO use only. This information is not provided to reviewers for use during the application review. These documents should be submitted electronically via the Grant.gov system. A summary of each of these categories follows:

- a. Proprietary or Privileged Information (if applicable)

The instructions for submitting proprietary or privileged information are provided in GAG Chapter I.C.2.

- b. Applicant Certifications

The Authorized Organization Representative (AOR) must use the “Authorized Organizational Representative function” in Grants.gov to electronically sign and submit the application certifications. It is the applicant organization’s responsibility to assure that only the properly authorized individuals sign in this capacity. The AOR must complete the following application certifications:

#### **Certification for Authorized Organizational Representative**

Certification regarding the accuracy and completeness of statements contained in the application, as well as to certify that the organization agrees to accept the obligation to comply with award terms and conditions.

#### **Certification Regarding Conflict of Interest**

Certification stating that the organization has implemented and is enforcing a written policy on conflict of interest; that to the best of his/her knowledge, all financial disclosures required by the conflict of interest policy were made; and that the conflicts of interest if any, were, or prior to the organization’s expenditure of funds under the award, will be, satisfactorily managed, reduced, or eliminated in accordance with the organization’s conflict of interest policy. Conflicts that cannot be satisfactorily managed, reduced, or eliminated must be disclosed to HUD/FHEO.

#### **Drug-free Workplace**

Certification regarding the Drug-Free Workplace Act. The grantee certifies that it will maintain or will continue to provide a drug-free workplace by publishing a statement notifying employees



that the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition.

### **Debarment and Suspension**

Certification regarding Debarment and Suspension.

### **Applicants Code of Conduct/Certification**

Applicants subject to 24 CFR parts 84 or 85 (most non-profit organizations and state, local, and Indian tribal governments or government agencies or instrumentalities that receive federal awards of financial assistance) are required to develop and maintain a written code of conduct (see 24 CFR 84.42 and 85.36(b)(3)). Applicants must certify that they have a written code of conduct and must furnish a copy of that Code of Conduct to HUD. An organization's Code of Conduct should specify who has the delegated authority to sign all documents and should designate an AOR.

### **Certification Regarding Lobbying**

When the application exceeds \$100,000, a lobbying restriction certification is required. Section 1352 of title 31, U.S.C. provides in part that no appropriated funds may be expended by the recipient of a Federal contract, grant, loan, or cooperative agreement to pay any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any of the following covered Federal actions: the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement. The box for "Disclosure of Lobbying Activities" must be checked on the application Cover Sheet only if, pursuant to paragraph 2 of the certification, submission of the certification regarding lobbying is required.

### **Certification Regarding Non-Discrimination**

Certification regarding compliance with HUD nondiscrimination regulations and policies. This certification sets forth the nondiscrimination obligations with which all grantee must comply. These obligations also apply to sub-recipients, sub-grantees, and subcontractors under the award. The applicant, therefore, shall obtain the HUD Nondiscrimination Certification from each organization that applies to be, or serves as a sub-recipient, sub-grantee, or subcontractor under the award (for other than the provision of commercially available supplies, materials, equipment, or general support services) prior to entering into the sub-award arrangement.

### **Certification Regarding Flood Hazard Insurance**



Two sections of the national Flood Insurance Act of 1968 (42 USC 4012a and 4106) bar Federal agencies from giving financial assistance for acquisition or construction purposes in any area identified by the Federal Emergency management Agency (FEMA) as having special flood hazards unless

1. the community in which that area is located participates in the national flood insurance program, and
2. any building (and any related equipment) is covered by adequate flood insurance.

By electronically signing the application Cover Sheet, AORs for prospective grantees located in FEMA-designated special flood hazard areas are certifying that adequate flood insurance has been or will be obtained in the following situations:

1. for HUD grants for the construction of a building or facility, regardless of the dollar amount of the grant; and
2. for other HUD grants when more than \$25,000 has been budgeted in the application for repair, alteration or improvement (construction) of a building or facility.

### **If applicable, Certification Regarding Responsible Conduct of Testers**

Certification that the organization has a plan to provide appropriate training and oversight in the responsible and ethical conduct of testing to testers who will be supported by FHIP to conduct tests.

Additional information on FHIP Conduct of Testers policy is available in Part II, Chapter IV. While training plans are not required to be included in the applications submitted to HUD, organizations are advised that they are subject to review upon request.

### **Information about Investigators/Project Director Employment, Assistant Project Directors, and Board.**

FHEO is committed to providing equal opportunity for participation in its programs promoting the full use of the nation's fair housing resources. To aid in meeting these objectives, FHEO requests information on the gender, race, ethnicity, and disability status of individuals named as Investigators/Project Directors/Assistant Project Directors and Board members on applications and awards. The name(s) of the Investigators/Project Directors/Assistant Project Directors, submission of the information is voluntary, and organizations that do not wish to provide this personnel information should note that in their application.

## **2. Content and Form of the Application**

There are multiple sections of the FHIP NOFA application. Completion of all sections is a requirement. Failure to submit required information may result in an application being deemed



ineligible for review or not qualified for funding. Listed below are the general required sections of a FHIP application. However, applicants must review the FHIP NOFA and the General Section for additional details for all sections, and address the sections accordingly. As the FHIP NOFA is the controlling document and may be subject to change, such changes may impact the required sections of the application.

Each applicant organization is responsible for checking the information that is electronically entered into the application. Therefore, each organization is encouraged to review its information and ensure that the data entered corresponds to the NOFA requirements.

- a. Coversheet. The application download opens to a cover page, which identifies the following:
  - Program Opportunity
  - Competition Program Name
  - Catalog of Federal Domestic Assistance (CFDA) Information
  - Competition ID
  - Opportunity Open and Close Date
  - Mandatory and Optional forms/documents specific to the program opportunity
- b. Standard Form 424 – Application for Federal Assistance (SF-424)

Applicants are required to complete this form to provide the FHIP with specific information about the applicant organization. This should be the first form that applicants complete. Once completed, the information from the SF-424 automatically populates (transfers) common data contained in the SF-424 to other forms contained in the application package. The SF-424 requires the following mandatory information:

- Type of Submission
- Type of Application (new, continuous, revision)
- Date Received
- Applicant Information
  - Legal Name
  - Employer/Taxpayer ID (EIN/TIN)
  - DUNS number



- Agency Contact information
- Agency address
- Type of Applicant (drop-down field)
- Name of Federal Agency (funding opportunity agency)
- Funding Opportunity Number

Although the above-mentioned data is being input into the appropriate fields, there will be instances when specific sections will require that specific forms be completed. Follow the steps below to complete forms contained within an application package.

- When you open a required form, all required fields are noted by an asterisk and sometimes highlighted in yellow with a red border.
- Optional fields and completed fields are displayed in white.
- You can select any field to enter the necessary information.
- You can also use the Tab button on your keyboard to move from field to field.
- If you enter invalid or incomplete information in a required field, you will receive an error message upon leaving the field.
- To exit a form within the application, select the *Close Form* button at the top of the form you are filling out. This will take you to the Cover Sheet. Save your work, then select the *Save* button (on the Cover Sheet) to save your entire application.

#### c. Project Summary or Abstract

FHEO requires an applicant to provide a narrative project summary or abstract. The FHIP application must contain a summary of the proposed activity suitable for publication, not more than one page (single-space) in length. It should not be an abstract of the application, but rather a self-contained description of the fair housing activity that would result if the application were funded. The summary should be written in third person and include a statement of objectives and methods to be employed. It must clearly address in separate statements (within the one-page summary):

- Specific initiative/component applied/amount requested
- The merit of the proposed activity
- The broader impact resulting from the proposed fair housing activity



The project summary or abstract should be informative to persons working in the same or related fields and insofar as possible, understandable to a technically literate lay reader. If the project summary or abstract does not specify the amount and/or Initiative requested, this will be treated as a technical deficiency.

Although an applicant requirement, the project summary or abstract is not a part of the review criteria; therefore, this requirement is not rated and will not affect the applicant's score.

#### d. Table of Contents

It is recommended that the applicant check to see that a Table of Contents (TOC) is automatically generated for the application by the Grants.gov system. In the event that no TOC guidelines have been provided by Grants.gov, the applicant organization is free to design one at its own discretion. Remember that all elements in this section must be clearly outlined. The headings and page numbers that are cited in the TOC must correctly correspond to the information within the body of the application.

#### e. Standard Forms

This includes any bonus point certifications, Logic Model, Detailed Budget Worksheet (HUD 424-CBW), Detailed Budget (HUD 424-CB), Disclosure of Lobbying Activities, and multiple other standard forms. Please see the General Section NOFA for detailed instruction on completing all applicable standard forms.

#### f. Submission of Narratives, Third-party Letters, Certifications, and Program-specific Forms

##### 1. Narrative Statements

Any narrative statements an applicant is required to provide, as specified by the funding opportunity. As outlined in the General Section, HUD established five standard factors as review criteria under most of its program NOFAs. They are:

- Capacity of the Applicant and Relevant Organization Staff
- Need /Extent of the Problem
- Soundness of Approach
- Leveraging Resources
- Achieving Results and Program Evaluations

Each factor will require a narrative statement in response to the factors. The FHIP NOFA follows HUD's five standard established review criteria; however, the FHIP NOFA outlines additional requirements specific to FHIP program needs. Therefore,



applicants must review the FHIP NOFA to ensure that the submitted application adequately addresses the specific FHIP requirements. Please see GAG Chapter III.A for FHIP's review criteria.

## **2. Third-party Letters**

Normally, the FHIP NOFA does require applicants to submit the third-party letters or other documentation, if applicable, which may include: matching or leveraging funds, documentation of 501(c)(3) status, documentation support "need" for the program, and other letters or documentation. However, the NOFA is subject to change so applicants should review the NOFA to verify if third-party letters are required. If so, the FHIP NOFA provides general instructions on what should be contained in any required third-party letter/documentation. In addition, applicants should also review the General Section and/or Grants.gov for detailed formatting and electronic submission instructions.

## **3. Certifications and Program Specific Forms**

An applicant's AOR is required to submit certain certifications and program specific forms for the applicant organization. Please see Chapter II.C.1.b for a list and detail description of required certifications.



## Chapter III. FHIP Application Processing and Review

### A. Review Criteria

HUD strives to conduct a fair, competitive, and transparent review process for the selection of FHIP projects. All FHIP applications are evaluated through use of a HUD approved review criteria. In some instances, however, HUD will employ additional criteria as required to highlight the specific objectives of certain programs and activities. For example applications for large national enforcement projects also might be subject to special review criteria outlined in the FHIP NOFA.

The section of the FHIP NOFA that addresses the review criteria carries great importance for the prospective grantee. It outlines the metrics by which the applicant is gauged acceptable to receive the requested award. HUD will review all eligible applications and assign points based upon Narrative Responses and additional bonus points that may be available.

In accordance with the General Section, FHIP also uses the five review criteria below for awarding funds under its NOFA. Additional details about the criteria and the maximum points for each are provided in the NOFA. For a specific funding opportunity, HUD may modify these criteria to take into account explicit program needs or statutory or regulatory limitations. Applicants should carefully read the review criteria as described in each program NOFA to which they are responding.

HUD expects that proposing organization will respond fully to each review criteria. Total compliance sets the stage for applicant organizations to obtain the maximum points allowable. Failure to provide properly formatted narrative responses to address each criterion or omitting requested information, will impact application scores for a specific criteria or sub-criteria.

As a reminder, this GAG provides a general description of the FHIP NOFA review criteria (below). However, as the FHIP NOFA is subject to change, it is the applicant's responsibility to review the NOFA to assure that narrative responses address the review criteria under each factor. As noted above, additional details about the five criteria and the maximum points for each are provided in the NOFA.

#### 1. Factor 1. Capacity of the Applicant and Relevant Organizational Staff

##### **What experience do the organization and staff have to carry out the proposed activities?**

How well qualified is the applicant to conduct the project? The reviewer will comment on the described expertise of your staff and your organization's experience. The reviewer will also comment on the quality of prior work on past projects or projects similar in scope to the proposed project. To what extent is the activity potentially transferable to the proposed project?

In this section you will detail you capacity to complete your proposed work and the experience



that your organization currently has in this area. You will need to:

- Describe the Expertise of Your Staff

Make sure that you include a full staffing plan with names, positions, and percentages of time each staff person will devote to the project. Ensure that your staffing plan outlines the proposed staff's expertise and related fair housing experience, and how this will aid in the completion of the proposed activities within the grant period.

- Detail Your Organizational Experience

It is imperative that you describe your organization's experience to complete the proposed activities, including fair housing experience.

#### (a) Fair Housing Activities

Applicants should provide examples that demonstrate the broader impact of the individual's fair housing activities that focuses on the transfer of fair housing knowledge and experience. Examples could include, among others: innovations in teaching and training (e.g., development of curricular materials); contributions to fair housing learning; development and/or refinement of fair housing testing and investigation or litigation tools; testing methodologies; development of databases to support fair housing enforcement and education; broadening the participation of fair housing groups underrepresented in states and localities; and service to the fair housing community outside of the individual's immediate organization.

In describing staff or organization, do not submit resumes or other personal information such as home address; home telephone, fax, or cell phone numbers; home email address; date of birth; citizenship; driver's license numbers; marital status; personal hobbies; etc. Such personal information is irrelevant to the merits of the application. If such information is included, FHEO will make every effort to prevent unauthorized access to such material, but the Department is not responsible or in any way liable for the release of such material.

- Discuss Your Performance on Past Projects

Any applicant new to the FHIP program should detail how it successfully conducted a past project or projects similar in scope and the complexity to the proposed project. The applicant may also describe activities that are readily transferable to the proposed project.

For previously funded FHIP grantees, grant close-out documents shall be provided to the Technical Evaluation panel, which gives a rating of: Excellent, Good, Satisfactory, Fair, or Poor. In addition, if any applicant received FHIP funding in the past five years, information on the award(s) is required. Each applicant who has received more than one award must report on the award(s) most closely related to the application. The following information must be provided:



- the FHIP award number, amount and period of support;
- the initiative and component of the project;
- summary of the results of the completed work, including accomplishments related to the activities supported by the award;
- publications resulting from the FHIP award;
- evidence of products and publications and their availability; and
- if the application is for a renewed PEI Multi-year support, a description of the relation of the completed work to the proposed work.

## 2. Factor 2: Need/Extent of the Problem

### **How is the applicant meeting the Affirmatively Furthering Fair Housing (AFFH) needs and how persuasive is the fair housing problem in the targeted area?**

How important is the proposed activity to addressing the fair housing need or continued need within the served or underserved area? Is there a sufficient link between the identified need and the proposed project (s)? Is the need consistent with the targeted area's Analysis of Impediments? What reference to statistical or other data can the applicant provide to support the need for the services in the targeted area? Do not provide copies of data, reports, or statistics. That information will be counted towards any narrative page limits identified in the NOFA. Provide reference and website links to the information.

This section of your response will require you to discuss the need, distress, and extent of the problem you intend to address utilizing FHIP funding. Be sure to:

- adequately describe the need, or
- discuss the continued need, and
- create a link between the identified need or continued need and the proposed activities.

## 3. Factor 3. Soundness of Approach

### **How sound is the applicant's approach?**

How well does the proposed activity support the Department's policy priorities? How well conceived and organized are the proposed activities in the Statement of Work and Budget?

#### Support of Policy Priorities

- The FHIP NOFA requires a response to two Policy Priorities. Responses MUST meet



criteria in this section.

### Statement of Work (SOW)

An effective SOW should address the following:

- Detail all proposed project activities and tasks along with a timeline to complete the proposed project.
- Identify measurable outcomes the activities will have on the targeted population.
- Identify who will perform the activities and major tasks (e.g., the applicant, key team members and staff, a subcontractor, or partner) as identified in Factor 1.

The applicant should provide a clear SOW to be undertaken and must include: objectives for the period of the proposed work and expected significance; relation to longer-term goals of the project; and relation to the present state of knowledge in the field.

The applicant should outline the general plan of work, including the broad design of activities to be undertaken, and, where appropriate, provide a clear description of procedures. It must describe as an integral part of the narrative, the broader impacts resulting from the proposed activities; how the results of the project will be disseminated broadly to enhance education and outreach and enforcement understanding; and potential benefits of the proposed activity to the general public. Examples illustrating activities likely to demonstrate broader impacts are available electronically on the FHIP FHEO Website. For Factor 3, the SOW does not count towards any page limit established by FHIP for the narrative factors.

#### a. Preparing a Budget

Each application must contain a budget for each year of support requested, unless the FHIP NOFA stipulates otherwise. The amounts requested for each budget line item should be documented and justified in the budget narrative.

The application may request funds under any of the categories listed so long as the item and amount are considered necessary, reasonable, allocable, and allowable under the applicable cost principles, HUD policy, and/or the FHIP NOFA. Amounts and expenses budgeted also must be consistent with the proposing organization's policies and procedures and cost accounting practices used in accumulating and reporting costs.

A discussion of the budget and the allowability of selected items of cost is contained in both the GAG (from a budget preparation perspective) and in the Award and Administration Guide (AAG) (from an allowability and administration perspective), as well as FHIP NOFA. In preparation of the budget, however, applicants are encouraged to consult the appropriate OMB Circular to determine whether a certain category of cost is allowable under an FHIP award.



In preparing your budget, keep in mind that:

- The tasks in the SOW and eLogic Model should relate to the budget.
- The items you list should be reasonable, detailed, and supported by what is listed in the SOW.
- Applications must include a budget narrative and a budget worksheet.
- The written budget narrative should explain each line in the budget (the budget narrative does not count towards any page limit established by FHIP for the narrative factors).
- Include a description of your organization's financial management system.
- Include budgets for all major contractors and other partners that you propose to work on the proposed activity.

Each application must contain a budget for each year of support requested, unless the FHIP NOFA stipulates otherwise. The amounts requested for each budget line item should be documented and justified in the budget justification as specified below.

The application may request funds under any of the categories listed so long as the item and amount are considered necessary, reasonable, allocable, and allowable under the applicable cost principles, HUD policy, and/or the FHIP NOFA. Amounts and expenses budgeted also must be consistent with the proposing organization's policies and procedures and cost accounting practices used in accumulating and reporting costs.

A discussion of the budget and the allowability of selected items of cost is contained in both the GAG (from a budget preparation perspective) and in the Award and Administration Guide (AAG) (from an allowability and administration perspective), as well as the FHIP NOFA. In preparation of the budget, however, applicants are encouraged to consult the AAG to determine whether a certain category of cost is allowable under an FHIP award.

Cost principles governing the allowability of costs are contained in OMB Circular A-21 (Colleges and Universities), A-87 (State and local Governments), and A-122 (Non-Profit Organizations) and are available at [http://www.whitehouse.gov/omb/circulars\\_default/](http://www.whitehouse.gov/omb/circulars_default/).

- i. Salaries and Wages
  - a. Senior Project Personnel Salaries and Wages Policy

FHEO regards fair housing activities as one of the normal functions of senior staff members at non-profit organization of fair housing. Compensation for time normally spent on fair housing within the term of appointment is deemed to be included within the staff member's regular



organizational salary.

As a general policy, FHEO limits salary compensation for senior project personnel to no more than two months of their regular salary in any one year. This limit includes salary compensation received from all FHIP-funded grants. This effort must be documented in accordance with the applicable cost principles. If anticipated, any compensation for such personnel excess of two months must be disclosed in the application budget justification, and must be specifically approved by FHEO in the award.

b. Administrative and Clerical Salaries and Wage Policy

In most circumstances salaries of administrative or clerical staff are included as part of a project's indirect cost. Salaries of administrative or clerical staff may be requested as direct costs for a FHIP project requiring an extensive amount of administrative or clerical support and where these costs can be readily and specifically identified with the project with a high degree of accuracy. Salaries of administrative and clerical staff shall be budgeted as a direct cost only if this type of cost is consistently treated as a direct cost in like circumstances for all other projects and cost objectives. The circumstances requiring direct charging of these services must clearly be described in the budget justification. See OMB Circular A-21, for examples of where direct charging of administrative salaries may be appropriate. Additional information on the charging of salaries and wages to a FHIP award is available in AAG Chapter V, Allowability of Costs.

c. Confidential Budgetary Information

The proposing organization may request that salary data on senior personnel not be released to persons outside the Government during the FHIP review process. Again, the information on senior personnel salaries will be used as the basis for determining the salary amounts shown in the grant budget. The box for "Propriety or Privileged Information" must be checked on the application cover sheet when the application contains confidential budget information.

ii. Fringe Benefits

If the applicant's usual accounting practices provide that its contributions to employee benefits (social security, retirement, other payroll-related taxes and time off including vacation, sick, and other leave, etc.) be treated as direct costs, FHIP grant funds may be requested to fund fringe benefits as a direct cost. These are typically determined by application of a calculated fringe benefit rate for a particular employee (full-time or part-time) applied to the salaries and wages requested. Fringe benefits also may be paid based on actual costs for individual employees, if that institutional policy has been approved by the cognizant Federal agency.

iii. Equipment

Equipment is defined as an item of property that has an acquisition cost of \$5,000 or more (unless the organization has established lower levels) and an expedited service life of more than



one year. It is important to note that the acquisition cost of equipment includes modifications, attachments, and accessories necessary to make the property usable for the purpose for which it was purchased. Items of needed equipment must be adequately justified, listed individually by description and estimated cost.

Allowable items ordinarily will be limited to fair housing enforcement or education and outreach activities equipment and apparatus not already available for the conduct of work.

General-purpose equipment, such as a personal computer and office furnishings, are not eligible for support unless primarily or exclusively used in the actual conduct of FHIP activities.

Additional information on the charging of equipment to an FHIP award is available in AAG Chapter V, Allowability of Costs.

#### iv. Travel

Travel and its relation to the proposed activities must be specified and itemized by destination and cost. FHIP funds may be requested for field work, attendance at meetings and conferences, and other travel associated with the proposed work, including subsistence. In order to qualify for support, however, attendance at meetings or conferences must be necessary to accomplish application objectives, or disseminate results. Allowances for air travel normally will not exceed the cost of round-trip economy airfares. Additional information on the charging of travel costs to a FHIP award is available in AAG Chapter V, Allowability of Costs.

#### v. Other Direct Costs

Any costs proposed to a FHIP grant must be allowable, reasonable, and directly allocable to the supported FHIP activity. The budget must identify and itemize other anticipated direct costs not included under the headings above, including materials and supplies, publication costs, computer services, and consultant services. Examples include car rental, space rental, at establishments away from the grantee organization, minor building alterations, payments to testers, service charges, and construction of equipment or systems not available off the shelf. Reference books and periodicals may be charged to the grant only if they are specifically allocable to the project being supported by FHIP.

##### a. Materials and Supplies

Materials and supplies that are necessary to carry out the project are allowable. The application budget justification should indicate the general types of expendable materials and supplies required. Materials and supplies are defined as tangible personal property, other than equipment, costing less than \$5,000, or other lower threshold consistent with the policy established by the proposing organization. Cost estimates must be included for items that represent a substantial amount of the proposed line item cost.

##### b. Publication/Documentation/Dissemination



The application budget may request funds for the costs for documenting, preparing, publishing, or otherwise making available to others the findings and products of the work conducted under the FHIP grant. This generally includes the following types of activities; reports, reprints, page charges, or other journal costs (except costs for prior or early publication); necessary illustrations; cleanup, documentation, storage, and indexing of data and databases; and development, documentation, and debugging of software. Additional information on the charging of publication/documentation/ dissemination costs to a FHIP award is available in AAG Chapter V, Allowability of Costs.

#### c. Consultant Services

Consultants are members of a particular profession or possess a special skill and who are not officers or employees of the performing organization. Costs of professional and consultant services are allowable when reasonable in relation to the services rendered. Payment for consultant services should be comparable to the normal or customary fees charged and received by the consultant for comparable services, especially on non-government contracts and grants.

Anticipated consultant services must be justified and information furnished on each individual's expertise, primary organizational affiliation, normal daily compensation rate, and number of days of expected service. Consultants' travel costs, including subsistence, may be included. If requested, the applicant must be able to justify that the rate of pay is reasonable.

Additional information on the charging of consultant costs to an FHIP award is available in AAG Chapter V, Allowability of Costs.

#### d. Computer Services

The costs of services, including computer-based retrieval of fair housing information, may be requested only where it is institutional policy to charge such a costs as direct charges. A justification based on the established computer service rates at the proposing organization must be included. The application budget also may request costs for leasing of computer equipment. General purpose (word processing, spreadsheets, communication) computer equipment should not be requested. Computers or associated hardware and software, however, may be requested as items of equipment when necessary to accomplish the project objectives and not otherwise reasonably available. Additional information on the charging of computer services to an FHIP award is available in AAG Chapter V, Allowability of Costs.

#### e. Sub-Awards

Except for the procurement of such items as commercially available supplies, materials, equipment, or general support services allowable under the grant, no significant part of the fair housing effort or activities under a FHIP grant may be contracted or otherwise transferred to another organization without prior FHEO authorization. The intent to enter into such



arrangements must be disclosed in the application, and a separate budget should be provided for each sub-awardee, if already identified, along with a description of the work to be performed. Otherwise, the disclosure should include a clear description of the work to be performed, and the basis for selection of the sub-awardee (except for collaborative/partnership arrangements).

f. Other

Any other direct costs not specified in this section must be identified. Such costs must be itemized and detailed in the budget justification.

vi. Total Direct Costs

The total amount of direct costs requested in the budget must be entered in the budget line.

vii. Indirect Costs

If applicants have an indirect cost rate(s) negotiated by the organization with the cognizant negotiating agency, applicants must use that rate in computing indirect costs for an application. The amount for indirect costs should be calculated by applying the current negotiated indirect cost rate(s) to the approved base(s). Indirect cost recovery for non-profit organizations is governed by OMB Circular A-21. The Circular stipulates that Federal agencies are required to use negotiated rates that are in effect at the time of the initial award throughout the life of the sponsored agreement. Additional information on the charging of indirect costs to an FHIP award is available in AAG Chapter V, Allowability of Costs.

A proposing organization that does not have a current negotiated rate agreement with a cognizant Federal agency, *if awarded*, should direct its business officer to request an indirect cost rate from the organization's cognizant agency.

Within Government guidelines, it is HUD policy that grantees are entitled to reimbursement from grant funds for indirect costs allocable to the HUD share of allowable direct costs of a project. FHEO program staff may not negotiate indirect costs as a discrete item of an application budget since only the duly authorized HUD Officer has authority to negotiate indirect costs. FHEO staff are not authorized to suggest or request that Project Directors seek reductions or waivers of indirect costs except as explicitly specified in applicable FHIP NOFAs.

viii. Total Direct and Indirect Costs

The total amount of direct and indirect costs must be entered on the budget line.

ix. Amount of Request

The total amount of funds requested by the proposer should be the same as the amount entered in the final line item of the itemized budget. If there is a discrepancy, the application may be deemed ineligible.



#### x. Unallowable Costs

Applicants should be familiar with the complete list of unallowable costs that is contained in the applicable cost principles. The following categories of unallowable costs are highlighted because of their sensitivity:

##### a. Entertainment

Costs of entertainment, amusement, diversion, and social activities, and any cost directly associated with such costs (such as tickets to shows or sporting events, meals, lodging, rentals, transportation, and gratuities) are unallowable. Travel, meal, and hotel expenses of employees who are not on travel status are unallowable.

##### b. Meals and Coffee Breaks

No FHIP funds may be spent on meals or coffee breaks for meetings of an organization or any of its components, including, but not limited to, departments and centers.

##### c. Alcoholic Beverages

Alcoholic beverages are a non-allowable cost to the Federal government.

#### xi. Current and Pending Support

This portion of the application calls for required information on all current and pending support for ongoing projects, including subsequent funding in the case of multi-year grants. All current project support from whatever source (e.g. Federal, State, local government agencies, public or private foundations, or other commercial organizations) must be listed. The proposed project and all other projects or activities requiring a portion of time of the Project Director and other senior personnel must be included, even if they receive no salary support from the projects(s). The total award amount for the entire award period covered (including indirect costs) must be shown as well as the number of person months per year to be devoted to the project, regardless of source of support. Similar information must be provided for all applications already submitted or submitted concurrently to other possible sponsors, including HUD. Concurrent submission of an application to other organizations will not prejudice its review by FHEO.

#### xii. Facilities, Equipment, and Other Resources

This section of the application is used to assess the adequacy of the organizational resources available to perform the activities proposed. Applicants should describe only those resources that are directly applicable. Applicant should include an aggregated description of the resources that the organization will provide to the project. Such information must be provided in this section, in lieu of other parts of the application (e.g., budget justification, project description). The description should be narrative in nature and must not include any quantifiable financial



information. Reviewers will evaluate the information during review process for programmatic and technical sufficiency. FHEO does expect that the resources identified will be provided, or made available, should the application be funded. AAG Chapter II, Grant Administration, specifies procedures for use by the awardee when there are post-award changes to objectives, scope, or methodology.

#### **4. Factor 4. Leveraging Resources**

**To what extent does the applicant effectively leverage its outside resources to support the proposed activity? Is there sufficient access to outside resources?**

It is vital to your organization that you have resources outside of FHIP funding to support your efforts. The TEP evaluators will award points based on the percentage of non-FHIP resources your organization has identified, and how firm the commitments for those resources are. Include the fair market value of the resources and describe how the fair market values were derived. To receive points, you must establish leveraging by providing firm commitment letters that:

- identify, on letterhead, the organization or individual committing the resources;
- are signed and dated by the official legally authorized to commit resources; and
- identify the source and amounts of leveraged resources.

If you intend to collaborate with a FHAP, the letter or memorandum of understanding (MOU) from the FHAP should be on official FHAP letterhead and clearly state the FHAP's intent and the amount of funding. Please ensure that the FHAP serves the area of the proposed FHIP project.

#### **5. Factor 5. Achieving Results and Program Evaluation**

**What are the results or broader impacts of the proposed activities?**

How well does the activity advance fair housing enforcement while promoting education, outreach, training, and learning? Will the results be disseminated broadly to enhance fair housing enforcement and education and outreach understanding? What may be the benefits of the proposed activity to the general public?

This factor addresses HUD's form number (HUD 96010) known as the eLogic Model. The eLogic Model is a tool that integrates program operations (mission, need, intervention, projected results, and actual results) and program accountability (measurement tool, data source, and frequency of data collection and reporting, including personnel assigned to function). Applicants/grantees should use it to support program planning, monitoring, evaluation, and other management functions. HUD uses the eLogic Model to capture an executive summary of the application submission in data format, which HUD uses to evaluate the attainment of stated applicant goals and anticipated results. HUD also uses the data for policy formulation.



The eLogic Model form has several columns that must be populated. They include:

- HUD's Strategic Goals and/or Policy Priorities that were included in your response to Factor 3a
- Specific list of needs
- Service/Activity related to those identified in your SOW
- Pre-Award measures
- Post and year-to-date measures
- Outcomes/Impacts
- Evaluation tools

Most importantly, the eLogic Model information should be consistent with information contained in the SOW and other narrative factor information.

HUD will review all eligible applications and assign points based upon: Narrative Responses to the Rating Factors and Preferred Sustainability Status Community Bonus Points.

## **B. Selection of Reviewers or Evaluators**

The HUD guidelines for the selection of reviewers are designed to ensure selection of experts who can give the FHIP Headquarters staff the proper information needed to make a recommendation in accordance with the HUD approved criteria for selection of FHIP projects. Reviewers ensure that each application receives a fair and impartial review and that consensual comments about each application can be developed. In an effort to maintain integrity throughout the review process, women and men are selected who possess varying levels of expertise germane to the NOFA opportunity. HUD's selection of reviewers also reflects the education, ethnicity, and other demographic information needed to guarantee a fair and thorough review of prospective FHIP applicants.

To review and rate applications, HUD may establish panels that may include persons not currently employed by HUD. HUD may include these non-HUD employees to obtain particular expertise and outside points of view, including views from other federal agencies. Persons who come to HUD to review applications are subject to conflict-of-interest and confidentiality provisions. In addition, reviewers using HUD IT systems may be subject to IT security assessments.

## **C. Application File Updates**

Applicants are not allowed to arbitrarily make updates to submitted applications. It is the



responsibility of the applicant to thoroughly review each application prior to submission. On occasion, however, a problem is identified with a portion of the application after the application has been submitted electronically to HUD.

PRIOR to the application deadline due date, the Grants.gov system allows the applicant to resubmit an updated application. The system does not allow an applicant to submit only a missing portion or correction to the application. The applicant must resubmit a completed application.

A request for an application update after the FHIP application deadline date and HUD established grace (see General Section) period will require acceptance by the FHIP Division Director. Such requests may be submitted only to correct a technical problem (discussed below) with the application (i.e., formatting or print problems). Changes in the content of the application should not be requested after the timeframes specified above. When a request is accepted, the proposed files or revisions to the application will be immediately replace the existing files and become part of the official application.

After the application deadline, and in accordance with the electronic submission grace period, HUD may not—consistent with its regulations in 24 CFR part 4, subpart B—consider any unsolicited information that an applicant may want to provide.

#### **D. Revisions to Applications during the Review Process**

HUD may contact the applicant to clarify items in its application during the review process. In addition, HUD will notify the applicant of the technical deficiency(ies) and will do so on a uniform basis for all applicants. Examples of curable (correctable) technical deficiencies include:

1. inconsistencies in the funding request,
2. failure to submit the proper certifications that do not impact the score of an applicant, and
3. failure to submit an application that contains a signature by an official able to make a legally binding of the applicant.

If HUD finds a curable deficiency in an application, HUD will notify the applicant in writing describing the clarification or technical deficiency. HUD will send an email to the person designated in item 8 of the Standard Form (SF) 424, Application for Federal Financial Assistance, submitted with the application and to the person listed in item 21 of the SF-424 as the authorized representative. HUD recommends that the applicant identify different persons in item 8 and 21 of the SF-424, and their email addresses so that if one person is not available, another person will be available to receive the request and respond in accordance with the required time frame. Both email notifications will be sent from HUD with the delivery receipt option selected. The email notifications will be the official notification of the need to cure a technical deficiency.



As a courtesy, HUD will call the individual identified on the SF-424. It is the responsibility of the applicant to provide HUD with accurate email addresses and contact numbers for receipt of these notifications. HUD is not responsible for correcting an email address that was not entered into the SF-424 correctly resulting in the applicant not receiving the email notification. Applicants are responsible for monitoring their email accounts and messages to determine whether a cure letter has been received and for notifying appropriate staff of the receipt. HUD is not responsible for notifications that are received and not delivered to the appropriate person.

Clarifications or corrections of technical deficiencies in accordance with the information provided by HUD in the email notification must be received by HUD within 14 calendar days of the date of the HUD email notification. HUD will use as the start of the cure period the date stamp on the email that HUD sends the email to the applicant. If the deficiency cure deadline date falls on a Saturday, Sunday, or Federal holiday, then the applicant's correction must be received by HUD on the next day that is not a Saturday, Sunday, or Federal holiday.

In the case where an applicant submitted an electronic application to Grants.gov, any clarifications or cure items must be submitted electronically by the applicant using the facsimile telephone number and form HUD96011, Facsimile Transmittal, contained in the last application package submitted to HUD.

The additional information provided by facsimile will be matched to the electronic application in HUD's files. When submitting technical deficiency cure items, please place in the in the box labeled "Name of Document Submitting" in form HUD96011 the following information: Technical Cure plus the name of the document. If the name of the document is long and you need space to fit the document name, just label the Technical Cure as "TC" followed by the document name.

When submitting a facsimile, applicants must follow the facsimile requirements found elsewhere in this notice. If the facsimile transmittal form from the last application submitted is not used as the cover page to the applicant's response transmitted to HUD in accordance with these directions, HUD will not be able to match the response to the application under review and the application will not be given further funding consideration. If the deficiency is not corrected within the above time frame, HUD will reject the application as incomplete, and it will not be considered for funding.

## **E. Award Recommendation**

During the grant review process, the team of reviewers will review each prospective application and assign scores based on individual merit. In addition to each applicant receiving a numerical score, reviewers are tasked with generating comments about applicants' strengths and weaknesses. Based on these consensual comments and numerical scores, each individual application is assigned an overall rating.



HUD has pre-determined a benchmark of success for applicants. Only applications with a rating of 75 points or more will be considered of sufficient quality for funding. While this point rating is the general gauge, HUD also relies on additional indicators when making award recommendations. HUD—as the authorizing agency—may also elect to: approve applications if an application is for an amount lower than the amount requested; fund only portions of the application; withhold funds after approval; and reallocate funds among activities and/or require that special conditions be added to the grant agreement.

Notification of an award recommendation does not authorize a grantee to incur any project costs, or expend award funds. Applicants are cautioned that only an appointed HUD Grant Officer may make commitments, obligations, or awards on behalf of HUD or authorize the expenditure of funds. HUD will not approve any pre-award costs incurred prior to the completion of grant negotiations and an executed award agreement including the Grant Officer signature. No commitment on the part of HUD or the Government should be inferred from technical or budgetary discussions with a HUD Grant Officer. A Project Director or organization that makes financial or personnel commitments in the absence of a grant agreement signed by the HUD does so at its own risk.

#### **F. Panel Review Information Provided to Applicant**

After awards are announced, applicants will receive a copy of their final scores. This information will help successful and unsuccessful applicants gain perspective about their strengths and weaknesses.

In addition to numerical point values being released, applicants will have access to consensual comments that were generated during the review. These comments include a series of strengths and weaknesses as determined by the review panel that are based on the FHIP criteria. The level of detail provided is essential for successful and unsuccessful applicants. Successful applicants will become aware of how they can effectively execute their grant, based on their perceived strengths. Unsuccessful applicants will also benefit from application feedback. These applicants will be able to more realistically gauge their strengths and weaknesses.

Additional feedback for applicants can also be gathered during a meeting, which is called technical assistance. For a period of at least 120 days, beginning 30 days after the awards for assistance are publicly announced, HUD will provide to a requesting applicant a review of its application. A request for technical assistance must be made in writing or by email by the authorized official whose signature appears on the SF-424 or by his or her successor in office, and be submitted to the person or organization identified as the contact under the section entitled “Agency Contact(s)” in the individual program NOFA under which the applicant applied for assistance. Information provided during this review includes, at a minimum, the final score the applicant received for each rating factor, final evaluator comments for each rating factor, and the final assessment indicating the basis upon which assistance was provided or denied. Again, these



reviews are made directly to provide feedback for the purpose of improving future applications, and to assist in the preparation of future applications. They are not intended for any other purposes.

### **G. Release of Grantee Application Information**

An application that results in a FHIP award will be available to the public on request, except for privileged information or material that is personal, proprietary, or otherwise exempt from disclosure under law. Appropriate labeling in the application aids identification of what may be specifically exempt. (See Chapter I.C.2) Such information will be withheld from public disclosure to the extent permitted by law, including the Freedom of Information Act. Without assuming any liability for inadvertent disclosure, HUD will seek to limit disclosure of such information to its employees and to outside reviewers when necessary for review of the application or as otherwise authorized by law.

Portions of an application resulting in grants that contain descriptions of fair housing information in which either the government or the grantee owns a right, title, or interest (including a non-exclusive license) will not normally be made available to the public until a reasonable time has been allowed for filing patent applications. HUD will notify the grantee of receipt of requests for copies of funded applications so the grantee may advise HUD of such information described, or other confidential, commercial, or proprietary information contained in the application.



## Chapter IV. Selection Approval and Non-Award Decisions

### A. Application Withdrawal

A prospective grantee may withdraw an application any time before a funding recommendation is made by FHIP. The withdrawal must be initiated and completed by the prospective grantee's Authorized Organization Representative directly with the authorized HUD/FHIP contact listed in the NOFA under which the prospective grantee applied.

FHIP must be notified if any funding for the proposed project is received from another source or sponsor between the time the application is submitted and selection approval and notification.

### B. Return without Review

Proposals may not be reviewed or considered by FHIP for the following reasons:

1. Applicant does not meet the application deadline date.
2. Application is sent entirely as a fax.
3. Applicant was an ineligible applicant based on the requirements of the General HUD NOFA or FHIP NOFA or the Federal Excluded Parties List of debarred or suspended organizations and businesses.
4. Applicant has delinquent federal debts.
5. Application duplicates a proposal already under consideration by FHIP from the same applicant.
6. Application does not meet HUD FHIP proposal preparation requirements in the HUD General NOFA or FHIP NOFA.
7. Application does not respond to the requirements of the initiative and component under which it was submitted.
8. Applicant requests an award amount that is over the funding limit of the initiative and component under which it was submitted.
9. Applicant is a defendant in an unresolved outstanding civil rights matter, including:
  - a. has a reasonable cause determination issue by HUD or a substantially equivalent state or local agency;
  - b. is a defendant in a pending lawsuit brought by the Department of Justice;
  - c. has unresolved findings of liability in a federal or state court in a civil rights matter;



- d. has a finding of noncompliance by HUD under Section, 504, Title VII, Section 109, Section 3, or state or local civil rights laws.

10. Application is received in hardcopy form by HUD without a waiver of the electronic submission process.

### **C. Declination (Rejections)**

An organization that applied for a HUD FHIP grant and was not awarded will receive a letter informing it of FHIP's decision. The letter will include the initiative and component information and the applicant's review score. If the letter is not considered adequate, the Authorized Organization Representative may request additional information from HUD FHIP Headquarters.

### **D. Reconsiderations**

Under specific circumstances, reconsideration may be granted to prospective grantees. The aim of any reconsideration is to ensure that HUD's review has been fair and reasonable, both substantively and procedurally. Award of HUD assistance is discretionary and reconsideration is not an adversarial process. A formal hearing, therefore, is not provided. Because factors such as the FHIP program budget and priorities factor into the decision on an application, HUD cannot ensure applicants that reconsideration will result in an award even if error is established in connection with the initial review.

In accordance with the HUD NOFA General Section, for a period of at least 120 days, beginning 30 days after the awards for assistance are publicly announced, HUD will provide a requesting applicant technical assistance (TA) related to its application. A request for TA must be made in writing or by email by the signed by the organization's president or other chief executive officer and be submitted to the HUD FHIP contact listed in the NOFA under which the applicant applied. Information provided during a TA will include, at a minimum, the final score the applicant received for each rating factor, and the final assessment indicating the basis upon which assistance was provided or denied.

If dissatisfied with the explanation provided during the TA, an organization may request in writing that HUD FHIP reconsider its action in a communiqué signed by the organization's president or other chief executive officer. The letter should explain why the organization was not satisfied with the information it received during the debriefing and describe the error(s) it believes may have occurred during review.

The FHIP Program Director will reconsider the application to determine whether HUD FHIP's review of the declined application was fair and reasonable, the policies and priorities of the applicant and FHIP, and whether the application was appropriate for FHIP consideration under the initiative and component it was submitted under.



The Program Director may request additional information and may obtain additional reviews. Any additional reviews will be conducted according to standard review procedures. The Program Director will furnish the results of the further reconsideration, in writing, to the organization. The decision made by the Program Director is final.

### **E. Name Check Review**

If the name check reveals significant adverse findings that reflect on the business integrity or responsibility of the applicant or any key individual, HUD reserves the right to:

1. deny funding, or in the case of a renewal or continuing award, consider suspension or termination of an award immediately for cause,
2. require the removal of any key individual from association with management or implementation of the award, and
3. make appropriate provisions or revisions with respect to the method of payment or financial reporting requirements



# Fair Housing Initiatives Program Application and Award Policies and Procedures Guide Part II. Award and Administration Guide

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## **PART II. AWARD AND ADMINISTRATION GUIDE**

### **CHAPTER I. FHIP Awards**

The Awards and Administration Guide (Part II of the HUD-FHIP Application and Award Policies and Procedures Guide) sets forth HUD policies regarding the award and administration of FHIP grants and cooperative agreements and implements Office of Management and Budget (OMB) Circular A-110, Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations and OMB Circular A-102 Grant and Cooperative Agreements With State and Local Governments. This Guide also implements other OMB Circulars, Public Laws, Executive Orders (E.O.), and other directives as they apply to grants and cooperative agreements, and is issued pursuant to the authority of Section 561 of the Housing and Community Development Act of 1987.

The Awards and Administration Guide is applicable to all FHIP grants and cooperative agreements, unless noted otherwise in the award instrument.

#### **A. Acceptance/Rejection of Assistance Award**

Applicants selected to receive awards are free to accept or reject the grant or cooperative agreement as awarded. Normally, the signature of the organization head on the grant award package constitutes the acceptance of award; however, FHEO may require formal acceptance of an award in the form of a written notification. If an applicant chooses not to accept an award, then the applicant must submit a written notice of intent to reject the award to the Director of the FHIP Division. If the applicant does not respond within 30 days to acceptance of an award, then HUD will make every attempt, via email, certified mail, and telephone calls to the AOR and/or the designated contact person about said award. If there is no response after several attempts, HUD will seek a waiver of that award and award the funds to the next eligible applicant on the ranking list.



## B. Grant Negotiations

1. Immediately following grant award announcements, the responsible GTR or GTM will contact the awarded agency to schedule a mutually agreed upon time to complete grant negotiations. Prior to negotiations, the GTR/GTM will review the NOFA, grant application, TEP alerts, name check reports, and any other information available to determine the following:

- a. whether grantee is eligible for funding;
- b. whether grant activities are allowable, achievable and attainable;
- c. whether budget line items are accurately calculated;
- d. whether budget line items are allowable, allocable, and reasonable;
- e. whether staff time is appropriate to perform proposed tasks;
- f. whether grantee has established a Disaster Plan;
- g. whether grantee's Code of Conduct meets HUD's requirements, and
- h. whether period of performance is within timeframe outlined in the NOFA.

The GTR/GTM may request additional information for review prior to negotiations to help facilitate discussions and ensure timely completion of the process. Any disputes between the grantee and the GTR/GTM should be addressed to the assigned Grant Officer for resolution.

2. Grantees are required to adhere to numerous federal regulations, policies and procedures when carrying out grant activities. Therefore, the GTR/GTM will reference some of these requirements during the negotiation process to ensure grantees fully understand decisions pertaining to allowable/disallowable costs and activities. Some requirements referenced during negotiations include, but are not limited to:

- a. OMB Circular A-122
- b. OMB Circular A-110
- c. OMB Circular A-133
- d. Title 2 CFR: Grants and Agreements
- e. HUD/GSA Travel Regulations

3. During negotiations, grantees will work with an assigned GTR/GTM to develop a payment schedule based on the deliverable dates outlined in the Statement of Work (SOW). In some instances in which grantee is just starting their operations or needs funds to secure staffing, grantees may request a 10 percent initial payment to cover any upfront costs associated with the



grant. For example, a grantee may request an initial payment to cover expenses associated with up-front costs to pay a consultant for key work items needed to carry out the grant. Grantees will be required to satisfactorily complete some administrative tasks to receive this payment. The administrative tasks will be agreed upon by the grantee and the GTR/GTM during the negotiations process.

4. By the end of grant negotiations, the parties will have agreed upon all required administrative and program tasks outlined in the approved SOW, all costs outlined in the approved budget, the period of performance for the grant, and the approved payment schedule. By the end of negotiations, grantees must complete all of the required forms for accessing and obtaining payments via HUD's Line of Control Credit System (LOCCS). Additional information pertaining to LOCCS can be found in AAG Chapter III.B.3.

5. It is important that grantees fully understand that HUD will not approve any pre-award costs incurred prior to negotiations and completion of the executed award agreement. Grantees who conduct activities prior to negotiations do so at their own risk and expense. Immediately following negotiations, the GTR/GTM will complete and submit the final award package, including the applicable Schedule of Articles and terms and conditions of the award, to the grantee for signature. Once the grantee signs the final award package, it is returned to the Grant Officer. The award agreement is not effective until the Grant Officer signs the document.

### **C. Award Agreement**

1. The award agreement is a binding agreement between HUD and the grantee that details the terms and conditions for award and the amount of funds awarded based on the application submission and the available funds. Composition of a FHIP award includes:

- a. Form HUD-1044, Assistance Award/Amendment, which includes the grant performance period and applicable terms and conditions;
- b. schedule of Articles, addendums, and applicable special conditions referenced on the award agreement;
- c. approved Statement of Work;
- d. payment Schedule; and
- e. approved budget, by reference.

### **D. FHIP Award Conditions**

#### **1. FHIP Award Conditions**

Each FHIP award agreement specifically identifies certain conditions that are applicable to and become part of that award.



## 2. Basic Conditions

The following types of basic conditions are a part of a FHIP award, as appropriate.

### a. Grant General Conditions

These requirements are specified in the FHIP NOFA, the General Section, and the OMB Circulars. For example, maintaining a sound financial system to handle grant funds would be a FHIP NOFA and General Section requirement.

### b. Standard Conditions

These types of conditions may either supplement or modify the applicable General Conditions described above. For example, the following may be standard conditions.

- Use of funds for HUD-approved/HUD-sponsored trainings.
- Programmatic Terms and Conditions that provide guidance on project governance, reporting, management, and oversight of the project.
- Financial/Administrative Terms and Conditions that outline both government-wide and HUD/FHEO policies regarding assistance awards as well as the management and oversight of a project.

## 3. Availability

The latest version of each set of these general and standard conditions for assistance awards may be found in the General Section of HUD's Notice of Funding Availability (NOFA) located at [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/administration/grants/fundsavail](http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/grants/fundsavail).

## E. FHIP Grant Periods

The FHIP grant period is the period of time between the effective date and the expiration date on a FHIP grant shown in the Grant Agreement as the duration. A FHIP grant gives authority to the grantee to commit and expend funds during the grant period for allowable costs in support of the project up to the grant amount specified in the grant award agreement. Expenditures may not be charged prior to the start date or subsequent to the expiration date under a FHIP grant, nor may grantees be given a retroactive start date.

## F. No-cost Extension

While HUD recognizes that there are acceptable reasons for granting requests for extensions, it has determined that more specific procedures must be in place to prevent over-reliance of extension periods as a means to manage grant performance.

### 1. Processing Procedures for No-cost Extensions



Requests for project extensions should not be submitted when the tasks in the Statement of Work (SOW) can be completed in a timely manner through more vigilant oversight and management of the FHIP project. A grantee should submit a request for extension as soon as it becomes apparent that an extension will be needed, but at least 30–90 days prior to the end of the grant project period. All requests must be made in writing to the Grant Officer, with cc: copies to the GTR/GTM. In addition, requests must provide a justification for the extension. Requests must state the specific length of extension requested.

A formal request of a no-cost extension to the grant period must be submitted to the GTR 30–90 days prior to the grant expiration date. The request for extension must include a justification of why the extension is needed and verify that it is of no additional cost to the Government. If additional time beyond the established date is required to ensure adequate completion of the statement of work or exceptional circumstances warrant, within the funds already made available, the expiration date may be changed if approved by the GO through a grant amendment. The new expiration date is approved once the GO issues the signed grant amendment.

## 2. Extension Request Requirements

Grantees should provide the following items with extension request:

- a. A revised SOW, which includes revised timeframes for task completion or new/additional tasks.
- b. If extension request is for 90 days or more, the grantee is encouraged but not required to revise the SOW to reflect that the draft final report will be submitted 15 days before the end of the extension period and the final report will be submitted by the last day of the extension period.
- c. Revised budget, if the extension will result in modifications to budget line items in the project budget amount that are more than 10 percent of the total budget. (NOTE: It is required that grant extensions on fixed-price grants can only be made where there is no additional cost to the government)

The Grant Officer will not execute a grant amendment until the grantee submits a revised SOW and the budget documents described above. HUD reserves the right to deny requests for extensions if:

- a. requests are made less than 30 days before project expiration;
- b. requests are made solely to expend the balance of fixed-price grant award funds (e.g. all SOW tasks have been completed, but excess funds remain which the grantee wishes to expend in carrying out related project tasks. If the grantee wishes to use the excess funds to offset increased indirect costs, the grantee must request such approval from the Grant Officer



within 30 days before the end date of the grant performance period. The grantee must utilize the excess funds before close-out of the grant (expiration date of the grant usually 90 days past the grant performance period). If additional time is needed beyond the close-out of the grant, grantee must inform the GTR and GO 30 days before the close-out date

- c. the request fails to provide adequate justification for an extension is necessary.

### **3. Rejection of No-Cost Extension**

Failure to submit a grant extension in accordance with the above described procedures may result in:

- a. Disapproval of the request. If the grantee is unable to complete the project within the original timeframe, this disapproval could lead to cancellation of the balance of grant activities and recapturing by HUD of funds budgeted for activities not completed.
- b. Lack of compliance by grantee with OMB-Circular provisions and implementing HUD regulations. HUD Regulations at 24 CFR 84.28 state: "Where a funding period is specified, a recipient may charge to the grant only allowable costs resulting from obligations incurred during the funding period..." If the project period has expired and the grantee continues to carry out project duties (other than preparing the draft and/or final report during 90 days after the project ends) without HUD approval of an extension of the project period, the grantee may have to reimburse the government for funds charged to the grant after the expiration of the grant.
- c. A less than favorable overall assessment of grantee performance through progress reviews/close-out assessments.
- d. Lower scores in future FHIP competitions in the area of grantee management of FHIP awards.

## **G. Continued FHIP Funding Support**

### **1. PEI Multi-Year Grants**

- a. Multi-year awards are normally 36 month grants. Second and third year funding normally are not considered in the competition with applications for new grants.
- b. Unless otherwise provided for in the original application, each year of a continuing grant will be funded at the level indicated in the original award agreement without a formal request, subject to FHEO's judgment of satisfactory progress, availability of funds, and receipt and approval of the required first year report, including HUD's annual eLogic Model. FHEO makes every attempt to honor multi-year grant commitments. However, in order to adjust to changes in the annual FHIP funding levels, FHEO may reduce funding



below the levels indicated in original grant notices. In the absence of major unanticipated fiscal year constraints, reductions are rare. Multi-year continuing grant funding will be released upon availability of funds.

- c. In order to obtain a committed funding year and ensure continuity of multi-year funding, an annual report (including the HUD eLogic Model) model must be submitted by the grantee at least thirty (30) days before the end of the period currently being funded.



## Chapter II. Grant Administration

### A. Monitoring Project Performance

#### 1. Grantee Responsibilities

- a. A grantee has full responsibility for the conduct of the project or activity supported under a FHIP grant and for the results to be achieved.

The grantee should monitor the performance of the project to assure adherence to performance goals, time schedules, or other requirements as appropriate to the project or the terms of the grant. In order to carry out these responsibilities, each grantee shall agree to comply with the applicable Federal requirements for grants and to the prudent management of all expenditures and actions affecting the grant. Documentation for each expenditure or action affecting the grant shall reflect appropriate organizational reviews or approvals, which should be made in advance of the action. Organizational reviews are intended to help assure that expenditures are allowable, necessary and reasonable for the conduct of the project, and that the proposed action:

- i. is consistent with grant terms and conditions;
  - ii. is consistent with HUD and grantee policies;
  - iii. represents effective utilization of resources; and
  - iv. does not constitute a change in project objectives and scope of work.
- b. Notwithstanding these responsibilities, HUD encourages communication between the grantee and GTR/GTMs on the progress of projects supported by FHIP as well as on project changes.
  - c. HUD has the right, at all reasonable times, to conduct offsite evaluations or make onsite visits to review project accomplishments, grantee management control systems, and administration and management of the grant and to provide technical assistance as may be required. If any site visit is made by HUD on the premises of the grantee or sub-awardee under a FHIP grant, the grantee shall provide and shall require its sub-awardee to provide all reasonable facilities and assistance for the safety and convenience of the HUD representatives.

### B. Change in Project Direction, Management, or Organization

#### 1. Changes in Objectives, Methodology or Schedule of Articles

- a. Changes in Objectives or Scope



Neither the objectives of the project stated in the application nor agreed modifications should be changed without prior HUD approval. Such changes should be proposed to the Grant Officer by the Project Director. If approved by HUD, the Grant Officer will amend the grant. Prior HUD approval also is required for any changes to the facilities, equipment, and other resources of the approved application that would constitute a change in the objective or scope.

b. Changes in Methodology

HUD believes that the Project Director, operating within the established policies of the grantee organization, should feel free to pursue interesting and important leads that may arise during the conduct of fair housing enforcement (or other grant supported) project or to adopt an alternative approach which appears to be a promising means of achieving the objectives of the project. Significant changes in methods or procedures should be reported to the appropriate GTR/GTM(s) and the Grant Officer for review and approval.

c. Significant Changes, Delays, or Events of Unusual Interest

- i. In the event there are problems, delays, or adverse conditions that will materially affect the ability to attain the objectives of the project or to meet such time schedules as may have been approved, the grantee should notify the GTR/GTM.
- ii. HUD should be informed of any events of unusual interest that occur during the course of the project. Events affecting SOW deliverable dates must be approved by the Grant Officer through an amendment to the grant agreement.
- iii. If a problem exists, the GTR will work with the grantee to provide technical assistance or guidance on resolution(s). The GTR will also notify the Grant Officer of changes recommended and/or solutions to the problem.

d. Significant Changes in Organization

If the grantee changes its name, merges with another organization, or plans any major organizational changes during the course of this grant, the grantee must give advance notice to the Grant Officer of any such proposed changes that affect the implementation of the grant.

## 2. Changes in the Project Director or Persons-Month Devoted to Project

a. Background

The HUD decision to support or not to support a proposed project is based, to a considerable extent, upon its evaluation of the proposed Project Director and any identified staff knowledge of fair housing and his/her capabilities to conduct the project in an efficient manner. This is reflected in the HUD criteria for the selection of projects funding. (See annual FHIP NOFA for project criteria). The named Project Director should be continuously responsible for the conduct of the project and be closely involved with the effort.



#### b. Basic Requirements

If the Project Director plans to, or becomes aware that he/she will: (1) devote substantially less effort to the project than anticipated in the approved application; (2) sever his/her connection with the grantee organization; or (3) otherwise relinquish active direction of the project, the grantee will notify the Project Director and will initiate action appropriate to the situation under the guidelines that follow.

#### c. Short-Term Absence of Project Director

If the Project Director will be absent from the project for a short period of one to three months, he/she shall notify the appropriate staff persons of the grantee organization. The grantee shall then notify the GTR of arrangements for conduct of the project during the Project Director's temporary absence. Absence for less than one month should be worked out with the grantee organization and the GTR should be notified about the time duration.

#### d. Long-term Absence of Project Director

In the event the Project Director will be away from the project for a period greater than three months but intends to return, arrangements for oversight of the project shall be electronically submitted to HUD for approval. This information must be provided at least 30 days before departure or as soon as practicable after the prospective absence is known. The Grant Officer will provide written approval to the grantee if the arrangements are satisfactory, but no formal amendment to the grant will be made.

If the arrangements are not satisfactory to HUD, the grant may be terminated as prescribed in AAG Chapter VII.A.

#### e. Change in Person-Months Devoted to Project

If the Project Director or senior staff will devote substantially less time to the project than anticipated in the application, (defined in the FHIP Grant Conditions as a reduction of 25 percent or more in time) he/she should consult with appropriate staff person of the grantee organization and with the GTR. If either determines that the reduction of effort will substantially impair the successful execution of the project, the GTR will consult the Grant Officer. The Grant Officer may:

- i. request the grantee nominate a replacement Project Director or senior staff person acceptable to the Grant Officer;
- ii. negotiate an appropriate modification to the grant; or
- iii. initiate the termination procedures described in AAG Chapter VII.A.

#### f. Withdrawal of Project Director



In the event the Project Director severs his/her connection with the grantee organization or otherwise relinquishes active direction of the project, grantee must notify the Grant Officer via email and either nominate a substitute or acting Project Director or request that the grant be terminated and closed out.

g. Substitute or Acting Project Director

In the event the grantee desires to continue the project with a substitute or acting Project Director, the appropriate official at the grantee organization must advise the Grant Officer of the substitute Project Director's name and qualifications. If approved by the Grant Officer, the Grant Officer will amend the grant. If not approved, HUD may take steps, pursuant to AAG Chapter VII.A to suspend or terminate the grant.

If the Project Director severs his/her connection with the grantee organization, the grantee is required to immediately inform the Grant Officer and LOCCS Security of the change.

h. Contracting or Transferring the Project Effort (Subaward)

No significant part of the enforcement or education and outreach effort under a FHIP grant may be contracted or otherwise transferred to another organization. The intent to enter into such an arrangement should be disclosed in the application submission.

If it becomes necessary to contact or otherwise transfer a significant part of the enforcement or education and outreach effort after a FHIP grant has been made, the grantee shall submit, to the GTR at a minimum:

- i. a clear description of the work to be performed;
- ii. the basis for selection of the subawardee; and
- iii. a separate budget for each subaward.

This request must be submitted by email or hard copy, and the authorization will be indicated by an amendment to the grant signed by the GO.

## C. Changes in the Grant Budget

### 1. OMB Directives

Section 25 of OMB Circular A-110 contains optional requirements regarding budgetary revisions. Accordingly, FHEO requires the following:

- a. prior approval from the Grant Officer for appropriate transfer between direct and indirect categories of the grant budget; and
- b. prior approval from the Grant Officer regarding transfers of funds among direct cost



categories in which the Federal share exceeds \$100,000.

## 2. Grant Budget Changes and Approval

- a. If required in furtherance of the project, the grantee is authorized to transfer funds from one budget category to another for allowable expenses, however, this requires prior HUD approval.
- b. When a change requires HUD approval, the request must be submitted electronically via email to the GTR. The request should clearly state which budget items, if any, are to be changed and by what amounts, and should explain the reasons for any changes.
- c. Whenever the amount of Federal funds authorized by the FHIP grant is expected to exceed the requirements of the project, as outlined in the approved application, the grantee must promptly notify the GTR.
- d. Future revisions to the SOW and final detailed budget must be incorporated by amendment to the grant agreement, except when changes impact or involve less than 10 percent of the final budget.

## D. Technical Reporting Requirements

HUD requires technical project reports for all assistance awards. Information from these reports is used in FHEO annual reports to Congress to demonstrate the FHIP's performance as mandated by the Government Performance and Results Act (GPRA) of 1993. These reports also provide HUD program officers and administrative offices with information on the progress of supported FHIP projects and the way these funds are being used. Information in these reports may be available to the general public through the Freedom of Information Act (FOIA). Technical reports must be submitted in a format acceptable to the assigned GTR. Technical reports include:

### 1. Quarterly Reports

Quarterly Performance Reports and quarterly eLogic Model submissions are provided to the GTR and GTM not later than 30 days after the end of each quarter of the grant period.

The quarterly report consists of a narrative summary that describes the accomplishments during the quarter for each task in the SOW and the effectiveness of the activities. If an agency is behind schedule or fails to complete any item, the reason for the failure should be explained and a projected date for completion must be included.

Grantee work products related to the tasks should be attached to the quarterly performance report and clearly marked by task number. If documents related to the task were previously submitted, they should have been clearly marked by task number and the report should identify when the items were submitted.



The quarterly report should also advise the GTR/GTM of any changes in key personnel and include documentation of resignations, terminations, and new hires. For new hires in key personnel positions, the grantee must submit a copy of the vacancy announcement, how positions were advertised, and the resume of the new hire. Any replacements to key personnel must have qualifications necessary to perform the activities required by the grant and follow procedures as outlined in Section II. B.

Quarterly reports should also discuss any factors that may affect the outcome of the project. This could include things such as changes to:

- a. The governing body membership
- b. Changes in subgrantee or subcontractor arrangements
- c. Leveraging activities
- d. Volunteer efforts
- e. Management plan
- f. Budget
- g. Any other issues that may affect the outcome of the project

The GTR/GTM reviews Quarterly Performance Reports in detail to determine whether all tasks meet the requirements for quarterly payment. This review addresses each SOW task, assessing whether the recipient has met the requirement in terms of timeliness, quality, and quantity.

- Where a recipient exceeds requirements of any tasks, the GTR/GTM should note this accomplishment.
- Where a recipient fails to meet any requirements, the GTR/GTM should identify the problem and determine what is needed to correct the deficiency and provide technical assistance.

The GTR will use the GTM input when finalizing review and approval of payment vouchers. The GTR and/or the GTM will follow up with the grantee if significant problems arise during the review.

## **2. Enforcement Log Review**

Recipients of enforcement grants are required to submit an enforcement log with each quarterly report. HUD has designed an Enforcement Log for the grantee's use or the grantee may design a personal format. However, the grantee's format must include the required contents, outlined in Section



GTR/GTM will review the enforcement log to determine whether the numbers of complaints filed/co-referred by the grantee to HUD, FHAP deputies, or filed concurrent are reasonable in comparison to the number of tests and investigations performed. If major deficiencies arise, the GTR/GTM may request additional information to determine the cause and may schedule an onsite monitoring review to address the specific concerns.

### **3. Annual Project Reports (Multi-Year Performance Reports)**

Unless otherwise specified in the multi-year award, an annual project report should be submitted at least 60 days prior to the end of the current fiscal year to allow adequate time for the GTR to review and approve the report. The grantee is also required to submit the completed eLogic Model for that period and answer any pertinent management questions related to the grant period. Multi-year grantees should submit an annual eLogic Model for each year of performance and tied to the SOW.

The report is considered due 60 days prior to the end of the current fiscal year. The report becomes overdue the day after the 60-day period ends. Failure to submit a timely report will delay processing of additional funding and administrative actions, including, but not limited to, no cost extensions. In the case of continuing grants, such as PEI Multi-year grants and FHOI-ENOC grants, failure to submit timely reports may delay processing of funding increments.

For most grants, this is 60 days prior to the end of the fiscal year. However, for continuing grants with duration of 18 months or more, two reports are required. An annual report must be submitted for the first 12 months of the project, and a final report that encompasses project performance for the entire grant period. Continuing grants of 24–36 months will require an annual report for each 12-month period and a final report detailing performance for the entire grant period.

### **4. Final Project Report**

Within 90 days following expiration of the grant, a final project report must be submitted by mail or electronically, at the discretion of the GTR/GTM. The report becomes overdue the day after the 90-day period ends. In addition, the grantee also shall provide to the GTR, within 90 days following the expiration of the grant, any unique reports or other items specified in the award. The final report should address the following questions:

- a. Has grantee performed all requirements in the grant?
- b. Describe the major purpose and major activities under the grant.
- c. Provide a detailed description of work completed under the grant.
- d. Has any patentable items resulted from the subject grant?



- e. Did the Agreement call for any Grantee acquired or Government furnished property?
- f. Did the grantee acquire any property with grant funds?
- g. Assess the final quality of your performance.
- h. Are there any un obligated balances?

### **5. Project Outcomes Report for the General Public (eLogic Model)**

Within 90 days following the expiration of a grant, a project outcome report (HUD's eLogic Model Form 96010) for the general public must be submitted electronically via HUD.gov. The report serves as a brief summary of the nature and outcomes of the project. All final eLogic Models should be reported on HUD Form 96010 and should be submitted annually. The eLogic Model form should be in an Excel format and should reference the Outputs and Outcomes that the grantee accomplished during the grant performance period. In addition, the Management Questions should be addressed and submitted to the GTR as part of the final Reporting requirements. The final year of the eLogic Model for multi-year grants should be a culmination of all three years' activities.

### **6. Compliance with Technical Reporting Requirements**

FHIP grantees must submit all required technical reports (Enforcement Log, Appendix C) within the time period specified. Failure to adhere to the timeliness requirement may adversely affect a grantee's performance rating and may have an impact on any future awards.

### **7. Tester Closeout**

Grantees undertaking testing should complete the Fair Housing Initiative Program Enforcement Log in Appendix C. This form is required as part of the enforcement grant activities.

### **8. Grant Closeout**

Grant closeout is the process by which HUD determines that all applicable actions and all required work of the grant have been completed. FHIP grants will be financially closed based on the final costs reported on the Federal Financial Report one full quarter after the expiration of the grant. To ensure the effective and efficient closeout of grants, the GTR/GTM is responsible for the following:

- a. Administratively close the FHIP grant after the receipt of the Final Report and after determination that any administrative requirements in the grant have been met.
- b. Unless HUD/FHEO authorizes an extension, liquidate all obligations incurred under the award no later than 90 calendar days after the funding period or the date of completion as specified in the terms and conditions of the grant.



- c. If required, promptly refund any balances of unobligated cash that the HUD/FHEO has advanced or paid and that is not authorized to be retained by the grantee for use in other projects. OMB Circular A-129 governs unreturned amounts that become delinquent debts.
- d. Provide GTR/GTM with an account of any real and personal property acquired with Federal funds or received from HUD/FHEO in accordance with 2 CFR Sections 215.31 through 215.37.

If applicable, ensure that a final audit has been performed prior to grant closeout. HUD/FHEO shall retain the right to recover an appropriate amount after fully considering the recommendations on disallowed costs resulting from the final audit.

## **E. Records Retention and Audit**

Records, supporting documents, statistical records, and other records pertinent to the FHIP grant must be retained by the grantee for a period of three years from submission of the Final Project Report except that:

- a. records relating to audits, appeals, litigation, or the settlement of complaints or claims arising out of the performance of the project and any enforcement actions will be retained until such audits, appeals, litigation and complaints, or claims have been disposed of; and
- b. in order to avoid duplicate recordkeeping, FHEO may make special arrangements with grantees to retain any records that are needed for joint use. FHEO may request transfer to its custody records not needed by the grantee when it determines that the records possess long-term retention value. When the records are transferred to or maintained by FHEO, the three-year retention requirement is not applicable to the grantee. In the rare event that these provisions are exercised, FHEO will negotiate a mutually agreeable arrangement with the grantee regarding reimbursement of costs.

## **F. PEI Multi-Year Funding Procedures**

### **1. General Information**

Recipients who have received PEI multi-year grants are required to negotiate their SOW and budget for the three years in the initial year of funding. Thereafter, funding is based upon appropriated funds being available to award recipient under the subsequent performance period. If funds are available, grantees do not have to resubmit an application under the FHIP.

### **2. Multi-year Award**

Multi-year funding is funding to qualified organizations to support continuation of ongoing activities and the expansion or creation of systemic investigations of housing discrimination.

### **3. Multi-year Funding Principles**



If funds are not appropriated from Congress for FHIP, then HUD/FHEO has the authority to suspend all PEI Multi-Year Component grants. If funding is less than the amount anticipated for funding under the PEI Multi-year Component, then HUD/FHEO has the authority to: (1) reduce the amount of funding to each grantee or (2) suspend funding to the Initiative.

#### 4. Competition

All PEI Multi-year Component applicants are required to submit an initial application under the NOFA. Applicants are then assessed based upon NOFA criteria by the TEP. All applicants must receive a minimum score of 75 in order to be eligible under this component. Funding is applied, based on the final TEP score.

- a. **Requests for Applications.** All requests for applications should be made in accordance with the NOFA.
- b. **Education and Outreach.** PEI grantees should allocate no more than the percentage indicated in the NOFA for education and outreach purposes.
- c. **Durational Awards.** Grantee awards have a performance period of three years, based upon appropriations.
- d. **Amendments.** Any amendments to the original grant agreement have to be made in writing to the GTR. The request should outline what is being requested; the reasons for the request; and how the request will impact the budget and SOW. Requests for amendments should be given 30 days in advance to allow the GTR appropriate time to assess the impact of the amendment. No-cost extensions may be requested 30 days in advance of the end of the performance period.
- e. **Preparation of New Award.** Grantees are not required to submit another application to receive funding to carry out the second and third year of grant activities. However, grantees are required to sign a new form HUD-1044 to obligate funds for the next performance period. Since funds are tied to differing fiscal years, the grantee must obligate all funds from one year before any funds can be disbursed for the next year.



## CHAPTER III. Financial Requirements and Payments

The acceptance of a FHIP grant from HUD creates a legal duty on the part of the grantee organization to use the funds made available in accordance with the terms and conditions of the grant. The procedures in this chapter apply primarily to the grantee's business office.

### A. Standards for Financial Management

FHIP grantees are required to ensure that the financial management system meets the standards prescribed in:

- 24 CFR, 84.21 through 84.28,
- the provisions of the Cash Management Improvement Act of 1990 (CMIA) (Pub. L.101–4593), as amended (codified as amended in scattered sections of Title 31 U.S. code) and
- OMB Circular A-110.

### B. Payment Requirements

#### 1. Advance Payments

The purpose of this section is to prescribe the timing of advances and the procedures to be observed to assure that advance cash payments occur only when essential to meet the needs of a grantee for its actual disbursement. However, payments may not be made in advance of a grant being signed by a FHIOP Grant Officer or designee for the project period. Advances should be made in a formal request from the grantee to the Grant Officer at the time of negotiations.

Payments must be made in accordance with the SOW and Budget/Payment Schedule on a reimbursement basis. The Payment Schedule allocates when each payment is made and the circumstances under which payment can be made in accordance with the SOW. Payment requests that are not timely are subject to the Prompt Payment Act and a justification must be submitted to the FHEO Budget Office when payments are not made timely. Advances to a grantee shall be limited to no more than 10 percent of the award amount and as agreed on in the Payment Schedule and shall be timed in accordance with the approved tasks of the project. Grantees should request advances in their negotiations with their GTR. The GTR will have to approve any advance and approve the submission of deliverables tied to any advance. Grantees may not request an advance after negotiations.

Cash advances made by primary grantees (those that receive advances directly from HUD) to others (subawardees) shall conform to the same standards of timing and amount as apply to advances by HUD to primary grantees, including the furnishing of reports of cash disbursement and balances.



## 2. Withholding Payments

HUD reserves the right, on written notice, to withhold future payments after a specified date if the recipient:

- a. Fails to comply with the conditions of a HUD grant, including the reporting requirements;  
or
- b. Is indebted to the U.S. Government. If the indebtedness is to another Federal agency, HUD has the right to offset any award for payment to that agency.

**Safeguarding Funds.** In no case will HUD-furnished funds be commingled with the personal funds of, or be used for personal purposes by, an officer, employee, or agent of the grantee; nor will any of these funds be deposited in personal bank accounts for disbursement by personal check.

## 3. Grantee LOCCS

LOCCS is a function used by grantees to provide HUD with their electronic banking information. HUD uses the LOCCS system to disburse and track payments of grant funds to grantees. The LOCCS system enables HUD to transfer funds electronically to a grantee's bank account by using the banking information provided by the grantee.

All FHIP grantees must provide banking information through LOCCS in order to request and/or receive payments. In order to gain access to LOCCS, grantees must complete the following forms: (1) HUD-27054 - LOCCS VRS Access Authorization; and the (2) SF-1199 Direct Deposit Sign-Up Form. These forms identify the authorized official of the organization who has authority to request and approve payment requests. The GTR reviews these forms and then forwards the forms to HUD's Office of the Chief Financial Officer for processing to approve the bank information and verify the signature(s).

Requests for payments must be made using the LOCCS VRS system and completing a HUD-27053 (Payment Voucher). The grantee submits the request for payment directly into the automated system. The grantee should also submit a payment voucher to the GTR/GTM for review along with the quarterly report on grant activities and supporting documentation in accordance with the payment schedule. Each payment request must be supported by a detailed breakdown of the costs claimed on a quarterly basis on the SF-425.

Approval of payment requests is based upon HUD's acceptance of all required deliverables. GTRs/GTMs have the authority to deny payments or authorize partial payments if all deliverables are not accepted. The assigned grants management personnel use LOCCS to ensure that payments made are appropriately obligated, payments are approved and paid, and payments and obligations do not exceed allotted funding levels.



#### **4. Use of Disadvantaged and Women-Owned and Minority-Owned Banks**

Recipients of FHIP grants are encouraged by the Federal government to use banks which are owned (at least 50 percent) by women or minority groups such as Asian, Black, Hispanic, Native Americans, and Pacific Islanders. This action is consistent with the national goal of expanding the opportunities for women-owned and minority owned business enterprises.

### **C. Cash Refunds and Credits to HUD**

#### **1. Erroneous Payments**

Advances or reimbursements made in error must be refunded to HUD if the erroneous payment creates an excess of cash on hand condition or a negative “Balance Authorized” as computed on the Federal Financial Report (FFR). Excess funds should be promptly refunded electronically or by check. Contact the FHIP Division at 202-402-3146 for instructions for electronically refunding monies to HUD. Check payments are made to the U.S. Treasury for the amount of the funds being returned. The check, along with a brief cover memo, should be mailed to the HUD lockbox at the following address:

U.S. Department of Housing and Urban Development  
P.O. Box 277303  
Atlanta, GA 30384-7303

#### **2. Excess Funds**

The unobligated balance of FHIP funds, available after all project tasks have been satisfactorily completed, may be used by the grantee to affirmatively further fair housing or provide additional fair housing activities. Thirty days prior to the grant ending, the grantee must obtain Grant Officer approval through submission of a written request that provides a detailed explanation of what gave rise to the excess fund balance and details the fair housing activities to be supported by the excess funds. The grantee is also required to maintain records that support actual expenditures, by budget line item, of the excess funds.

#### **3. Interest Earned on Advance Payments**

Grantees shall maintain advances of FHIP funds in interest bearing accounts, unless the following apply:

- a. The grantee receives less than \$120,000 in Federal grants per year.
- b. The best reasonably available interest bearing account would not be expected to earn interest in excess of \$250 per year on Federal cash balances.

Interest earned on FHIP advances deposited in interest bearing accounts shall be sent back annually to the:



U.S. Department of Housing and Urban Development (HUD)  
P.O. Box 277303  
Atlanta, GA 30384–7303

#### 4. Program Income

Program income means gross income earned by the grantee that is directly generated by a supported activity or earned as a result of the FHIP grant. Program income includes, but is not limited to, income from fees for services performed, the use of rental of real or personal property acquired under the grant, the sale of commodities or items fabricated under the grant, license fees for, and royalties on, copyrights, and interest on loans made with grant funds. Interest earned on advances of Federal funds is not program income. Program income does not include the receipt of principal loans, rebates, credits, discounts, etc., or interest earned on any of them. For FHIP, program income may be retained by the grantee for use to Affirmatively Further Fair Housing.

If in accordance with the grant, program income is designated for credit to grant costs, and may be recovered by HUD by crediting costs otherwise chargeable against the grant on the Federal Financial Report. When there is income in excess of the grant amount, excess funds should be sent to HUD by check payable to the Department of Treasury and sent to the following address:

U.S. Department of Housing and Urban Development  
P.O. Box 277303  
Atlanta, GA 30384–7303

The following provisions implement the applicable portions of 2 CFR on program income as well as the principle on income from copyright material adopted by HUD.

#### **FHIP Policy**

- a. **Standard Treatment.** Unless otherwise specified in the FHIP grant, program income received or accrued to the grantee during the period of the grant may be retained by the grantee, added to the funds committed to the FHIP project, and thus used to further project objectives. HUD does not have authority over program income received beyond the period of the grant.
- b. **Special Treatment.** In exceptional circumstances, the GTR, in collaboration with the Grant Officer and other appropriate FHEO headquarters staff, may approve use of a special grant provision to restrict or eliminate a grantee's control of income earned through FHIP-supported activities if it determines that this would best serve the purposes of the program or grant. The special provisions may require the Federal share of program income be kept in a separate account, reported on and/or remitted for such periods as may be reasonable under the circumstances.

#### 5. Other Cost Credits



Purchase discounts, rebates, allowances, credits resulting from overhead rate adjustments, and other credits relating to any allowable cost received by or accruing to the grantee shall be credited against FHIP grant costs if the grant has not been financially closed out. A grant is financially closed out when the final disbursements have been reported on the FFR.

## **6. Non-Duplication of Payments**

Neither the grantee nor any subcontractors(s) may charge HUD, the U.S. Department of Justice, or any other Federal funding source or FHAP agencies for any activities funded by FHIP.

## **7. Uncollectable Accounts**

Delinquent debts must be repaid within 30 days after the GO sends the initial demand letter notifying the recipient of the debt. Supporting documentation will be maintained in the official grant file and the debt referred to the Chief Financial Officer.

## **D. Grant Financial Reporting Requirements**

### **1. SF-425 Federal Financial Report (FFR)**

FHIP grantees are required to report the status of FHIP funds on a quarterly basis through the submission of SF-425 Federal Financial Report (FFR).

The reports are prepared and submitted in hard copy to the FHIP GTR. The following is the OMB Grant Forms and detailed instructions can be obtained at the following website: [http://www.whitehouse.gov/sites/default/files/omb/grants/standard\\_forms/SF-425\\_instructions.pdf](http://www.whitehouse.gov/sites/default/files/omb/grants/standard_forms/SF-425_instructions.pdf).

Within 30 business days after the end of the calendar quarter, grantees are required to update, certify, and submit the FFR to HUD by the due date even if funds have not been drawn down during the reporting period. Grantees certify the report's truthfulness as stated in the certification page of the FFR.

Failure to submit the FFR to HUD in a timely manner can result in one or more of the following actions.

- a. Suspension of all future payments
- b. Closeout of expired awards based on previously reported disbursements
- c. Suspension of unexpired awards
- d. Suspension of review and processing of new applications



## 2. Final Disbursement Reporting

Final disbursements are based on the GTR's/GTM's acceptance of all required work products. When the GTR/GTM has reviewed the final quarterly report, the GTM will convey any deficiencies to the grantee that must be addressed prior to submission of the final report. The grantee has 90 calendar days after the date completion of the award, or after any deficiencies are noted, to submit the final report covering the entire performance period. Upon receipt of the final report, the GTR/GTM will review to:

- a. assess overall performance of the grantee, and
- b. determine whether the grantee performance was outstanding, satisfactory, fair or poor.

The GTR/GTM will identify tasks in which the grantee exceeded or failed to meet grant requirements and rate the grantee accordingly. The GTR's assessment considers the timeliness, quality and quantity of grantee work products throughout the life of the grant. If the grantee's performance is poor, the grantee is precluded from receiving further FHIP funds until the issues causing the poor performance are cleared up to the GO's satisfaction.

### E. Financial Audits/Audit Costs

A FHIP grantee that expends \$500,000 or more in a year in total Federal awards shall have a single or program-specific audit conducted for that year in accordance with the provisions of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations. The grantee is responsible for ensuring that subgrantees have met the audit requirements in Title 24 CFR 84.26.

A grantee that expends less than \$500,000 a year in Federal awards is exempt from Federal audit requirements for that year, except where HUD, the Inspector General, or the General Accounting Office (GAO) conducts or arranges for additional audits (e.g., financial audits, performance audits, evaluations, inspections, or reviews).

OMB Circular A-133 does not limit the authority of Federal agencies (including their Inspectors General or GAO) to conduct or arrange for additional audits, nor authorize any auditor to constrain Federal agencies from carrying out additional audits. Any additional audits shall be planned and performed in such a way as to build upon the work performed by other auditors.

A Federal agency that conducts or contracts for additional audits shall, consistent with other applicable laws and regulations, arrange for funding the full cost of such additional audits.

For a grantee expending \$500,000 or more in a year in Federal awards, the cost of audits made in accordance with the provisions of OMB Circular A-133 are allowable charges to Federal awards. The charges may be considered a direct cost or an allocated indirect cost, as determined in accordance with the provisions of applicable OMB cost principles circulars, the Federal



Acquisition Regulations (FAR) (48 CFR parts 30 and 31), or other applicable cost principles or regulations.

A grantee shall not charge to a Federal award the cost of any audit under the Single Audit Act Amendments of 1996 not conducted in accordance with Circular A-133, or the cost of auditing a grantee which had Federal awards expended of less than \$500,000 per year and is thereby exempted from having an audit conducted under the provisions of Circular A-133.

The only exemption to the OMB Circular A-133 is that pass-through entities may charge Federal awards for the cost of limited scope audits to monitor their sub recipients in accordance with §7501.400 (d)(3), provided the sub recipient does not have a single audit.



## CHAPTER IV. Grantee Standards

### A. Conflict of Interest Policies

1. HUD/FHEO encourages banks, and private and public real estate ventures to partner with local fair housing organizations to improve or sustain fair housing compliance, but recognizes that such interactions carry with them an increased risk of conflict of interests. The following contains HUD/FHEO's policy on conflict of interest.

### B. Responsible Conduct of FHIP Testing

#### 1. Background

The responsible and ethical conduct of investigating fair housing complaints is critical for excellence, as well as public trust in fair housing enforcement. Consequently, testers in your FHIP-funded testing activities must not have prior felony convictions or convictions of crimes involving fraud or perjury.

#### 2. Organizational Responsibilities

- a. All persons considered for positions as testers must: (1) self-certify under penalty of perjury that they do not have any prior felony convictions or convictions of crime involving fraud or perjury; (2) receive training acceptable to HUD or be experienced in testing procedures and techniques; and (3) agree to a criminal background check to verify the individual's assertions regarding criminal history.
- b. Testers and the organizations conducting tests, and the employees and agents of these organizations may not:
  - i. have an economic interest in the outcome of the test; however, testers retain their right to recover damages as provided by law;
  - ii. be a relative related by adoption, blood, or marriage of any party in a case;
  - iii. have had any employment or other affiliation, within the past year, with the person or entity to be tested; or
  - iv. be a licensed competitor of the person or entity to be tested in the listing, rental, sale, or financing of real estate.

FHEO requires an organization to have a plan in place to provide appropriate training and oversight of the responsible and ethical conduct of testing to staff that will be supported by FHIP funds to conduct testing.



## C. FHIP PEI and FHOI Testing Awards

### 1. What is a test?

A test funded by FHIP is a covert housing investigation involving one or more persons who initiate contact with another person or entity for the purpose of comparing how members and non-members of a protected class who are otherwise similarly situated are treated. The investigation may also include comparing the observed conduct or business practices to the requirements of fair housing laws.

### 2. Purpose

Testing by FHIP is designed to identify incidences of housing discrimination against a person of a protected class sufficient to bring an action under Title VIII of the Fair Housing Act.

### 3. General Requirements

#### a. Recipient Responsibilities

The test file for any test target that indicates a violation of the Federal Fair Housing Act must be referred to the GTR/GTM within 15 days after the completion of the testing. The GTR/GTM will review the test file for accuracy and report its findings to the Grantee. All test files will be placed in the Grant File as a deliverable.

A quarterly testing report will be produced by the grantee that will outline the number and type of tests completed. The report will include a summary of the test findings and recommendations for all completed tests. Further, the grantee will meet with the GTR/GTM quarterly to discuss the test results.

The Final Testing Report will include the identities of the entities tested, the duration of the testing activity, location(s) of tests conducted, overall number of tests conducted, summary of assessments and results for each test target, a detailed critical assessment of the design and operation of the enforcement testing project, the number of tests that were conclusive and those that were not conclusive, and actions and recommendations that were made.

#### b. Testers Background Name Check Reviews

On January 25, 2012, FHEO issued a technical guidance memorandum to advising FHIP grantees and monitors of the requirement to verify the criminal history of all FHIP testers. All FHIP funded organizations that conduct enforcement testing must adhere to the FHIP regulation found at 24 CFR Part 125.107(a).



FHIP grantees must also require that:

- i. each tester certify “under penalty of perjury” that he/she has no prior felony convictions or conviction for a crime involving fraud or perjury;
- ii. each tester certify that there are no exceptions to this requirement;
- iii. that the grantee has conducted criminal background checks of testers and maintain records that checks have been performed;
- iv. grantees must exclude any potential testers with felonies from participating in any FHIP testing activities; and
- v. they must recertify testers each year.

These policies will be reviewed during monitoring reviews to ensure compliance with this requirement. GTRs/GTMs will review tester agreements to ensure appropriate language is included.

#### c. Testing Methodology

Testing methodologies must be submitted to and approved by the GTR/GTM prior to undertaking testing activities. If grantees have had their testing methodologies approved within the last three years, no further approval is necessary. Updated methodologies must be submitted for review and approval after the three-year period has ended. Failure to obtain approval of testing methodologies prior to commencement of testing activities may result in disallowable expenditures under the grant.

#### d. Post-award Requirements

Grantees must submit a code of conduct outlining their conflict of interest provisions as stated above. Addendum of the grant award package states:

- i. As a recipient of Federal Financial Assistance from the Department, FHIP funded organizations are subject and are required to develop and maintain a written code of conduct (see Sections 84.42 and 85.36(b)(3)). Consistent with regulations governing specific programs, the code of conduct must: prohibit real and apparent conflicts of interest that may arise among officers, employees, or agents; prohibit the solicitation of donations that are in violation of conflict of interest provisions, prohibit the solicitation and acceptance of gifts or gratuities by officers, employees and agents of the FHIP-funded organization for personal benefit in excess of minimal value; and, outline administrative and disciplinary actions available to remedy violations of such standards.
- ii. Additional Requirements for Enforcement Organizations. At a minimum, the



FHIP-funded organization must certify in its Code of Conduct that it will not solicit funds/donations from or seek to provide fair housing educational or other services or products for compensation either directly or indirectly to any person or entity that has been the subject of its FHIP-funded testing for a period of 12 months following the last FHIP-funded test conducted on the person or entity. In addition, the FHIP-funded organization may not solicit funds from or seek to provide fair housing educational or other services or products for compensation either directly or indirectly to any person or entity based upon the threat of conducting testing. This prohibition does not preclude providing training or technical assistance that is court-ordered or contained in a negotiated settlement based on investigative findings. The intent of the conflict of interest provision in the Code of Conduct is to protect the integrity and preserve the independence of the testing by requiring an arms-length relationship between the FHIP-funded organization and the persons and/or entities its tests.

Failure to comply with the conflict of interest provisions of the grant agreement may adversely affect current and future funding.

#### **D. Procurement Standards and Property Management**

FHIP grantees shall adhere to the requirements of OMB Circular A-110 that prescribe standards for use by recipients in establishing procedures for the procurement management and disposition of supplies and other expendable property, equipment, real property, and other services with Federal funds.

#### **E. Property Management Standards**

OMB Circular A-110 prescribes standards for managing and disposing of property furnished by the Federal government or charged to a FHIP project supported by a Federal grant:

##### **1. Equipment**

Title to materials developed and supplies purchased under a FHIP grant will vest with the grantee. Title to equipment purchased or fabricated with FHIP grant funds will vest with the grantee upon acquisition unless otherwise specified in the FHIP grant agreement.

##### **2. Conditions for Acquisition of Real Property**

Title to real property shall vest with the grantee subject to the condition that the grantee shall use the real property for the authorized purpose of the project as long as it is needed and shall not encumber the property without approval of the Federal awarding agency.

When the recipient determines that real property is no longer needed for the purpose of the original project, the recipient shall obtain written approval by HUD for the use of real property in



other federally sponsored project. Use in other projects shall be limited to those under federally sponsored projects (i.e., awards) or programs that have purposes consistent with those authorized for support by the Federal awarding agency.

### **3. Conditions for Acquisition and Use of Equipment**

- a. **Grantee Assurance.** The FHIP grantee will assure that each purchase of equipment is:
  - i. necessary for the fair housing activity supported by the grant;
  - ii. not otherwise reasonably available and accessible;
  - iii. of the type normally charged as a direct cost to grantee agreements; and
  - iv. acquired in accordance with organizational practice.
- b. **General Purpose Equipment.** Expenditures for general purpose equipment are unallowable unless the equipment is primarily or exclusively used in the actual conduct of fair housing enforcement or education and outreach activities.
- c. **Equipment Usage.** The equipment must remain in use for the specific FHIP project for which it was obtained in accordance with OMB Circular A-110.
- d. **Equipment Sharing.** The equipment must be shared on other projects or programs in accordance with OMB Circular A-110.
- e. **Property Management Standards.** The grantee shall maintain a property management system that, at a minimum, meets the requirement of OMB Circular A-110.
- f. **Competition.** FHIP grantees shall not use equipment acquired with Federal funds to provide services to non-Federal outside organizations for a fee that is less than private companies charge for equivalent services, for as long as the Federal Government retains an interest in the equipment.
- g. **Right to Transfer Title.** HUD/FHEO may reserve the right to transfer title to the Federal Government or a third party named by the awarding agency when such a third party is otherwise eligible under existing statutes. Such transfers shall be subject to the following standards:
  - i. The property shall be identified in the grant or otherwise made known to the grantee in writing.
  - ii. The Federal awarding agency shall issue disposition instruction within 120 calendar days after the end of the Federal support of the project for which it was acquired. If the Federal awarding agency fails to issue disposition instructions within the 120 calendar-day period the grantee shall follow 45 CFR 92.32(e).



- iii. When title to equipment is transferred, the grantee shall be paid an amount calculated by applying the percentage of participation in the purchase to the current fair market value of the property.

#### **4. Property Management Standards when Title Retained by HUD**

In the event that title to equipment or property is vested with the Federal government, such property shall be marked, tagged or segregated in such a manner to indicate clearly its ownership by the government. Unless otherwise provided in the grant, such government property shall be used only for the performance of the FHIP project. The FHIP grantee shall submit an annual inventory report by FHIP grant number of such property having an acquisition cost of \$5,000 or more to the HUD Administrative Services. Upon expiration of the grant, the FHIP grantee shall report the property to the GTR.



## CHAPTER V. Allowability of Costs

### A. Basic Considerations

Expenditures under FHIP grants are governed by the Federal cost principles and must conform to HUD policies, grant special provisions and FHEO internal policies. FHIP grantees should ensure that costs claimed under FHIP grants are necessary, reasonable, allocable, and allowable under the applicable cost principles, HUD policy, and/or the FHIP program NOFA.

In the event a grantee anticipates charging an item of direct cost that might subsequently be disputed, an authorized official of the grantee organization should discuss the matter with the FHIP GTR and document the conditions or factors surrounding the item in order to avoid possible subsequent disallowance.

#### 1. Federal Cost Principles

##### a. Applicability to Grantee

The governing Federal cost principles applicable to specific types of grantees are as follows:

#### Exhibit 4. Federal Cost Principles per Type of Organization

Type of Organization	Applicable Federal Cost Principles
Cost Principles for Non-Profits	OMB Circular A-122
State/Local Government	OMB Circular A-87
Educational Institutions	OMB Circular A-21

##### b. Applicability to Subrecipients

FHIP grantees are responsible for ensuring that costs of all sub-awards under their FHIP grants are subject to those cost principles and procedures appropriate to the sub-award type and organization involved.

##### c. Conflicting Guidelines

In the event of any discrepancy between the summary information contained in this chapter and any specific provision of the applicable Federal cost principles, the cost principles effective the date of the FHIP grant will govern. In the case of a discrepancy between the special provisions of a FHIP grant and the standards of the applicable cost principles, the special provisions of the grant will govern.

#### 2. Other Considerations



#### a. Maximum Obligation

The maximum obligation of HUD for support of the FHIP project will not exceed the amount specified in the grant, as amended. HUD does not amend FHIP grants to provide additional funds for such purposes as reimbursement for unrecovered indirect costs resulting from their establishment of final negotiated rates or for increases in salaries, fringe benefits and other costs.

#### b. Pre-award Costs

- i. FHIP grantees may incur allowable costs within the 90-day period immediately preceding the effective date of the grant provided:
  - a) the approval of the pre-award spending is made and documented in accordance with the grantee's procedures, and
  - b) the advanced funding is necessary for the effective and economical conduct of the FHIP project.
- ii. Pre-award expenditures are made at the FHIP grantee's risk. Grantee authority to approve pre-award costs does not impose an obligation on HUD: (1) in the absence of a HUD appropriation; (2) if an award is not subsequently made; or (3) if an award is made for a lesser amount than the grant anticipated. Pre-award expenditures prior to funding of an increment with a continuing grant are also subject to the above.

#### c. Post Expiration Costs

FHIP funds may not be expended subsequent to the expiration date of the grant except to liquidate valid commitments that were made on or before the expiration date. For example, commitment of project funds is valid when testing is conducted well in advance of the expiration date, but where, due to unusual or unforeseen circumstances, testing is delayed beyond the expiration date. The costs of testing after the expiration date, however, may not be charged to the project.

### 3. HUD Prior Approval Policy

The funding of items identified in the budget constitutes HUD's authorization for the grantee to incur these costs, provided there is no specific limitation in their grant language and the costs are otherwise allowable under the OMB cost principles.

Costs not specifically budgeted in a FHIP award may be allowable provided that prior GTR approval is not required and costs are incurred consistently with the applicable cost principles. The appropriate OMB circulars governing cost principles per organization type are listed in this chapter. Please review the appropriate circular for additional information.



## B. Direct Costs

The following sub-sections summarize the allowability of frequently encountered direct cost items:

### 1. Salaries, Wages, and Fringe Benefits

#### a. Salaries and Wages

- i. All grantees. All remuneration paid currently or accrued by the organization for employees working on the HUD supported FHIP project during the grant period is allowable to the extent that:
  - a) Total compensation to individual employees is reasonable for the work performed and conforms to the established organization policy consistently applied to both government and non-government activities; and
  - b) The charges for work performed directly under FHIP grants and for other work allocable as indirect costs are determined and documented as provided in the applicable Federal cost principles.

#### b. Administrative and Clerical Staff

In most circumstances salaries of administrative or clerical staff are included as part of the indirect cost. Salaries of administrative or clerical staff may be requested as direct costs for a FHIP project requiring an extensive amount of administrative or clerical support and where these costs can be readily and specifically identified with the project with a high degree of accuracy. Salaries of administrative and clerical staff shall be budgeted as a direct cost only if this type of cost is consistently treated as a direct cost in like circumstances for all other projects and cost objectives. The circumstances requiring direct charging of these services must clearly be described in the budget justification.

#### c. Fringe Benefits

Fringe benefits are allowable as a direct cost (if not included as an indirect cost) in proportion to the salary charged to the grant, to the extent that such payments made under formally established and consistently applied organizational policies.

### 2. Equipment

#### a. General Purpose Equipment

Expenditures for general purpose equipment are normally unallowable unless the equipment is primarily or exclusively used in actual conduct of FHIP activity. GTR review and approval is required for all equipment purchases by small business or other commercial organizations.



## b. Special Purpose Equipment

Expenditures for special purpose equipment are allowable as direct costs provided the acquisition of items with a unit cost of \$5,000 or more is:

- i. necessary for the activity supported by the grant;
- ii. not otherwise reasonably available and accessible;
- iii. of the type normally charged as direct cost to sponsored agreements; and
- iv. acquired in accordance with organizational practices.

Rental for special purpose equipment is allowable.

## 3. Materials and Supplies

Materials and supplies that are necessary to carry out the project are allowable as prescribed in the governing cost principles.

## 4. Travel Costs

Expenses for transportation, lodging, subsistence, and related items incurred by project personnel and by outside consultants employed on the project who are on travel status on business related to a FHIP funded project are allowable as prescribed in the governing cost principles.

## 5. Computer Services

The costs of services are allowable provided the charges meet the condition of the governing cost principles. FHIP awardees should address lease versus purchase factors as required by 2 CFR, Part 215.44.

## 6. Consultant Services

### a. Outside Consultants

- i. FHIP grantees are normally expected to utilize the services of their own employees to the maximum extent in managing and performing the activities supported by FHIP grants. Where it is necessary for a grantee to enter into a sub-award for the services of persons who are not its employees, it is expected to do so in accordance with written organizational standards that provide for consideration of the factors outlined in the governing principles.
- ii. Costs of professional and consultant services are allowable when reasonable in relation to the services rendered. Payment for consultant services should be comparable to the normal customary fees charged (GS-15, step 10, OMB



Standards) and received by the consultant for comparable services,

- iii. In determining the allowability of costs in a particular case, no single factor or any special combination of factors is necessarily determinative. Grantees must review the applicable OMB circular to determine all allowable costs for consultants, retainer fees, legal, accounting and other related costs.
- iv. Costs of legal prosecutions of claims against the government are unavailable costs
- v. FHIP grantees may hire consultants not identified in the grant application or award, provided:
  - a) it is in accordance with written organizational standards;
  - b) grant funds are reallocated in accordance with grantee's policies, which are consistent with the governing cost principles; and
  - c) it is within the limits of the grant funding.

b. Federal Employees

Employees of the Federal government (other than HUD) may be utilized as trainers or staff members on a project and may receive compensation and/or expenses if they obtain prior approval from their agencies to participate, and if services to the project are performed outside their regular work hours or while they are on leave status from official duties. Under no circumstances may HUD employees receive compensation from a FHIP-supported project.

## 7. Documentation, Publication, and Dissemination

- a. Costs of documenting, preparing, publishing, disseminating, and sharing project findings and supporting material are allowable charges against a FHIP grant.
- b. A FHIP grantee should refer "Financial Requirements and Payments" if the grantee has incurred valid commitments for the costs of publication or sharing of project results and it is not possible to effect an actual payment for such charges by the time the final disbursements are due. Under these circumstances, FHIP permits a grantee to transfer from the grant account to an institutional account an amount equal to valid unpaid obligations outstanding at the time a grant expires.

## 8. Participant Support Costs

- a. General
  - i. Participant support costs are direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on the behalf of participants or trainees (but not employees) in connection with meetings,



conferences, symposia, or training projects.

- ii. Funds provided for participant support may not be used by grantees for other categories of expense without the specific prior written approval of the FHIP GTR. Therefore, grantee organizations must account for participant support costs separately.
- iii. Participant support allowances may not be paid to trainees who are receiving compensation, either directly or indirectly, from other Federal government sources while participating in the project. A non-HUD Federal employee may receive participant support allowances from FHIP grant funds provided there is no duplication of funding items and provided no single item of participant cost is divided between his/her parent agency and FHIP grant funds. No HUD employee may receive participant support allowances from FHIP grant funds.

#### b. Stipends or Subsistence Allowances

To help defray the costs of personal maintenance while participating in a conference or training activity, participants may be paid a stipend, per diem, or subsistence allowance, based on the type and duration of the activity, as outlined in the FHIP NOFA and in the grant. Such allowances must be reasonable, in conformance with the usual policy of the grantee organization, and limited to the days of attendance at the conference plus the actual travel time required to reach the conference location by the most direct route available.

Where meals or lodgings are furnished without charge or at a nominal cost (e.g. as part of the registration fee), the per diem or subsistence allowance will be correspondingly reduced.

Although local participants may participate in conference meals and coffee breaks, FHIP grant funds may not be used to pay per diem or similar expenses for local participants in a conference.

#### c. Travel Allowances

- i. Travel costs of participants may be allowable as outlined in the FHIP NOFA and in the grant.
- ii. The cost of transportation of participants is allowable in training activities that involve field trips (e.g. tester trainee site).

### C. Other Direct Costs

#### 1. Rearrangement and Alterations

- a. Except under certain programs, FHIP does not make grants for construction or facility improvements. However, under certain conditions, rearrangement and alteration costs that do not constitute construction (i.e., rearrangements and alterations aggregating less than



\$25,000) may be allowable under FHIP grants to adapt space or utilities within completed structure to accomplish the objective of the FHIP funded activity.

Please refer to the appropriate OMB circular for additional details on the allowable cost for rearrangement and alteration costs. Rearrangements and alterations under \$25,000 may be approved by grantees. For rearrangement and alterations expenditures exceeding \$25,000, the grantee must request prior approval from the FHIP GTR. If approved by HUD, such approval will be indicated in the FHIP grant.

## 2. News Release Cost

In amplification of the provisions of the various cost principles regarding public information service costs, the cost of news releases announcing the results of an FHIP supported project is allowable. In the event the performing organization wishes to join with HUD in a simultaneous news release, arrangements may be made through HUD's Office of Public Affairs, telephone number 202-709-0980.

## 3. Rental or Lease of Facilities

Normally the FHIP grantee is expected to make appropriate facilities available without direct charge to the FHIP grant funds. However, on occasion, it is necessary to use facilities not under the control of the grantee. Rental of space offsite may be allowable, for example for a national television ad project if TV facilities or other work areas of a type or coverage not normally available to the grantee are required.

## 4. Relocation Costs

- a. Relocation costs may be charged to an FHIP grant as another direct cost in accordance with the applicable governing cost principles provided that the application for FHIP funding specifically indicates that the grantee intends to hire a named individual for full-time work on project; (1) such recruitment is not disapproved by the grant terms; and (2) the prospective employee:
  - i. is essential to the project on a full-time basis for a continuous period of at least twelve months; and
  - ii. is regularly located at a place sufficiently removed from the project site that his/her employment necessitates the change.
  - iii. The amount of actual reimbursement should be in accordance with the grantee's established policy or practice which:
    - a) is in conformance with the applicable governing cost principles;
    - b) has been approved by the cognizant governing audit agency: and



- c) is consistently applied.

## 5. Meetings and Conferences

The points below summarize the allowability of various items of cost associated with conferences, symposia, workshops, or other meetings supported by an FHIP grant. Any costs charged to a FHIP grant also needs to be reasonable and directly allocable to the supported activity. Meeting and conference costs identified below are only allowable if such costs are specifically and clearly identified in the Statement of Work and budget, as modified and approved by HUD. FHIP funds are not otherwise to be spent for meals or coffee breaks for meetings within an organization or any of its components.

### Allowable Costs

- a. Conference Facilities. Rental of facilities and necessary equipment.
- b. Supplies. Purchase of expendable materials and supplies necessary for the meeting.
- c. Conference Services. Costs of translation services and recording and transcribing the proceedings.
- d. Publication Costs. Costs of publishing proceeding if approved in the grant.
- e. Salaries. Salaries of professional personnel, editorial and clerical assistants, and other staff members are allowable in proportion to the time and effort devotee to the preparation and conduct of the conference.
- f. Consultant Services and Speaker Fees. Reasonable fees and travel allowances and per diem (or for meals provided in lieu of per diem).
- g. Meals and Coffee Breaks. When certain meals are an integral and necessary part of a conference (e.g. working meals where business is transacted). Also, furnishing a reasonable amount of hot beverages or soft drinks to conference participants and attendees during periodic coffee breaks.
- h. Participant Support Costs. Participant support costs are allowable.

### Unallowable Costs

- a. Entertainment. Cost of entertainment, amusement, diversion, and social activities and any cost directly associated with such costs (such as tickets to shows or sporting events, meals, lodging, rentals, transportation, and gratuities) are unallowable. Travel, meal, and hotel expenses of awardee employees who are not on travel status are unallowable. Costs of employees on travel status are limited those allowed under the governing cost
- b. Alcoholic Beverages. No Federal funds may be spent on alcoholic beverages.



c. Fund Raising and Investment Management Costs.

- Costs of organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred solely to raise capital or obtain contributions are unallowable.
- Costs of investment counsel and staff and similar expenses incurred solely to enhance income from investments are unallowable.

Fund raising and investment activities shall be allocated an appropriate share of indirect costs under the conditions described in subparagraph B.3 of Appendix A to OMB Circular A-122.

## D. Indirect Cost

### 1. HUD Policy

Indirect costs are costs that benefit more than one of an organization's projects, like taxes, administration, etc. The indirect cost rate must be based on all funding, direct and indirect, Federal and non-Federal, and be reconciled to appropriate financial data of the organization.

Indirect costs for HUD are primarily covered by OMB Circular A-122, Cost Principles for Non-Profit Organizations, which includes a guide for indirect cost rate determination.

FHIP grantees must provide a federally approved indirect cost rate during grant award budget negotiations. For information on indirect cost rates, review HUD's training at [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/administration/grants/training/odgmoctraining](http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/grants/training/odgmoctraining).

### 2. Re-budgeting of Indirect Cost Funds under FHIP Grants

If funds are not available under a FHIP grant to cover part or all of a grantee's final indirect costs, non-Federal or unrestricted funds must be used. Funds may not be shifted between Federal grants to overcome funding deficiencies.

### 3. HUD as Cognizant Agency

Unless otherwise specified, the Federal agency with the largest dollar value of a grantee's award(s) will be designated as the cognizant agency for the negotiation and approval of indirect cost rates. After a rate has been agreed upon, it will be accepted by all Federal agencies. If the grantee does not have a federally approved indirect cost rate and HUD is the cognizant agency, HUD will submit a request within 30 days after an award to establish a rate.

The Department of Health and Human Services (HHS) is the cognizant agency for all States and most cities and hospitals. The Department of the Interior is the cognizant agency for all Indian tribal governments.



## CHAPTER VI. Other Post Award Requirements and Considerations

### A. Non-Discrimination Statutes

#### 1. General

- a. A number of statutes bar recipients of Federal financial assistance from excluding persons, because of their race, sex, color, disability, age, or national origin, from participation in federally supported activities. These include: Title VI of the Civil Rights Act of 1964 (barring discrimination on grounds of race, color, or national origin); Section 504 of the Rehabilitation Act of 1973 (barring discrimination against individual with disabilities); and the Age Discrimination Act. The following sections discuss the application of each of these Acts to FHIP grantees.
- b. When a recipient of an FHIP grant receives an Equal Opportunity Complaint, a copy of the original complaint should be sent to Linda Thompson, Director, Office of Field Oversight, Department of Housing and Urban Development, 401 7th St. SW, Washington DC, 20014, and to the GTR.

#### 2. Civil Rights Act of 1964

Before any organization serves as a sub-recipient on a FHIP grant it must file an applicant Assurances and Certification form with the grantee.

##### a. Background

Section 602 of the Civil Rights Act of 1964 provides that no person in the U.S. shall, on the grounds of race, color or national origin, be excluded from participation in, be denied the benefits of, or to be otherwise subjected to discrimination under any program or activity receiving Federal financial assistance.

##### b. HUD Regulations

HUD regulations implementing Title VI of the Civil Rights Act are found at 24 CFR Part 1. These regulations apply to the grantee and to any sub-recipients such as sub-awardees, contractors, and subcontractors of a grantee. The regulations require that as a condition of approval of an application for assistance, the applicant must execute an applicant Assurances and Certifications form, whether or not a similar assurance form has been filed with another agency.

##### c. Civil Rights Certification – Sub-recipients

Before any organization serves as a sub-recipient on a FHIP grant, it must first file an applicant



Assurances and Certification form.

d. Grant Conditions

Each FHIP grant contains as part of the standard grant conditions an article implementing Title VI.

**3. Economic Opportunities for Low-and Very Low-Income Persons (Section 3)**

Require recipients of FHIP funds must comply with Section 3 of the Housing and Urban Development Act of 1968 (Section 3), 12 U.S.C. 1701u (Economic Opportunities for Low- and Very Low-Income Persons in Connection with Assisted Projects), and the HUD regulations at 24 CFR part 135. Applicants are advised to review the individual program NOFAs carefully to determine if Section 3 applies to the program for which the applicant is seeking funding.

Section 3 requires recipients to ensure, to the greatest extent feasible, that training, employment, and contracting will be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns that provide economic opportunities to low-and very low-income persons in the area in which the project is located.

To implement 24 CFR 135.9(a) of the Department's Section 3 rules, applicants for funding under programs covered by Section 3 shall, by signing the application, certify compliance. In addition, the program NOFAs for which Section 3 is applicable will include information regarding how Section 3 activities will be considered in rating the application. Applicants subject to this requirement will describe in their applications their plans to train and employ Section 3 residents and contract with Section 3 business concerns in furtherance of the proposed activities.

Recipients of covered funding are required to comply with the requirements of 24 CFR part 135, particularly subpart B-Economic Opportunities for Section 3 residents and Section 3 Business Concerns, and Subpart E-Reporting and Recordkeeping. Additional information on the requirements can be found at <http://www.hud.gov/offices/fheo/section3/section3.cfm>.

**4. Rehabilitation Act**

a. Background

Section 504 of the Rehabilitation Act of 1973, as amended provides that “no otherwise qualified individual with a disability in the United States...shall, solely by reason of her or his disability, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance...”

b. HUD Regulations

HUD regulations implementing Section 504 are found at 24 CFR Part 8. These regulations also apply to sub-recipients such as sub-awardees, contractors, and subcontractors of a grantee.



### c. Section 504 Certification – Sub-recipients

In lieu of requiring grantees to obtain separate certifications from sub-recipients receiving financial assistance under an FHIP grant, grantee will include in all sub-awards a certification of compliance comparable to that included in FHIP grants.

### d. Grant Conditions

Each FHIP grant contains as part of the standard grant conditions an article implementing Section 504 and the HUD regulation.

## 5. Limited English Proficiency

Executive Order (EO) 13166, signed on August 11, 2000, directs all federal agencies, including the Department of Housing and Urban Development (HUD), to work to ensure that programs receiving federal financial assistance provide meaningful access to LEP persons.

### HUD Guidance

On December 19, 2003, HUD published such proposed Guidance.

## 6. Affirmatively Furthering Fair Housing Requirements

Section 808(e)(5) of the Fair Housing Act requires the Secretary of HUD to administer the Department's housing and urban development programs in a manner to "affirmatively further fair housing (AFFH)." HUD in large part carries out this obligation by requiring HUD grantees to affirmatively further fair housing in its policies and programs. Recipients must ensure full compliance with these federal laws and must also ensure compliance by all sub-recipients to whom funds are distributed.

Executive Order 12892, as amended, requires federal agencies to affirmatively further fair housing in their programs and activities, and provides that the Secretary of HUD will be responsible for coordinating the effort. The Order also establishes the President's Fair Housing Council, which will be chaired by the Secretary of HUD.

## 7. Age Discrimination Act

The Age Discrimination Act of 1975 prohibits discrimination on the basis of age in programs or activities receiving federal financial assistance.

## B. Intellectual Property

### 1. Copyright

#### a. Rights to Copyrightable Material



The following principles governing the treatment of copyrightable material produced under HUD grants were adopted by FHEO.

- FHEO normally will acquire only such rights to copyrightable material as are needed to achieve its purposes or to comply with the requirements of any applicable government-wide policy.
- In exceptional circumstances, FHEO may restrict or eliminate an awardee's control of FHIP-supported copyright material and from income earned from it, if FHEO determines that this would best serve the purpose of the FHIP program or grant.

#### b. Standard Copyrightable Clause

Unless a special copyrightable material clause has been negotiated, each FHIP grant contains as part of the standard grant conditions an article implementing the standard copyrightable material clause.

#### c. Special Patent and Copyright Situations

At the request of the FHIP grantee or on the recommendation from FHIP staff, the GTR, with the concurrence of the Grant Officer, may negotiate special patent or copyright provisions when he/she determines that exceptional circumstances require restriction or elimination of the right of a prospective FHIP grantee to control principal rights to subject inventions or writings in order to better achieve the objectives of the FHIP program the FHIP statute, or the Fair Housing Act.

### C. Publication/Distribution of Grant Materials

#### 1. FHEO Policy

FHEO advocates and encourages open fair housing communication. FHEO expects significant findings from FHIP fair housing activities it supports to be promptly submitted for publication, with authorship that accurately reflects the contributions of those involved.

#### 2. Costs

Cost of documenting, preparing, publishing, disseminating, and sharing FHIP activities and supporting material are allowable charges against the grant.

#### 3. Responsibilities

Unless otherwise provided in the grant, preparation, content, editing, identification of authorship and submission for publication of FHIP activities are the responsibility of the grantee staff, consistent with such policies and procedures as the grantee may subscribe.



#### 4. Grantee Obligations

- a. Acknowledgement of Support. Unless otherwise provided in the grant, the FHIP grantee is responsible for ensuring that an acknowledgement of HUD support is made in any publication (including Web pages), and any material based on or developed under this project, in the following terms: “this material is based upon work supported by the Department of Housing and Urban Development under FHIP Grant No. (FHIP grant number).”

HUD support also must be orally acknowledged during all news media interviews, including popular media such as radio, television and news magazines, unless otherwise provided in the grant.

- b. Disclaimer. The awardee is responsible for assuring that every publication of material (including Web pages), based on or developed under a FHIP award, contain the following disclaimer:

“Any opinion, findings, and conclusions or recommendations expressed in this material are those of the author(s) and do not necessarily reflect the views of the Department of Housing and Urban Development.”

- c. Copies for HUD. The FHIP grantee is responsible for ensuring that the GTR is provided access to, either electronically or in paper form, a copy of every publication of material based on or developed under this award, clearly labeled with the award number and other appropriate identifying information, promptly after publication. It may be necessary at times to provide copies to other authorized entities.
- d. FHIP grantees should also note their obligations in regard to copyright and their responsibilities as members of the housing and civil rights community to disseminate and share results.

#### D. Program Income

Unless otherwise specified in the FHIP grant, program income received or accrued to the grantee during the period of the grant may be retained by the grantee, added to the funds committed to the FHIP project, and thus used to promote Fair Housing Act compliance.

#### E. Handling of Information

##### 1. Questionnaires: Data Collection under FHIP Grants

- a. Paperwork Control

Under the OMB regulation, Controlling Paperwork Burdens on the Public, if a grantee obtains information from 10 or more persons by means of identical questions, it is considered to be



“sponsored” by HUD only if:

- the grantee is collecting the information at the specific request of HUD; or
- the terms of the grant require specific approval by HUD of the collection or its procedures.

If either of these conditions is met, OMB approval of the data collection is generally required and grantees should obtain the necessary control number from the FHIP GTR.

#### b. FHIP Policy

Data collection activities of FHIP grantees are the responsibility of grantees, and HUD support of a project does not constitute HUD approval of the survey design, questionnaire content or data collection procedures. No representation may be made to respondents that such data are being collected for, or in association with, HUD or the government. However, this requirement is not intended to preclude mention of HUD or FHIP support of the project in response to an inquiry or acknowledgement of such support in any publication of this data.

### 2. Release of Information by HUD

#### a. Press Release

FHIP grants for projects that appear to be of special interest to the general public may be made the subject of an HUD or joint HUD/grantee organization press release to the news media.

#### b. Open Government Legislation

Pursuant to the Freedom of Information Act (FOIA), HUD will provide agency records, with certain exception, if the request is in writing, including the requester’s name and mailing address, is clearly identified as a FOIA request, and describes the records sought with sufficient specificity to permit identification. The requester must also agree to pay fees that are chargeable under the HUD regulations. Detailed procedures are contained in 5 CFR Part 13200. Further information is available at “Making a FOIA Request” at [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/administration/foia/requests](http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/foia/requests).

#### c. Release of Project Reports

HUD expects significant findings from enforcement and education and outreach activities it supports to be promptly submitted for publication. To the extent permitted by law, FHEO will honor requests from FHIP grantees that release of Quarterly and Final Project Reports be delayed to permit orderly dissemination of significant information through referred channels. Unless such a request is received or material is marked as proprietary, such reports may be available to others without notice to the grantee. Information, the disclosure of which might invade personal privacy, will be redacted before release.



## F. Tax Status

Determination of tax status of an organization or person receiving compensation in any form as a result of an FHIP grant is the responsibility of the IRS, State, and local tax authorities, and the courts. Grantees should, however, certify their IRS tax-exempt status to the GTR/GTM at the time of award and prior to signing the grant agreement.

## G. Miscellaneous

### 1. Use of Metric Measurements

The Metric Conversion Act of 1975 and 56 FR 35801 (1991) encourages Federal agencies to use the Metric System in procurement, grants, and other business-related activities. The FHP grant will contain a provision encouraging Project Directors to submit project reports, final reports, other reports, and publication produced under FHIP grants that employ the metric system of measurements.

### 2. Drug-Free Workplace

The grantee certifies that it will maintain or will continue to provide a drug-free workplace by:

- a. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
- b. Establishing a drug-free awareness program to inform employees about:
  - the dangers of drug abuse in the workplace;
  - the grantee's policy of maintaining a drug-free workplace;
  - any available drug counseling, rehabilitation, and employee assistance programs; and
  - the penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
- c. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement notifying the employee in the statement required that, as a condition of employment under the grant, the employee will abide by the terms of the statement; and notifying the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;



- d. Notifying HUD in writing, within ten calendar days after receiving notice from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working. Notice shall include the identification number(s) of the affected grants.
- e. Taking one of the following actions, within 30 calendar days of receiving notice with respect to any employee who is so convicted:
  - taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
  - requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency,
- f. making a good faith effort to continue to maintain a drug-free workplace through implementation of the above-referenced requirements.

### 3. Reporting of Lobbying Activities

Section 1352 of title 31, U.S.C. provides in part that no appropriated funds may be expended by the recipient of a Federal contract, grant, loan, or cooperative agreement to pay any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any of the following covered Federal actions: the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.



## CHAPTER VII. Grant Administration Disputes and Misconduct

### A. Suspension and Termination Procedures

#### 1. What are Suspensions and Terminations?

Suspension is an action by HUD that temporarily withholds FHIP support of a fair housing project pending corrective action by the grantee or a decision by HUD to terminate the grant. Termination is the cancellation of a FHIP grant, in whole or in part, at any time prior to its expiration.

#### 2. Suspension and Termination

##### a. FHEO Policy

- i. A FHIP grant may be suspended or terminated in whole or in part by:
  - a) FHEO when the grantee has materially failed to comply with the terms and conditions of the grant;
  - b) FHEO when the Department has other reasonable cause;
  - c) FHEO when ordered by the FHIP Division Director under FHIP's Policy on Testing Misconduct;
  - d) mutual agreement between FHEO and the grantee (if FHEO and the grantee cannot reach an agreement, FHEO reserves the right to unilaterally terminate the grant) or;
- ii. Normally, action by FHEO to suspend or terminate a grant will be taken only after the grantee has been informed of the proposed action, or informed of any deficiency on its part and given an opportunity to correct it. FHEO, however, may immediately suspend or terminate a grant without notice when it believes such action is reasonable to protect the interests of the government.
- iii. No costs incurred during a suspension period or after the effective date of a termination will be allowable, except those costs which, in the opinion of the FHIP GTR, the grantee could not reasonably avoid or eliminate, or which were otherwise authorized by the suspension or termination notice, provided such costs would otherwise be allowable under the terms of the grant and the governing costs principles.
- iv. Within 30 days of the termination date the grantee will furnish a summary of the progress under the grant and an itemized accounting of costs incurred prior to the



termination date. Final allowable costs under a termination settlement shall be in accordance with the terms of the grant, including this section, and the governing costs principles, giving due consideration to the progress under the grant. In no event will the total of FHIP payments under a terminated grant exceed the grant amount or the FHEO pro rata share when cost sharing was anticipated, whichever is less.

- v. A notice of termination other than by mutual agreement and/or the final settlement amount may be subject to the review pursuant to procedures outlined later in this chapter.
- b. Procedures for Suspension or Termination by FHEO
- i. When it is believed that a grantee has failed to comply with one or more of the terms and conditions of a grant, the FHIP Grant Officer will normally advise the grantee in writing of the nature of the problem and that failure to correct the deficiency may result in suspension or termination of the grant. If the grantee respond to the grant office in writing within 30 calendar days of the date of such letter, and that the grantee describe the action taken or the plan designed to correct the deficiency. The grant officer will send copies to the FHIP GTR, GTM, and the FHIP Division Director. FHEO, however, may immediately suspend or terminate a grant without notice when it believes such action is reasonable to protect the interest of the government.
  - ii. If a satisfactory response is not received within the above period, the FHIP Grant Officer may issue a notice immediately suspending authority to further obligate grant funds, in whole or in part. The grant officer will send a copy of the notice of suspension to the GTR, GTM, grantee Project Director, FHIP Division Director and FHEO Headquarters Grant Officer. The notice will set forth the terms of the suspension and its effective date.
  - iii. Normally, the suspension will remain in effect for a maximum of 60 days to allow the grantee to take corrective action. In the event that the deficiency is not corrected to the satisfaction of FHEO, the FHEO Headquarters Grant Officer may issue a notice of termination. The notice will set forth the reasons for the action and effective date.
  - iv. The remedies described in this chapter do not preclude a FHIP grantee from being subject to debarment and suspension (non-procurement) published at 2 CFR Parts 180 and 215 of the OMB Guidelines.
  - v. Suspension or termination due to testing or investigation misconduct will be imposed as provided in the FHIP regulation or NOFA.



- c. Procedures for Termination by Grantee
  - i. A FHIP grant may also be suspended or terminated in whole or in part when the grantee, on written notice to FHEO, sets forth the reasons for such action, the effective date, and, in the case of partial termination, the portion to be terminated or suspended (with the understanding that if FHEO determines that the un-terminated portion will not accomplish the purposes of the grant it may suspend or terminate the entire FHIP grant).

### **3. Termination by Mutual Agreement**

#### **a. FHEO Policy**

Circumstances may arise in which either FHEO or the grantee wishes to terminate a FHIP project. If both parties agree that continuation of the project would not produce results commensurate with the further expenditure of funds, or if there arises any other reason, the grant may be terminated by mutual agreement.

#### **b. Procedures**

- i. If the grantee wishes to terminate the project, advise the GTR and Grant Officer in writing, with a copy to the FHIP Division Director.
- ii. If FHEO wishes to terminate the project, the Grant Officer will advise the grantee's representative in writing and send copies to the FHIP Division Director.
- iii. Within thirty (30) days after receipt of request from either party for termination by mutual agreement, the other party will provide an appropriate written response. In the event of disagreement between the parties, the FHIP Division Director will make a final decision, subject to the review procedures prescribed later in this chapter.
- iv. Following termination, grant closeout procedures will be initiated.

## **B. Informal Resolution of Grant Administration Disputes**

### **1. Background**

FHEO provides the informal resolution processes described below concerning disputes or disagreements that may arise over Grant Officer post award decisions under an FHIP grant.

### **2. Scope of Post-Award Disputes Covered**

The disputes below are covered under the procedures identified below:

- a. cost allowances pursuant to a Grant Officer's decision (e.g., specific disallowances under



- an individual grant or as a result of an audit report);
- b. suspension termination orders; and
- c. the final settlement amount under a termination.

### 3. Procedures

- a. The grantee should submit a certified letter to the Director, FHIP Division, Department of Housing and Urban Development, 451 Seventh Street, SW, Washington, DC 20410, noting the grantee's disagreement or dispute and identifying the Grant Officer's decision in question, giving reasons for the request for review and providing any other material pertinent to the request.
- b. The letter to the FHIP Division Director must be postmarked no later than 30 days after the date of the letter notifying the grantee of the decision in question. The time for filing a request for review is strictly enforced and no extensions for the purpose of preparing it will be granted.
- c. The request for review need not follow a prescribed format; however, it must contain a full statement of the grantee's position with respect to the disputed matter and the facts and reasons in support of the grantee's position. Requests will be reviewed if the grantee submits new information (which was unavailable at the time of the original decision); if an error in fact or application of FHEO policy was made in the original decision; or if improper procedures were followed in the original decision.
- d. The FHIP Division Director will review or designate one or more individuals to review the matter. One reviewing official will be at least at a management level equivalent to the official who made the decision that is being reviewed. In no case will the review be undertaken by any individual involved with the decision or involved in recommending and/or monitoring the fair housing aspects of the project or responsible for negotiating and/or administering its financial or business aspects.
- e. The designated individual(s) will review and consider all relevant information available. The reporting requirement is based on the type of dispute:
  - i. A report responding to a grantee's request for review of a grant administration dispute based on a cost disallowance pursuant to a GO decision or based on suspension termination orders must be completed by the designated individual within 30 days and forwarded to the Division Director or his/her designee for a final and un-appealable written decision for the agency. The FHIP Director or his/her designee will communicate the decision in writing to the grantee, normally within 15 days of receipt of the report, unless otherwise specified by FHEO.



- ii. A report responding to a grantee's request for review of a grant dispute about the final settlement amount under a termination must be completed by the designated individual within 90 days and forwarded to the FHEO Office of Programs Director or his/her designee. The FHEO Office of Programs Director or his/her designee will make the final and un-appealable decision for the agency and will communicate the decision in writing to the grantee within 15 days of receipt of the report unless otherwise specified by FHEO.

### **C. Testing and Investigation Misconduct**

Testing and Investigation misconduct means fabrication, falsification, or plagiarism in proposing or conducting tests and investigation activities funded by FHIP, or reporting testing and investigation results funded by FHIP.

#### **1. FHEO Policies and Responsibilities**

- a. FHEO will take appropriate action against organizations upon determination that misconduct has occurred. It may also take interim action during an investigation. Possible actions include sending a letter of reprimand to the organization, requiring prior FHEO approval of particular activities by an organization, requiring special assurances of compliance with particular policies, restricting designated activities or expenditures under particular grants, suspending or terminating grants, debarring or suspending an organization, and prohibiting participation by an individual as an FHIP reviewer, advisor, or consultant.
- b. FHEO will find misconduct only after a careful inquiry and investigation by HUD, by the grantee organization, or by another Federal agency. An inquiry consists of preliminary information gathering and preliminary fact finding to determine whether an allegation or apparent instance of misconduct has substance. An investigation must be undertaken if the inquiry determines the allegation or apparent instance of misconduct has substance. An "investigation" is a formal development, examination, and evaluation of a factual record to determine whether misconduct has taken place or, if misconduct has already been confirmed, to assess its extent and consequences or determine appropriate action.
- c. Before FHEO makes any final findings of misconduct or takes any final action on such a finding, FHEO will normally afford the accused organization notice, a chance to provide comments and rebuttal and a chance to appeal.
- d. Debarment or suspension for misconduct will be imposed only after further procedures described in applicable debarment and suspension regulations.
- e. HUD's Office of Inspector General (OIG) can take independent action as well. In addition, OIG may oversee investigation of fair housing testing and investigation misconduct and



conducts any FHEO inquiries and investigations into suspected or alleged fair housing testing and investigation misconduct.

- f. The FHIP Division Director adjudicates testing and investigation misconduct proceedings and the Director of the Office of Programs decides appeals.
- g. After receiving an investigation report, the subject's rebuttal and recommendations of the OIG, the FHIP Division Director may initiate further investigation or hearings or order interim or final actions. A written deposition specifying actions to be taken will be sent to the affected organizations and will include instructions on how to pursue an appeal to the Director of the Office of Programs.

## 2. Role of FHIP Grantees

- a. Grantees bear primary responsibility for prevention and detection of misconduct. In most instances, FHEO will rely on grantees to promptly:
  - i. initiate an inquiry into any suspected or alleged misconduct;
  - ii. conduct a subsequent investigation, if the inquiry finds substance;
  - iii. take action necessary to ensure the integrity of the testing or investigation, the rights and interests of the testing/investigation subjects and the public, and the observance of legal requirements or responsibilities; and
  - iv. provide appropriate safeguards for subjects of allegations as well as informants.
- b. If a grantee wishes FHEO to defer independent inquiry or investigation, the grantee should:
  - i. notify FHEO even before deciding to initiate an investigation or as required during an investigation:
    - a) if there is reasonable indication of possible violations of civil or criminal law;
    - b) if public health or safety are at risk;
    - c) if FHEO's resources, reputation, or other interest is at risk;
    - d) if Federal action may be needed to protect the interests of a subject of the investigation or of others potentially affected;
    - e) if the fair housing community or the public should be informed; or
    - f) if enforcement activities should be suspended.
  - g) Provide FHEO with the final report from any investigation.



If a grantee wishes FHEO to defer independent inquiry or investigation, it should complete any inquiry and decide whether an investigation is warranted within 90 day. It should similarly complete any investigation and reach a deposition within 180 days, if completion of an inquiry or investigation is delayed, but the grantee wished FHEO deferral to continue, FHEO may require submission of periodic reports.

- ii. inform FHEO immediately if an initial inquiry finds substance;
- iii. keep FHEO informed during such investigation;
- c. The grantee should maintain and effectively communicate to its staff appropriate policies and procedures relating to misconduct, which should indicate when FHEO must or should be notified.
- d. The choice to defer is at the discretion of FHEO, which at any time may choose to investigate.

### **3. Reporting Possible Misconduct**

Possible misconduct in fair housing activities funded by HUD's FHIP program should be reported to the Office of Inspector General, General Office of Investigation at 1-800-347-3735.



## CHAPTER VIII. FHIP Monitoring and Assessment Plan/Grantee Responsibilities

In order to keep the Fair Housing Initiatives Program (FHIP) funded and operating, HUD must ensure that FHIP runs efficiently, effectively, and in compliance with applicable laws and regulations. One of the ways HUD does this is by conducting routine monitoring reviews of FHIP grantees.

HUD's annual monitoring of its partners significantly benefits the overall program and provides HUD with key information to demonstrate that organizations are effectively managing its FHIP grants while providing communities with the necessary assistance to eradicate housing discrimination. HUD is committed to increasing its partnership efforts with FHIP grantees by providing the most up-to-date information regarding program requirements and expectations to assist organizations in effectively and efficiently carrying out grant activities.

As part of that commitment, FHEO has prepared this chapter as a tool for grantees to understand fully why HUD conducts monitoring reviews and the importance of grantee reporting requirements.

This chapter will also help FHIP grantees and HUD's FHEO staff to feel confident that together they are providing adequate levels of technical assistance and consistency in the joint effort of monitoring FHIP's important and life-changing activities.

### A. Description of the Chapter

The FHEO Monitoring and Assessment Plan/Grantee Responsibilities chapter includes information about the monitoring of your grant and detailed information about what you need to know and what you need to do to participate effectively in a FHIP Monitoring Review and Assessment process. This chapter defines the roles and responsibilities of FHEO staff assigned to conduct monitoring activities.

Procedures in this chapter will be used by all FHEO staff that conducts remote monitoring reviews and onsite monitoring reviews to ensure equitable treatment of all FHIP awardees and consistent data collection. This consistent, equitable approach will assist HUD and FHEO in using information to benchmark existing fair housing practices, establishing new fair housing policy, and evaluating the effectiveness of the FHIP program.

A FHIP monitoring review checklists are included to help you know what questions to expect throughout the course of a monitoring review. Also included are specific modules that contain monitoring review questions applicable to FHIP. This chapter also explains the post-monitoring results process and communication. Besides a discussion on post-monitoring results process and communication, this chapter also includes a sample deliverable review form format, a sample SF-425 Financial Status Report (with helpful hints and instructions), and a list of circulars and



regulations applicable to the FHIP.

As you know, the Federal government periodically updates monitoring policies and procedures to reflect changes in regulations, laws, and Federal organizational structures and responsibilities. FHIP Headquarters staff will continue to update this chapter to reflect those changes as they occur.

## **B. The Federal Government's Emphasis on Accountability and FHIP Monitoring**

Reporting of the Federal government's performance on managing government-funded activities is becoming more extensive and more complex, especially in financial dealings and financial reporting. In addition, the requirements of the Federal Funding Accountability and Transparency Act of 2006 (Transparency Act) demand great accountability and oversight for federally funded programs. As the awarding agency, it is important for HUD to implement effective monitoring and assessment activities that track programmatic and fiscal performance, ensure compliance with statutory and Federal requirements, and mitigate risks and issues pertaining to grant recipients.

The Monitoring Review focuses on the grantee in conjunction with management of the grantee's FHIP grant funds and program activities, and is conducted by an FHEO staff team in cooperation with the grantee's staff and perhaps others associated with the grantee. Monitoring will be performed either remotely (desk review) or onsite.

The benefits and intended outcomes of effective FHIP grant monitoring include the following.

- The FHIP project complies with the terms and conditions of the award incorporated in the FHIP grant/cooperative agreement, including any special award conditions, amendments, and applicable laws and regulations.
- The FHIP project is implemented on time, on schedule, and with intended benefits as outlined in the FHIP award.
- Adequate progress is made consistently towards achieving project metrics, milestones, goals, objectives, and planned outcomes.
- Reporting requirements are met on a timely basis, and the information is accurate.
- FHIP funds are expended as authorized and as expeditiously as practicable.
- The potential for waste, fraud and abuse is mitigated.

In addition, effective FHIP monitoring helps HUD make informed judgments about overall FHIP program effectiveness and management efficiency and provide data to Congress about FHIP's effectiveness. For grantees, monitoring is essential for demonstrating compliance with Federal



grant/cooperative agreement requirements in order to be eligible to continue to draw down on current grant funds and apply for future funding. The insight gleaned from a monitoring review provides a comprehensive assessment of the organization's processes, which can identify potential problems early, prevent compliance violations, and help improve the grantee and FHIP performance.

### **C. Establishing a Monitoring Level and Conducting a Monitoring Review**

Establishing a monitoring level and conducting a monitoring review will ensure that Federal funds are being expended in accordance with the approved purpose of the FHIP program or project. The award letter, SOW, this handbook, and the grant agreement establish the general guidelines of what activities must be conducted and what results must be achieved under the auspices of the award.

Put another way, the goal of establishing a monitoring level and conducting a monitoring review is to help a grantee avoid problems and/or improve performance. The establishment of a monitoring level and conducting a monitoring review achieves these goals by:

- describing the criteria used to assess the level of monitoring associated with each grantee (FHEO has established three level of monitoring: Standard, Intermediate, and Advanced.);
- evaluating a grantee's compliance with applicable laws and regulations, most importantly the OMB Circulars governing administrative, financial, and programmatic operations;
- confirming that the grantee is achieving agreed-upon performance objectives on schedule and within budget; and
- focusing on monitoring activities required based on FHEO's anticipated resource and budget availability.

FHEO anticipates that the monitoring needs of the FHIP program will continue to evolve and change over time.

#### **1. Establishing a Monitoring Level**

The GTR/GTM is responsible for establishing monitoring levels for FHIP grants in any given fiscal year. To assign a monitoring level, the GTR/GTM will apply a core set of specific monitoring activities associated with each monitoring level. Historical information about the grant and grantee organization plays a large part in the GTR/GTM's decision about the monitoring level chosen; the monitoring activities the organization will undergo. The following chart described the criteria that the GTR/GTM will use in assigning one of the three levels of monitoring mentioned above for each FHIP grant.



**Exhibit 5. Criteria for Assigning Levels of Monitoring**

<b>Criteria</b>	<b>Description</b>
Grant Award Amount	The size of the grant award. Whether the FHIP grantee has substantial new funding, multi-year grants, or two or more active grants.
Onsite Reviews	Whether the FHIP grantee has undergone an onsite review within the past two years.
Grants Management	The recipient's ability to manage a FHIP grant based on measures such as previous FHIP experience, report submission accuracy, eLogic Model and FITICOS submission, and previous audit findings. Whether the grantee has shown evidence that it may have significant problems complying with the programmatic or financial requirements of the grant.
Financial Management	The recipient's ability to manage project finances appropriately based on measures such as experience, adherence to spending plan, financial reports, previous audit findings, and SF-424 submission/accuracy.
Technical Project Complexity	Identifies the technical complexity and potential challenges associated with a FHIP grant award. PEI/FHOI projects with complex testing and investigation requirements for lending, insurance, and disability enforcement activities may also warrant additional consideration.
Projects Significantly Behind Schedule	Comparison of expenditures to original or adjusted baselines. Adjusted SOW will provide a more current view of delay.
Outside Contributors	The recipient's ability to appropriately contribute outside funding on measures such as in-kind and cash contributions and timing of contributions.
Key Personnel Changes	Changes in two or more key personnel may suggest a change in management environment. Grantee has recently experienced substantial or critical staff turnover.
Key Performance Indicators	FHEO has established Key Performance Indicators, which correlate recipient activity (as reported in FITICOS, the HUD eLogic Model, and Quarterly Reports) with the benefits that the project expects to realize.
Poor Performance	Whether the grantee has demonstrated poor performance in the past.
Project Management and Execution	The recipient's ability to successfully execute the project based on measures such as experience, adherence to SOW baseline



	milestones/indicators, previous audit findings, etc.
PEI Three-year Multi-year Projects	Identifies projects with baselines that have significant enforcement outputs and results in the 12th, 24th and 36th quarters, nearest the period of performance.
Type of Recipient	Identifies the recipients as a state or local government, non-profit, new non-profit organization, or college or university.
Technical Expertise	The recipient’s technical knowledge and expertise based on measures such as rental, disability, lending and insurance discrimination experience, testing and fair housing investigation experience, technical issues during national media campaign preparation and curriculum development, fair housing training experience, and education and outreach operations.

Once the GTR/GTM assesses your grant award against the criteria outlined in the table above, the GTR/GTM will have completed an objective review of the grant and will then assign the appropriate level of monitoring for your award based on the chart below. Thirty days into the grant, the GTR/GTM will notify the grantee of the monitoring level.

**Exhibit 6. Levels of Monitoring**

	<b>Who Is Monitored</b>	<b>Type of Monitoring</b>	<b>Description of Monitoring</b>
	All FHIP Recipients	Standard (Level One)	Quarterly and final project levels of monitoring; performance and financial reporting; recipient follow up on Special Award Conditions; offsite Desk Reviews; quarterly expenditure and drawn down analysis; waste, fraud, and abuse prevention. GTR/GTM will document review in the grant file; however, no monitoring report is required.
	FHIP Recipients with complex issues that may delay the project	Intermediate (Level two)	All level one activities; onsite visits; additional Desk Review analysis as needed; Advanced Site Visits as needed; Technical Assistance as needed.
	FHIP Recipients with significant	Advanced (Level Three)	All Level 1 and 2 activities; quarterly payment analysis; Performance Improvement Plan and Corrective Action Plan as required by the



challenges and large grants		respective Grant Officer.
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The following monitoring activities will be conducted by your GTR/GTMs for each monitoring level.

a. Standard Monitoring

Grantees will be sent notices of their risk levels after the grants are awarded and as part of the negotiation process. Name checks and review of DO NOT PAY databases will be conducted prior to negotiations and all information will be submitted to the GTRs/GTMs. GTRs/GTMs will make the final assessment of the risk levels of grantees and submit copies of those assessments to grantees for their responses or comments. Grantees will have 30 days from the date of receipt of the assessment to make comments to change the risk level based on information that the grantees provide. A grantee’s GTR/GTM will make the final determination of the risk assessment and monitoring level for the grantee. For multi-year grants, the risk assessment is made in the first year of the grant award. Each subsequent year of the grant period at negotiations, the GTR/GTM will assess the risk assessment of the grantee to determine key changes, e.g., changes in grantee key personnel, changes in financial status, or performance changes. If none exist, the multi-year grantee will retain the same risk assessment.

Following the assignment of your FHIP award to the Standard Monitoring Level and based on the details of each grant award, the GTR/GTM will conduct any of the monitoring activities. Activities may be adjusted periodically, as circumstances require.

**Exhibit 7. Standard Monitoring Review Chart**

Monitoring Activity	Description
Conference Calls	GTR/GTM will conduct a conference call with each recipient on at least a quarterly basis (and more frequently as needed) to discuss issues and review project status. Status report of conference call will be placed in the grant file. No follow up activities required.
Quarterly Offsite Desk Reviews	GTR/GTM will perform detailed reviews of performance reports submitted by recipients during each quarter of performance. GTR/GTM will also capture comments regarding their approval of each report in the GTR file for:



	<ul style="list-style-type: none"> <li>• SOW Project Baseline</li> <li>• Quarterly Performance Progress Reports</li> <li>• Annual Performance Report (PEI Multi-year)</li> <li>• Final Performance Report</li> </ul> <p>In addition, the GTR/GTR will review other data and reports available (see below). Please note that no specific documentation will be captured for these reviews, unless GTR/GTM identifies an issue(s) that requires further investigation or a corrective plan.</p> <ul style="list-style-type: none"> <li>• Quarterly Payment Report</li> <li>• Quarterly eLogic/FITICOS Report</li> <li>• Quarterly Federal Financial Report (SF-425)</li> </ul> <p><b>No monitoring report is required for Standard Monitoring of a grant.</b></p>
<p>Additional Offsite or Desk Review Analysis</p>	<p>As needed, GTR/GTM may conduct additional analysis of reviews for grants receiving Standard Monitoring. Such reviews will be limited to specific topics, such as testing reviews, fair housing investigations analysis, or subrecipient reviews. These additional reviews may be triggered by: the identification of non-compliance with award terms and conditions; documentation of substantial variance between project performance and plan; allegations of waste, fraud, or abuse; or other events warranting review through an Additional Offsite Desk Review Analysis.</p>
<p>Site Visits</p>	<p>Grants set at the Standard Monitoring Level will be visited at the discretion of the GTR. <b>Onsite visits will be conducted by the GTM.</b></p>
<p>Advanced Site Visits</p>	<p>Advanced Site Visits are not anticipated for grants receiving Standard Monitoring.</p>

b. Intermediate Monitoring

Following the assignment of a FHIP award to the Intermediate Monitoring Level and based on the details of each grant award, the GTR/GTM may conduct any of the monitoring activities below. Activities may be adjusted periodically, as circumstances require.



**Exhibit 8. Intermediate Monitoring Review Chart**

Monitoring Activity	Description
Conference Calls	GTR/GTM will conduct conference calls with the recipient on at least a monthly basis (and more frequently as needed) to discuss issues and review project status.
Quarterly Offsite Desk Reviews	<p>GTR/GTM will perform a detailed review of the performance reports submitted by the recipient during each quarter of performance.</p> <p>GTRs/GTMs will also capture comments regarding their approval of each report in the GTR file for:</p> <ul style="list-style-type: none"> <li>• SOW Project Baseline</li> <li>• Quarterly Performance Progress Reports</li> <li>• Annual Performance Reports (PEI – Multi-year)</li> <li>• Final Performance Report</li> </ul> <p>In addition, the GTR/GTM will review other data and reports available to them (see below). Please note that no specific documentation will be captured for these reviews, unless the GTR/GTM identifies issues which requires further investigation or corrective plans:</p> <ul style="list-style-type: none"> <li>• Quarterly Payment Report</li> <li>• Quarterly LOCCS and FITICOS Reports</li> <li>• Quarterly SF-425 Report</li> </ul> <p><b>Monitoring reports are required for intermediate monitoring of grant.</b></p>
Additional Offsite Desk Review Analysis	As needed, GTRs/GTMs may conduct additional offsite review analysis for grants receiving Intermediate Monitoring. Such reviews will be limited to specific topics, such as testing reviews, fair housing investigation case analysis, or subrecipient reviews. Additionally, GTRs/GTMs may conduct additional review analysis for high-risk project elements of Intermediate Level grants on an as needed basis on a schedule to be determined by the GTR and GO for each Intermediate level grant. These additional reviews may be triggered by: the identification of non-compliance with award terms and conditions; documentation of substantial variance between project performance and plan; allegations of waste, fraud, or abuse; or other



	events warranting review through an Additional Offsite Desk Review Analysis.
Site Visits	Grants set at Intermediate Monitoring Level will be visited at least once over the course of the grant award subject to the availability of resources. <b>Onsite monitoring visits will be conducted by GTMs.</b>
Advanced Site Visits	Advanced Site Visits are anticipated for Intermediate Level projects to evaluate specific project issues or provide TA. <b>Advanced Site Visits will be scheduled on an as needed basis to be determined by the GTRs/GTMs and the GO for each Intermediate project.</b> Advanced Site Visits may be triggered by: the identification of significant issues or technical assistance needs; documentation of substantial variance between project performance and SOW; allegations warranting review through Advanced Site Visits, as determined by the professional judgment of grants management staff.

c. Advanced Monitoring

Following the assignment of a FHIP award to the Advanced Monitoring Level and based on the details of each grant award, the GTR/GTM may conduct any of the monitoring activities below. Activities may be adjusted periodically as circumstances require.

**Exhibit 9. Advanced Monitoring Review Chart**

Monitoring Activity	Description
Conference Calls	The GTR/GTM will conduct monthly conference calls to review projects with grant amounts in excess of \$400,000. GTRs/GTMs will conduct bi-weekly conference calls with other projects requiring Advanced Monitoring (more frequently as needed) to discuss issues and review project status.
Quarterly Offsite Desk Reviews	The GTR/GTM will perform detailed reviews of performance. The GTR/GTM will also capture comments in the grantee’s program file regarding their approval of each report for: <ul style="list-style-type: none"> <li>• Project SOW Baseline</li> <li>• Quarterly Performance Progress Reports</li> <li>• Annual Performance Reports (PEI – Multi-year)</li> <li>• Final Performance Report</li> </ul>



	<p>In addition, the GTR/GTM will review other data and reports available to them (see below). Please note that no specific documentation will be captured for these reviews, unless the GTR/GTM identifies an issue which requires further investigation or a corrective plan:</p> <ul style="list-style-type: none"> <li>• Quarterly Payment Report</li> <li>• Quarterly LOCCS and FITICOS Reports</li> <li>• Quarterly SF-425 Report</li> </ul> <p>Monitoring reports are required for grants subject to advance monitoring.</p>
<p>Additional Offsite Desk Review Analysis</p>	<p>As needed, Field GTRs/GTMs may conduct additional offsite review analysis for grants receiving Advanced Monitoring. Such reviews will be limited to specific topics, such as testing report reviews, fair housing investigation analysis, or subrecipient reviews. GTRs/GTMs may conduct additional review analysis for high-risk project elements of grants requiring Advanced monitoring on an as needed basis and schedule to be determined by the GTR and GO for each Advanced Level grant. This additional desk review analysis may be triggered by: the identification of non-compliance with award terms and conditions; documentation of substantial variance between project performance and plan; allegations of waste, fraud, or abuse; or other events warranting review through additional offsite review analysis.</p>
<p>Site Visits</p>	<p>FHIP grants set at Advanced Monitoring Level will be visited at least once over the course of the grant award. <b>Onsite monitoring visits will be conducted by GTRs/GTMs or Headquarters FHIP Division staff representatives.</b></p>
<p>Advanced Site Visits</p>	<p>Advanced Onsite Visits are anticipated for projects warranting Advanced Monitoring to diagnose specific project issues or provide TA. Advanced Site Visits will be scheduled on an as needed basis determined by the GTRs/GTMs and the GO for each project requiring Advanced monitoring. Advanced Onsite Visits may be triggered by: the identification of significant issues or TA needs documentation of substantial variance between project performance and SOW plans; allegations of waste, fraud, or abuse; or other events warranting investigation through an Advanced Site Visit, as determined by the professional judgment of program staff.</p>



## D. The Annual Risk Assessment

A Risk Assessment is a detailed analysis used to identify the level of risk a program participant poses to the Department. The assessment is used to detect and identify organizations that are most susceptible to waste, fraud, and mismanagement. FHIP uses this information as another criterion in objectively selecting organizations for determining whether to conduct a remote/desk review or onsite monitoring review.

HUD defines risk as a chance that something could go wrong during a grantee's execution of a grant, or that a factor in a grantee's policies, program, or activities could increase the chance that something could go wrong and possibly result in fraud, waste, abuse, mismanagement, or failure to comply with civil rights related program requirements. Results of the risk assessment will be combined with the other FHIP criteria(s) to determine the appropriate monitoring level for each grant.

Input into a risk assessment includes the GTR/GTM's knowledge of the recipient's current and past performance (above) and analysis of available information about a grant recipient (see below):

- current Grant Agreement(s), including all attachments and addenda;
- quarterly reports and submissions, including financial reports, narrative reports, and other documentation;
- payment reviews or other activity tracking documentation;
- the most recent monitoring report and any follow-up correspondence;
- any documentation of technical assistance on file; and
- most recent audit report.

### 1. The Risk Profile

The monitoring team's knowledge of a grantee, along with the information available to them about the grant(s) and the grantee, are used to score grantees using an FHEO risk analysis tool called the Risk Profile. A grantee that scores 30 points or higher is considered high risk; 10–29 points indicates moderate risk; and a grantee that scores under 10 points is considered low risk. The higher a grantee scores on the Risk Profile, the higher the possibility that the grantee will be assigned to the Intermediate or Advanced Monitoring Level.

Within 90 days of the effective date of the period of performance of a FHIP grant and each fiscal year thereafter (for multi-year grants), the assigned GTR, with the assistance of the GTM will prepare a risk profile for each active FHIP. Each Risk Profile should be made a part of the



grantee file(s). For grantees with multiple grants, one Risk Profile should be completed which incorporates activities from each grant.

### Exhibit 10. Risk Profile Factors

Risk Profile Factors	Point Value
Grantee has open audit finding(s).	30
Grantee has persistent performance problems (extending over two or more quarters in the past year), including but not limited to failure to complete tasks according to the schedule provided in the Statement of Work.	30
Grantee has existing financial problems that require onsite follow-up.	30
Grantee is a new FHIP that FHEO has never monitored.	15
Key staff have left the grantee within the past year.	15
Grantee has been monitored by FHEO under past grants but not monitored onsite under current grant(s).	12
Grantee funds drawdown and/or project submissions are substantially behind schedule.	12
Grantee has not been audited in 3 years.	10
Grantee has had record-keeping problems for a year or more.	5
Grantee has not been monitored onsite by FHEO in 2 years.	5
None of the grantee's staff attended the most recent HUD-required training.	5
Grantee was deemed a "Poor" performer in a previous FHIP grant.	5

### Subrecipients

The number of subrecipients participating in completing a project is a consideration, as it is anticipated generally that complexity and risk increases with the number of parties involved. Projects that are managed substantially by subrecipients may also be at risk, depending on the capabilities of the subrecipient.

### E. Changes in Monitoring Level

The result of any monitoring activity described in this chapter could result in a change in the monitoring level assigned to a particular FHIP grant. The following is a list of possible events that could trigger a recommendation for an adjustment of a grant's monitoring level status.



- Reports of fraud, waste, or abuse.
- Significant modifications in SOW or project activities.
- Excessive or significantly minimal drawdown of Federal funds.
- Uncertainty over ability to meet outside contributions requirements.
- Consistent delinquency on submission of and completeness of reports (Quarterly and Annual Progress Reports, Final Performance Report, eLogic Model and FITICOS Reports, and required Federal Financial Reports).
- Potential violation of Federal, State, employment, labor, and civil rights laws.
- Violation of Financial Compliance Requirements.
- Violation of Program Performance Compliance Requirements.
- Violation of Award Terms and Special Conditions.
- Audit Findings.
- Management or key personnel changes that could impact performance.
- Application of Corrective Action, such as a Performance Improvement Plan or Corrective Action Plan.
- Recipient has difficulties when responding to or complying with a Performance Improvement Plan or Corrective Action Plan.

## **F. Who Monitors Performance?**

### **1. Roles and Responsibilities**

The HUD/FHEO grants management staff monitor the grantee's performance annually. The FHEO Field Offices GOs, GTRs, and GTMs lead the FHIP monitoring effort within the Office of Fair Housing and Equal Opportunity (FHEO); however, GOs, GTRs, and GTMs in FHEO Headquarters oversee and monitor grants that have a national scope. The FHEO Field Offices monitoring staff will collaborate with other FHEO Field site monitors when developing and planning offsite desk review and onsite monitoring reviews for grantees with multiple grants in varying regions.

The FHIP GTRs, GTMs, and GOs are responsible primarily for holding regular meetings with FHIP recipients, evaluating progress and financial reports, and analyzing and acting on information gained from offsite reviews and onsite visits. The descriptions below shows how each member of the monitoring team relates to your organization.



Monitoring reviews involve positive feedback to grantees about what they have done well, in addition to pointing out areas for improvement. The GTR/GTMs responsibility is also to identify areas for improvement and work with you to develop an action plan that will enable your organization to achieve compliance. These plans can involve strategies ranging from informal TA to documented performance improvement plans (PIPs) and corrective action plans (CAPs).

## 2. Implementation and Oversight

The responsibility for FHIP monitoring is shared by the GTR, GTM, and the GO. Their roles are interrelated as described below. Within the FHEO Field Offices, the FHEO Regional Director is the FHIP GO. Within Headquarters, a Senior Program Analyst and/or FHIP Division Director is the FHIP GO. The FHEO Program Analysts/Equal Opportunity Specialists are the GTRs and GTMs and will have principal responsibility for overseeing award monitoring efforts. Working together, these senior staff members will establish the monitoring level for each grant, the annual review schedule and staff the reviews.

Typically, the GTR/GTM will conduct the offsite/desk review and onsite monitoring activities. The standard team configuration consists of the GTM serving as the team leader of the onsite reviews and assist in the offsite or desk reviews of grant deliverables. The GTR will conduct the offsite or desk review of the grant. As appropriate, the FHEO Headquarters staff may assist in the review of grant deliverables or accompany the team as a technical representative.

The FHIP GTRs, GTMs, and GOs are responsible primarily for holding regular meetings with FHIP recipients, evaluating progress and financial reports, and analyzing and acting on information gained from offsite reviews and onsite visits.

- a. The Government Technical Representative (GTR)
  - i. Offsite/Desk Review Monitoring

The GTR is responsible for reviewing and approving reports and materials developed/produced by the recipient to assure consistency with the Fair Housing Act, and timely and complete submission outlined in the Statement of Work (SOW) and approved budget. The GTR is responsible for ensuring that the offsite or desk reviews are managed appropriately. The offsite monitoring activities include the following:

- Gathering data and files.
- Performing a desk review of appropriate information in the award or grantee file.
- Making timely contact with the grantee to set up parameters for conference calls.
- Sending a confirmation letter to the grantee articulating what will be reviewed and requesting that the grantee provide any necessary documentation in a timely



manner (a sample letter is provided in Appendix A).

- Sharing observations and concerns gathered from the offsite or desk review with other team members prior to the conference call.
- Providing technical assistance to the grantee.

ii. Onsite Monitoring

The GTR plays a key role as a participant in the onsite visit. The GTR is responsible for the discussion of the terms and conditions of the award, as appropriate, and providing an overview of the onsite to the grantee. The overview will include the reasons for the onsite review, what will be covered, and the information requested to be available before the onsite.

After the visit, the GTR is responsible for reviewing the post site visit monitoring review letter provided by the GTM. Once the GTR and the GTM agree on the letter's content, it should be signed and sent to the grantee (a sample letter is provided in Appendix B). If the post site visit letter articulates any issues requiring follow-up with the grantee, the GTR should monitor the situation to ensure that the grantee responds to the letter within 30 days. The GTR must provide a copy of the grantee's response to the GTM. The GTR will work with the GTM to determine whether the response is sufficient and adequate.

If the grantee does not respond in 30 days, the GTR should place a call to the grantee requesting a written response within 10 days. If there is no response, a delinquency letter should be mailed to the grantee which includes:

- (1) Grant number (s) and initiative(s);
- (2) Names of the GTR and/or GTM who conducted the review and the date(s) of the review;
- (3) Areas monitored;
- (4) Monitoring conclusions (both positive and negative);
- (5) Specific steps the grantee can take to resolve each deficiency and concern;
- (6) Original due dates of corrective action for each deficiency;
- (7) Final due date (10 days from receipt of Delinquency Letter mailed Return Receipt);
- (8) Notification of possible termination or suspension of grant

and all grant funds should be halted. If after 10 additional days there is no response to the delinquency letter, a termination letter must be sent to the grantee as noted in Chapter VII.

The GTR assigned by the GO must be available to travel on the dates established by the GTM for the onsite review. The GO is responsible for assigning a GTR to accomplish the roles and responsibilities of the GTR. In cases where the grantee is unable to meet on the established dates, the visit will be rescheduled to mutually agreeable dates.



b. The Government Technical Monitor (GTM)

i. Offsite/Desk Review Monitoring

The GTM is responsible for the day-to-day monitoring and oversight of the FHIP grant. The GTM is responsible for reviewing reports and materials and recommending approval for payments to the GTR. The GTM will work with the GTR during the GTR desk reviews of the grant to ensure that any follow-up issues are resolved.

ii. Onsite Reviews

The GTM is the leader of the onsite visit review team and makes the final decision with regard to which targeted areas will be addressed. The GTM is also responsible for bringing any significant concerns or issues that should be addressed during the site review to the attention of the GTR and other team members prior to the visit. The GTM has responsibility for leading the discussion and conducting the review while onsite including reviewing relevant data. The GTM has the responsibility for writing the site visit reports and drafting the post site visit letter (a template is provided under Appendix B.) for the GTR's signature. The GTM will also ensure that all FHEO individuals listed as receiving copies of the site visit reports and the post site visit letters receive their copies.

In addition, the GTM will maintain the following:

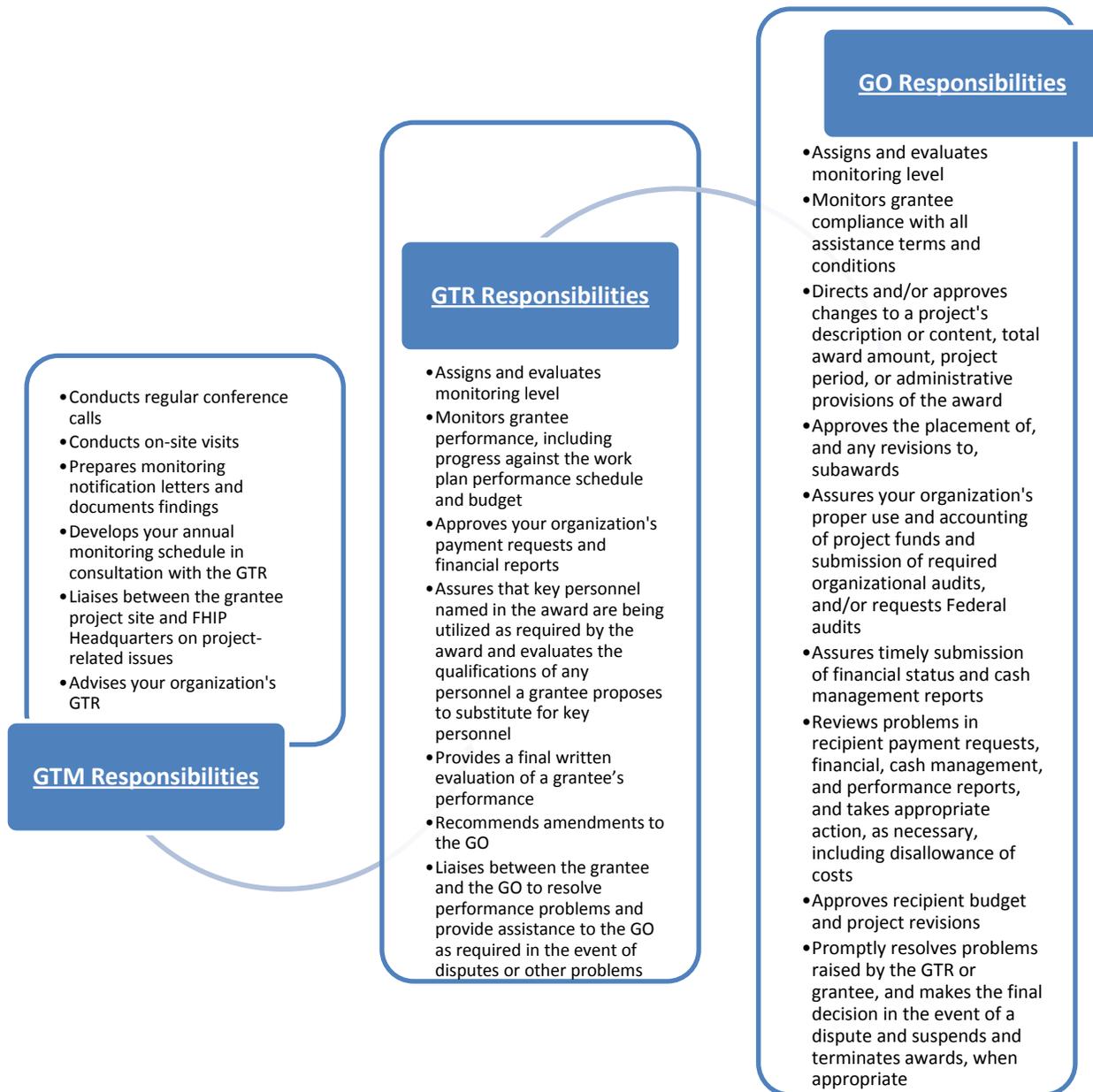
- A log indicating the status of each onsite visit, review team members, status of the reports and correspondence, and initial follow-up.
- A notebook of site visit reports issued each fiscal year.
- A file for each monitoring review performed (offsite / desk review and onsite) including supporting documentation.

c. The Grant Officer

The Grant Officer (GO) serves as the principal resource for FHEO Headquarters and Field staff members for advice and guidance in the performance of reviews and any follow-up deemed necessary. The GO monitors the annual schedule to ensure that reviews are taking place and reports the status of the monitoring activity to FHEO Headquarters FHIP staff; coordinates the establishment of monitoring levels for each grant and assesses the grantees' aversion to risk. The GO is responsible for promptly resolving problems raised by the GTR/GTM or grantee, making the final decision in the event of a dispute, and suspending and terminating awards when appropriate. The illustration below shows how each member (GRR, GTM, GO) of the monitoring team relates to your organization.



**Exhibit 11. GTR, GTM, GO Roles**



**d. FHIP Division Headquarters Support**

The Headquarters FHIP Division staff provides support activities to assist both the general public and FHIP in addressing policy, legal, organizational, financial, and technical hurdles. These TA activities include: the publication of fact sheets and other guidance; investigation of program



issues and grant best practices; interagency (e.g. Department of Justice, FHAP agencies, and OMB) support and communications; managing third party inquiries; and onsite and offsite grant recipient support to assist those experiencing specific technical, financial, or program issues.

e. FHEO Headquarters Management

FHEO senior management staff perform higher-level analysis and review of the FHIP program data, including preparation of annual reports and in-depth analysis of program issues affecting FHIP projects across the board. This function also supports the review and documentation of housing discrimination issues that may affect fair housing projects as well as the resolution of performance issues.

**Exhibit 12. FHIP Headquarters Support**

FHIP Division Headquarters Support	Primary Activities
c. FHIP Division Team	<ul style="list-style-type: none"> <li>• Technical Activities</li> <li>• Outreach to Recipients</li> <li>• Third Party Correspondence</li> <li>• Policy Guidance</li> </ul>
FHEO Headquarters Management	Primary Activities
<ul style="list-style-type: none"> <li>• All FHEO Headquarters Management</li> </ul>	<ul style="list-style-type: none"> <li>• Risk Assessment</li> <li>• Waste, Fraud, and Abuse Prevention</li> <li>• Issue Resolutions</li> <li>• Performance Measures Analysis and Results</li> </ul>

**G. Your Monitor’s Development of Your Annual Onsite Monitoring Review Schedule**

Within 90 days of the effective date of the period of performance of a FHIP grant and each fiscal year thereafter (for multi-year grants), the monitoring staff develops a grant’s annual onsite monitoring schedule. The monitoring level—Standard (offsite/desk review), Intermediate, or Advanced Level (onsite review) will depend on the information gathered about the recipient and the risk assessment.

Again, monitors have the discretion to change a grantee’s annual monitoring schedule based on new information, such as policies, programs, staffing or activities, or persistent problems.



## CHAPTER IX. Preparing for a HUD/FHEO Monitoring Review

All grantees should expect to be monitored annually. Monitoring reviews are conducted either at the grantee's location or remotely. Both types of reviews analyze grant activities, program reports, and the grantee's business management system. Grantees should be prepared to provide documentation to facilitate the review process. The technical assistance function conducted by the Field or Headquarters staff will be targeted to general issues as well as issues specific to a FHIP recipient facing performance challenges or setbacks.

### A. FHIP Reports Review

The FHIP GTR/GTM review various reports submitted by FHIP grantees to keep track of grant activities, performance, and funding drawdowns. These reports include, but are not limited to, quarterly, annual (multi-year grantees), and final reports. The GTR/GTM may validate the information contained in the quarterly, annual, and final reports via site visits or compare it to data collected elsewhere. The GTR/GTM will review the content of these reports to assess recipient compliance and performance. The GTR/GTM will advise the GO of any deficiencies and, if necessary, recommend corrective action.

The FHIP GTR/GTM also will review the grantee's eLogic Model and FITICOS data submission for timely and complete submission. The Headquarters FHIP Division will provide support to the GTR/GTM in ensuring that grantees submit quality data in the eLogic Model and the FITICOS reports each quarter. This will include reporting back to GTRs/GTMs when eLogic Model deficiencies exist and providing information on corrections to those documents.

Finally, the GTR/GTM has the responsibility of collecting and reviewing financial report forms (SF-425) for timely and complete submission. The GTR/GTM may request that FHEO's financial analyst review the content of the financial reports to assess overall compliance and performance.

FHEO has developed the checklist below that provides specific guidance to GTRs/GTMs that are evaluating reports. These job aids undergo periodic reevaluation to incorporate grantee, FHEO Headquarters, and Field staff feedback.

#### Exhibit 13. Checklist GTR/GTMs Use to Evaluate Your Reports

Report Type	Due Dates	Submission Method	Field Office and FHIP Division Responsibility
Department Performance Report	Department Performance Report is due to grantee 30	Form: Submit Grantee Template to	GTR: Responsible for timeliness and content review for accuracy of information. Follow up with FHIP



Enforcement Log (quarterly, award, and final)	days after quarter close. Enforcement Log is due to GTR/GTM 30 days after quarter closes. Final Report is due 90 days after award closeout. PEI multi-year annual report is due 30 days after end date of 1st and 2nd year.	GTR/GTM	recipients as needed to obtain report corrections and corrective action, if applicable. GO supports GTR on request.
Financial Report	30 days after quarters close. Within 90 days after award closeout	Form: SF-425 Submit via mail or email to GTR/GTM	GTR: Primary owner of this function, responsible for timeliness and completeness review and corrective action, if applicable.
HUD eLogic Model Data	10 days after quarter close and final report due 90 days after award closeout	Form: Logic Model Reporting submit via mail or email to GTR/GTM	GTR: Primary owner of this function, responsible for timeliness and completeness review for corrective action, if applicable.
FITICOS Data	10 days after quarter closes	Form: FHEO Template	GTR and FHIP Division: responsible for working collaboratively with the recipient to ensure that the required FITICOS data are included in the quarterly reports and mentioned during awards period).

**1. Remote (Offsite) Desk Review**

A remote desk review, also known as an offsite desk review is a monitoring review conducted without a visit to the grantee’s location. A remote or offsite desk review relies primarily on review documents and is supplemented through telephone interviews. Other methods may be used to verify the accuracy of grantee information.

These remote or offsite desk reviews are conducted on an ongoing basis, and utilize the quarterly and financial status reports submitted by FHIP recipients, plus any other data available to the GTR, including the conference calls and drawdowns made to date. Remote desk reviews use the same questionnaires and modules that are used in an onsite review.

Additional efforts are applied in the end of the project, when the final performance report data is



submitted to the GTR/GTM. Quarterly remote or offsite desk reviews coincide with the schedule of the various reports identified in the chart above. The GTR/GTM will provide conclusions about the grant recipient's performance via email. Remote review conclusions can include identifying accomplishments in grantees' implementation of projects, identifying potential problem areas in a grant or an organization that require technical assistance, or identifying and assisting grantees in correcting deficiencies. Depending on the specific conclusions, changes to the assigned monitoring level, PIPs, TA, or CAPs may be recommended.

A grantee can prepare for a desk review of its grant by:

- Contacting the GTR to determine whether there are any areas of concern that the GTR wants to investigate.
- Obtaining from the GTR a list of any specific issues that will be the focus of the review.
- Asking what targeted area modules will be used.

Issues that cannot be resolved through a phone interview may trigger a recommendation for the next type of desk review: an Additional Remote or Offsite Desk Analysis Review.

### **Additional Remote (Offsite) Desk Analysis Review**

This type of desk review is designed for detailed review of a particular issue or topic. Additional analysis may be conducted as a supplement to the Quarterly Desk Reviews to specifically address and collect additional information about identified issues or deficiencies. These reviews may also be used to examine a particular issue of concern, such as quality testing, testing methodology, complaint investigations, the eLogic Model data submission, or other subject matter.

In addition to the data available during the additional analysis review, the GTR/GTM may ask the grantee to provide additional documentation or information to explain identified issues or deficiencies more fully. This additional information submission request typically is provided in an email by the grantee to the GTR/GTM and is fully reviewed by the GTR/GTM. The additional analysis review concludes with the GTR documenting the analysis completed, conclusions drawn, and any next steps or corrective actions that are recommended. These corrective actions may take the form of a PIP or CAP, and may include TA recommendations, depending on the specific findings.

## **2. Onsite Monitoring Review**

An onsite review is a monitoring review that involves a visit to the grantee's office. The monitor(s) travel to the offices and other locations. By visiting the project site, the GTR/GTM can evaluate the current status of FHIP activities as well as the grantee's ability to meet its goals



and to adhere to the FHIP grant requirements.

An important benefit of an onsite review is that potential areas of concern can be corrected immediately onsite through TA. Two types of site visits are conducted by a GTM: a site visit and an Advanced Site Visit. The GTR and staff from Headquarters may join the GTM on these site visits or recommend specific review items to be included in the visits, at their discretion.

a. Site Visits

A site visit will typically last 1–2 days and are guided by a standardized agenda and a checklist of review items tailored by the GTR/GTM to fit the circumstances and issues relevant to each site visit. These visits provide the GTR/GTM with the opportunity to capture first-hand observations of the grantee’s performance such as program and administrative capacity.

The GTR will identify, in advance, and communicate with the grantee any customized agendas and performance data (including testing files) to be validated, confirmed, discussed, and/or observed so that the grantee can be fully prepared for the visit.

At the conclusion of the site visit, the GTR develops a Site Visit Monitoring Review Report that documents the findings and conclusions from the visit. These conclusions may include identifying accomplishments in the grantee’s implementation of projects, identifying potential problem areas in a grant, and specifying corrective actions to be taken by the grantee.

These corrective actions may take the form of a PIP or CAP, and may include TA recommendations, depending on the specific findings. The GO may also adjust monitoring levels based on the site visit.

b. Advanced Site Visits

An Advanced Site Visit will typically last 1–2 days and is conducted in direct response to issues or concerns noted by the GTR/GTM including pending or outstanding PIPs or CAPs. An Advanced Site Visit may occur following the acceptance of a grant recipient’s CAP to ensure that promised outcomes are being implemented. Such issues may be identified during the periodic offsite or Remote Desk Reviews or Additional Desk Analysis Reviews.

The GTR/GTM will relay customized agendas and performance data to be validated, confirmed, discussed, and/or observed in advance of the visit to the grantee so the organization can prepare for the visit. Because these visits are tailored to a specific challenge or issue of concern, a monitoring report is not required following an Advanced Site Visits. Rather, the GTR/GTM will document next steps appropriately, such as issuing another PIP, recommending a suspension or termination, to the GO, or issuing a memo to the grant files.

c. Notification of a Site Visit or Advanced Site Visit

The GTM will contact the Director of an organization’s FHIP grant(s) to set up the date at least



four weeks in advance of an onsite or Advance Site Visit. The GTM should identify himself or herself as calling from the Department of Housing and Urban Development Fair Housing and Equal Opportunity.

The GTM should inform the organization's designated contact that the purpose of the call is to schedule a site visit with the organization. The following information should be conveyed:

- i. The review is part of FHIP's award monitoring and technical assistance activities. The review is not an audit but rather an assessment of the organization's systems as they relate to the administration of FHIP funds.
- ii. The purpose of the review is to evaluate the effectiveness and efficiency of the policies and procedures that the organization has in place to manage Federal funds, and in particular FHIP funds.
- iii. The areas that will be included in the review (e.g. core review areas including general management, accounting and financial system review, fair housing enforcement, education and outreach activities, and any targeted review areas).
- iv. The review will allow for a two-way exchange of information. It will provide an opportunity for FHEO reviewers to gather answers to financial or administrative questions and to provide technical assistance.

Two weeks before the review, the grantee will receive a formal written letter confirming the type of site visit being scheduled and requesting documentation needed during the review. The letter will include the following.

- Reasons for the review
- Dates and time of the review
- The monitoring schedule
- The areas of the organization and/or grant-related activities to be reviewed
- An interview schedule for program staff or others associated with the grant(s) that may include key subrecipients
- A request that specific files and documentation relating to work on FHIP grant(s) be available for review
- Financial and program questions that the director should be prepared to discuss during the review
- The need for any required services (e.g., conference rooms, telephones, computers)



The GTM should send courtesy copies to the GO and all onsite visit team members. This will serve as the notification and will keep the review team apprised of progress toward preparing for the visit. Again, sufficient notice will be given to allow the grantee time to prepare and to make available for inspection the files or document requested by the review team.

d. Final Confirmation

One week prior to departure for the site visit, the GTR/GTM staff will call the grantee for final confirmation and discuss the following.

- Ask if the grantee has any questions.
- Advise the grantee if any documentation requested has not been received and that a sample of disbursements will be reviewed.
- Advise you that supporting documents (invoices, receipts, etc.) should be readily accessible.
- Confirm that your personnel staff will be present throughout the visit to assist, if needed.
- Confirm meeting time and place, and obtain directions and any other logistical requirements.

e. Site Visit Entrance Conference

At the start of the review, the GTM will introduce the team members and advise the grantee of the objectives, scope, and focus of the site visit. This will include a discussion of the steps that will be taken to complete these objectives. This is basically an opportunity to have a face-to-face conversation about the information conveyed in the Site Visit Notification Letter.

The monitor will: explain how the monitoring will be conducted (define the breadth and depth of file review, verification, and review of documentation of performance data); confirm key program participant staff who will assist during the monitoring; setup or confirm interview meeting times (with key staff, subcontractors, subrecipients, and program beneficiaries), and if applicable, schedule physical inspections. The GTM will also explain that the team is available to answer any financial or administrative questions that the grantee may have and to provide any technical assistance needed.

f. Site Visit Exit Conference

At the end of the monitoring review, the GTM will conduct an exit conference with the appropriate participant officials or staff to discuss preliminary conclusions. In part, this serves the very important goal of confirming the accuracy and completeness of the information used to form the basis for the monitoring conclusion. Each issue will be discussed along with the related



recommended corrective actions necessary for satisfactory resolution.

The grantee will be afforded the opportunity to ask questions about these issues, and you will be advised that all issues identified are being identified preliminarily and are subject to change based on any additional information that may be obtained subsequent to the site visit.

The GTM will also advise you that you will receive an official Monitoring Review Report (see below) that details each issue noted during the visit, and, if applicable, recommendations outlining steps necessary to resolve the issue. The Monitoring Review Report is prepared by the GTM for submission to the grantee. The report will advise you that a written response is due within 30 days. Finally, it is important for the review team to thank the grantee for its cooperation and assistance during the site visit.

In addition, the report will outline any technical assistance provided to you during the site visit. This could include, but not be limited to, assisting you in properly completing financial status reports, requesting award funds, interpreting policies and procedures, and providing needed information.

#### g. Monitoring Review Reports

As a result of the Annual Monitoring Review, FHEO may reach one or more conclusions: that the recipient's performance was adequate or exemplary; that there were significant achievements; that there were concerns that need to be brought to the attention of the program participant; that technical assistance was provided or is needed; and/or that there were findings that require corrective actions.

Monitoring Review Reports are required for all site visits including Advanced Site Visits. (Monitoring Review Reports are not required for Offsite Monitoring or Desk Reviews for grantees assigned to the Standard Monitoring Level 1). The Monitoring Review Report includes Conclusions, Decision Categories, and Findings and Concerns.

The Monitoring Review Report (also called a Report on Findings) is prepared by the HUD for HUD's records. Fair housing organizations receive their monitoring results in the form of a Monitoring Review Letter. The GRT/GTM prepares the report and sends it to the grantee within 45 days of the conclusion of an onsite or remote annual monitoring review.

If the monitoring results in a finding that may change terms or conditions of the grant, the GO must be involved in the resolution of the issues.

The Monitoring Report will include the following:

- The grant number(s), initiative(s), and component(s)
- The name of the monitor (GTR/GTM) conducting the review



- Date(s) of the review
  - Areas monitored
  - Monitoring conclusions (positive and negative)
  - Identification of deficiencies, if any
  - Specific steps the grantee can take to resolve each deficiency
  - The due date of corrective action for each deficiency
  - If appropriate, an offer of technical assistance or an indication that technical assistance was provided onsite
  - Best practices, if applicable
- i. Technical Assistance

Technical Assistance (TA) is a collaborative engagement between the GTR/GTM and the FHIP recipient designed to correct areas of programmatic and/ or administrative compliance or concerns.

The GTR/GTM may recommend specific TA activities for a FHIP recipient, if the recipient has performance issues and requires project-specific support or subject matter expertise. The GTR/GTM will coordinate with the recipient and appropriate technical assistance providers to ensure that assistance is provided in a timely and useful fashion. TA can be used in conjunction with a PIP and can be most effective when a performance of a recipient begins to trend in a negative direction. The duration of TA activities will vary depending on the specific requirements of each TA engagement.

ii. Findings

An identified deficiency may result in a finding. A finding is a deficiency in grantee program performance that is based on a statutory, regulatory, program requirement, or condition of a grant and that results sanctions or other corrective actions.

A report of a finding includes the condition, criteria, cause, effect, and required corrective action. The condition will describe what was wrong or what the problem was. The criteria will cite the regulatory or statutory requirements that were not met. The cause will explain why the condition occurred. The effect will describe what happened because of the condition. Findings will be accompanied by what the grantee needs to do to correct the condition (Performance Improvement Plan (PIP) or Corrective Action Plan (CAP) and a timeframe for responding successfully to the finding.



The GTM will ensure that actions to correct findings in a PIP or CAP are implemented. In fact, the monitoring process is only considered complete after an identified deficiency has been corrected, the corrective action produces improvements, and your monitor decides that management action is not needed. As a follow-up, the GTM will routinely assess whether the correction action resolved the deficiency long-term.

If the grantee does not meet a target date for correcting the deficiency that resulted in a finding, a reminder will be sent. If no response is received by HUD within 30 days, the grantee will receive a second letter requesting the status of the corrective action and warning of possible consequences of failure to comply. If the grantee does not respond, the monitor will contact FHIP headquarters for guidance on carrying out progressive sanctions.

### iii. Concerns

A concern is a deficiency in program performance not based on statutory, regulatory, or other program requirements. Sanctions or corrective actions are not authorized for concerns, but HUD will bring the concern to the program participant's attention and, if appropriate, may recommend actions to address concerns and/or provide technical assistance. Concerns are a wake-up call for a grantee. While concerns do not require sanctions or corrective actions, if they are not addressed, concerns could become bigger issues that would rise to the category of findings, which would trigger the process described above.

### iv. Performance Improvement Plan

A Performance Improvement Plan (PIP) is a method used by the GTR/GTM and GO to address recipient performance. The PIP is a tool used to document a required recipient action, for which the recipient is required to acknowledge and affirm. PIPs are also used to address programmatic concerns with recipient project schedule, implementation issues, sustainability, and performance/benefits.

PIPs are typically recommended for performance issues of a non-technical nature. Examples of issues that could prompt a PIP include the need for timely report submission after missing two quarterly reporting deadlines, submitting corrections to erroneous performance data, corrections to data in an eLogic Model or FITICOS reports, or updates to the SOW to achieve various project milestones, or to address schedule delays. Each PIP will specify exactly how the recipient can cure the identified performance issue and the required resolution date.

### v. Corrective Action Plan

A Corrective Action Plan (CAP) is the GTR or GO method to address and officially document significant non-compliance or chronic unresolved performance issues.

If the GTR identifies significant compliance or chronic unresolved performance issues, the GTR may recommend a CAP be developed, in coordination with the GO. CAPs will specify how



non-resolution of identified performance issues will be escalated to the GO for further remedy. CAPs may be used in conjunction with a PIP or TA activities.

#### h. Recipient Communication

PIPs and CAPs will be communicated in writing to recipients. A standard template modified for each type of plan will be utilized for consistency and uniformity across the FHEO regional and Field offices. All plans will be reviewed by the GO and the FHIP Division staff prior to release to the recipients. The GTR/GTM will track the completion of all remedial courses of action and will proactively communicate to recipients, the GO, and the FHIP Division staff the status of any changes to the remedial course of action. All associated documents for remedial courses of action will be stored in the recipient's grant files.

#### i. Monitoring Subrecipients as a Critical Element of Grant Progress

Most Federal laws and regulations that apply to grant recipients also apply to any entity that receives a portion of the recipient's award (a sub-award) to carry out programmatic work. The prime recipient of HUD FHIP grant funds is responsible for monitoring its subrecipients, and is evaluated on those efforts throughout the life of the grant award.

##### i. What is a Subrecipient vs. a Vendor?

A subrecipient is a non-Federal entity that spends Federal award funds received from a prime recipient (in this case, a FHIP grantee) to help carry out activities that represent a portion of the recipient's scope of work. A subrecipient must carry out this work according to an award's performance goals and in compliance with the laws, regulations, and provisions of the primary recipient's grant agreement.

A subrecipient is distinct from a vendor, which is classified as a dealer, distributor, merchant, or other seller providing goods or services that are required to conduct activities that are part of the recipient's program. A vendor's goods or services will support the activities under the scope of work, but usually a vendor is not responsible for activities directly. However, if a vendor transaction does include responsibility for activities that affect a primary recipient's performance goals, its records must be reviewed to verify compliance, just like a subrecipient's records.

##### ii. Who Cannot Be a Subrecipient?

The General Services Administration maintains an Excluded Parties List System (EPLS) of entities debarred, suspended, proposed for debarment, excluded or disqualified under the non-procurement common rule, or otherwise declared ineligible from receiving Federal contracts, certain subcontracts, and certain Federal assistance and benefits. Federal agency officials check the EPLS before they enter into or approve a number of different types of transactions. Primary recipients should check potential subrecipients against the EPLS before entering into sub-agreements.



### iii. Prime Recipient Responsibilities for Monitoring of Subrecipients

Subrecipient monitoring requires FHIP grant recipients to monitor the records and activities of subrecipients in a manner similar to the way the HUD FHIP GTR/GTMs monitor the grant recipient's records and activities. Your organization may charge the cost of subrecipient monitoring to your award. Risk Factors for Monitoring Subrecipients include:

- Complexity of grant program compliance requirements
- Large percentage of the program award passed through
- Dollar amount of subawards
- History of non-compliance, new personnel, or new or substantially changed systems
- Lack of experience with the grant program
- Lack of corrective action on prior findings
- Frequent requests for exceptions to the rules

### j. Grantee Monitoring of Subrecipients

Grantees must monitor each subrecipient to ensure that Federal award funds are being used for authorized purposes according to the award's performance goals and in compliance with the laws, regulations, and provisions of the grant agreement, most importantly OMB Circular A-133.

- Find OMB Circular A-133 at <http://www.whitehouse.gov/sites/default/files/omb/circulars/a133/a133.pdf>
- Find OMB Circular A-133 Compliance Supplement 2011 at [http://www.whitehouse.gov/omb/circulars/a133\\_compliance\\_supplement\\_2011](http://www.whitehouse.gov/omb/circulars/a133_compliance_supplement_2011)

These laws, regulations, and provisions include:

- Mandating that subrecipients provide their monitor(s) and auditors access to records and financial statements needed to comply with Circular A-133.
- Ensuring that any of subrecipients expending \$500,000 or more in Federal awards during the subrecipient's fiscal year (including the sub-award being monitored by the grantee organization and all other Federal awards, both direct and indirect) meets the audit requirements of OMB Circular A-133 for that fiscal year.
- Monitoring the activities of subrecipients not subject to OMB Circular A-133, using techniques such as those discussed in the "Compliance Requirements"



provisions of OMB Circular A-133 Compliance Supplement (with the exception that these subrecipients are not required to have audits under OMB Circular A-133).

- Issuing a management decision on any audit findings within 6 months after receipt of the subrecipient's audit report.
- Ensuring that subrecipient took appropriate and timely corrective action on all audit findings.
- If a subrecipient is unable or unwilling to have the required audits and provide the required access, take appropriate action using sanctions.

After performing subrecipient monitoring, it is essential that the grantee's organization use the results to evaluate whether they necessitate a change in the grantee's records and whether the results affect the grantee's organization's ability to comply with applicable Federal regulations.

Monitoring activities can include reviewing financial and performance reports submitted by the subrecipient, site visits, ongoing contact with subrecipients, and other agreed-upon procedures.

### **Document Subrecipient Monitoring**

Evidence of subrecipient monitoring and results must be available to Federal monitors. The grantee must maintain the following subrecipient monitoring documentation:

- Records of subrecipient desk reviews, onsite visits, and the results.
- Records of subrecipient CPA reports.
- Documentation of any corrective action(s) taken by subrecipients, the work the grantee performs to facilitate the corrective action(s), and the effects of subrecipient noncompliance.
- Documentation of any adjustments to a subrecipient's financial records or the organization's records.
- Documentation of any management decisions the grantee issues in response to any subrecipient audit findings.
- Documentation of any impact of subrecipient activities on your organization.



## CHAPTER X. Areas of Monitoring

During the course of a remote or onsite monitoring review, programmatic and financial aspects of a grant are assessed. As noted in this section’s “Preparing for a FHEO Monitoring Review,” the grantee’s GTR/GTM will apply a variety of methodologies including analysis, research, and evaluation to develop findings, conclusions, and recommendations to evaluate the grantee’s business management system and FHIP. The OMB Circular A-102 gives a monitor the right to review any financial or programmatic aspect of a grantee organization that is used in carrying out FHIP program(s) and task(s).

### A. Core Review Areas and Targeted Review Areas

FHEO has identified **core review areas** required to be included in **all monitoring reviews** whether offsite or onsite to ensure consistent standards are applied to all awardees and to provide consistent data elements for assessment of findings. In addition, **targeted review areas** will be identified by the GTR based on the monitoring level, the annual risk assessment and input from the GO, GTM, and other FHEO staff. The GTR is the final decision maker with regard to which targeted areas will be addressed. It is an important distinction that the core review areas information will be included in all monitoring reviews whether offsite or onsite while the Targeted Review Areas will be performed only when identified by the GTR.

#### Exhibit 14. Core Review Areas for Monitoring

<b>Core Review Areas for Monitoring</b>
General Program Management Accounting and Financial System Review Project Initiative (PEI/FHOI/EOI) Review
<b>Targeted Review Areas for Monitoring</b>
Fringe Benefits Salaries and Wages Records for Personnel Travel Consultants Project Cost Contribution Indirect Costs Procurement Sub-awards and Sub-recipient Monitoring Property and Equipment PEI/FHOI/EOI Review



## B. Remote/Offsite and Onsite Review Monitoring Review Checklists

HUD uses standardized checklists, which apply to all grantees, to monitor core or target review areas. These checklists are built from program statutes and regulations. The checklists or questions used to monitor the grant will be personalized as per the grant agreement, along with any additional issues or concerns the monitor determines are appropriate for review.

Before the offsite or onsite monitoring review, the GTR will send the grantee the specific checklists for the review. The organization's director should be prepared to discuss them during the review.

## C. Core Review Areas for Monitoring

### 1. General Program Management Review Checklist and Questionnaire

The general program management review assesses FHIP activities related to the general management of an organization. This review also assesses the grantee's progress against its statement of work. The review includes an assessment of product deliverables and methods of implementation to ensure that they conform to the requirements of the Fair Housing Act, and are in compliance with regulations established by HUD and OMB, and most importantly, the purpose of the grant.

#### a. Organizational Structure and Capabilities

The GTR/GTM will discuss organizational structure and the responsibilities assigned to each functional area. The GTR/GTM will then determine whether the organization's capabilities in each key area appear adequate to execute the FHIP award. The GTR/GTM may ask the following questions:

1. Provide an updated organizational chart and discuss the responsibilities assigned to each functional area.
2. Are all FHIP grant-funded positions shown on the chart? How has the organizational structure or staffing levels changed since your FHIP application was submitted/grant was awarded? Why? Were these changes described in your application and projected in your budget?
3. Are all of your key personnel performing the duties originally described in your award document? Have any key personnel changed since the grant was awarded? If so, has the grantee completed individual background screening, if required, and obtained any necessary Grant Officer approval for the change?

#### b. Staffing

The GTR/GTM will discuss the personnel assigned to work on the FHIP project? They will



determine if staffing levels, resources, training, and expertise appear reasonable and adequate based on the size and complexity of the FHIP award. Does the GTR/GTM perceive any need for additional personnel, subject matter expertise, training, or staffing resources to complete the FHIP grant? The GTR/GTM may ask you to discuss the following:

1. Discuss staffing levels, areas of expertise, and training policy.
2. Why does the grantee believe that it has sufficient staff to meet programmatic requirements and goals?
3. In which areas does the grantee believe its organization's staffing and expertise is the weakest? What is the grantee doing to improve your capabilities in those areas?
4. If the grantee has any open FHIP grant-funded positions, what are they? What recruiting efforts are being pursued? When does the grantee expect to have the position filled?
5. Are there any implications to the FHIP grant success as a result of staff turnover?
6. Does the grantee have any contractors' onsite to support the FHIP project?
7. Do the grantee's contractors specifically support the report submission process?

c. Project Execution

The GTR will discuss the grantee's efforts to implement the FHIP project. The GTR/GTM will form an impression of whether these activities are commensurate with those reported in quarterly and annual reports, consistent with baseline goals. The GTR/GTM may ask the following:

1. How does the grantee monitor implementation of your project?
2. How is progress against SOW reported?
3. How are grantee program activities intended to accomplish the goals and objectives of the project and FHIP?
4. Is the project actually at the point where progress reports say it is?
5. How feasible is achieving the future goals in the SOW?
6. Demonstrate that equipment purchased is as specified in the budget. If the grantee has multiple grants, is it requesting similar equipment to be purchased under each grant?

d. Schedule

The GTR/GTM will discuss areas where the grantee may not be on track to meet baseline project milestones and indicators. To prepare for the discussion, the GTR/GTM will review baseline milestones and indicators and compare the baseline to the projections for the current quarter. The



GTR/GTM will evaluate the grantee's ability to achieve baseline milestones and indicators, including the ability to catch up with any that have been missed. The GTR/GTM may ask the following questions:

1. Is the program being administered in a manner consistent with the SOW? If not, the GTR/GTM will discuss how the grant modification process works.
  2. What is the strategy for completing the FHIP project on time, in accordance with the baseline milestones and indicators provided to HUD?
  3. In each area where the grantee is experiencing (or anticipates) delays or shortfalls, what are the barriers and the strategies for overcoming them?
  4. Describe any reasons why the project may not be completed within the agreed-upon timeframe.
- e. Performance Tracking

The GTR/GTM will discuss the methods used by the grantee to track project performance. The GTR/GTM will evaluate whether these methods are likely to gather accurate and relevant performance data. The GTR/GTM may ask:

1. How is the grantee measuring project performance metrics?
2. How is the FHIP data recorded, analyzed and used to improve delivery of services?
3. Who is responsible for documenting progress?
4. Are SOW tasks routinely reviewed and updated?
5. Is the eLogic Model quarterly information being provided?

f. Project Management

The GTR/GTM will discuss policies and procedures for overall project management, including the roles and responsibilities of each member of the grantee's management team. The FHIP GTR/GTM will evaluate whether FHIP project management appears adequate to ensure timely and successful project execution. The GTR/GTM may ask:

1. Identify any project management tools and approaches that are being utilized to help manage the FHIP grant.
2. Explain the method for monitoring the implementation of the project and how progress is being tracked.
3. Is there a project evaluation plan and could we review it?



- a. Will the evaluation be internal, external or a combination of the two? Who will conduct the evaluation?
  - b. What methods are being used for documentation, FHIP data collection and tracking project activities, participants, outreach?
  - c. Would the grantee like to have technical assistance on FHIP data collection methods, tracking systems, evaluation plans, or other evaluation resources?
4. How is the grantee assuring that your FHIP project activities are in line with the overall HUD/FHEO FHIP program objectives?
  5. Do your progress reports accurately reflect the level of work being completed?
- g. Compliance

The GTR/GTM will discuss the ways in which the grantee ensures that the FHIP project staff understands the programmatic compliance requirements of the HUD/FHIP award documents. The GTR/GTM will ask the grantee to discuss any training opportunities in place. The following are questions the GTR/GTM may ask:

1. What steps have been taken to ensure that project personnel understand the compliance requirements associated with the FHIP grant?
  2. What steps have been taken to ensure that project personnel understand the compliance requirements of accessible facilities?
  3. What steps have been taken to ensure that project personnel understand the compliance requirements of language access?
  4. What steps have been taken to ensure that project personnel understand the compliance requirements of development and submission of a Disaster Plan?
  5. What steps have been taken to ensure that project personnel understand that the project personnel comply with the requirements of full-service projects?
  6. What training has been provided (e.g. Cost Principles) associated with the grant? What level of previous experience do grant personnel have with those requirements?
- h. Fraud Prevention

The GTR/GTM will discuss awareness of fraud risks and any policies or systems adopted to mitigate these risks. The GTR/GTM will evaluate familiarity with the requirements in this area and commitment to compliance, as well as the level of fraud risk that may be present. The GTR/GTM may ask the following questions:



1. What policies and procedures have been adopted to detect and defer fraudulent activity? Is there a conflict of interest provision concerning testers? Discuss assessing the strength and effectiveness of the methods employed to detect fraud.
  2. Are mandatory vacations periods or job rotation assignments used for employees in key finance and accounting control positions?
  3. Are certain critical aspects of fraud detection processes not disclosed, in order to maintain the effectiveness of these hidden controls? What steps are taken to ensure that fraud detection processes, procedures, and techniques remain confidential so that ordinary employees—and potential fraud perpetrators—do not become aware of their existence?
  4. Does the grantee engage in FHIP enforcement data analysis and continuous auditing efforts based on assessment of the types of fraud schemes to which organizations like the grantee (same line of business) are susceptible? For example, are subcontractors checked for anticompetitive practices, such as price fixing, conflict of interest, hidden related-party transactions (bribes, kickbacks), or check invoices for costs unrelated to the FHIP project such as unrelated labor charges and disproportionate overhead?
  5. What type of controls are in place to prevent the misuse of inventory, theft of inventory, purchase falsification, especially if the grantee has more than one FHIP grant award?
  6. Do information systems/IT process controls include specifically designed to detect fraudulent activity, as well as errors, and include analysis, audits, and investigations?
  7. The GTR/GTM will discuss actions to ensure adequate training and awareness among employees for fraud prevention and detection. The GTR/GTM will evaluate the adequacy and effectiveness of the grantee's actions. The GTR/GTM may ask the following questions:
    - How does the grantee communicate fraud detection policies to employees, vendors, and stakeholders?
    - What training opportunities does the grantee offer or require regarding fraud detection and prevention?
    - Do the grantee's internal auditors participate in risk assessment process and plan fraud detection activities based on the results of this risk assessment?
- i. Procurement

The GTR/GTM will discuss efforts to detect and prevent fraud in goods or services purchased from vendors or sub-recipients. The GTR/GTM will also discuss awareness of the procurement mandates in the Uniform Administrative Requirements, including the need for written



procurement procedures and written standards and conduct governing the performance of its employees engaged in the award and administration of contracts. The GTR/GTM will evaluate the grantee's level of familiarity with the requirements in this area and commitment to compliance. The GTR/GTM may ask the following:

1. Please provide a written procurement procedures and written standards of conduct governing the performance of employees engaged in the award and administration of contracts.
2. Are all relevant staff members aware of the provisions of these documents? What training is provided to ensure compliance?

The GTR/GTM will also discuss procurement processes, procedures, and activities, including how key sub-recipients and vendors are selected. The GTR/GTM will ask to walk through a typical procurement transaction. The GTR/GTM will evaluate the grantee's level of familiarity and compliance with the procurement requirements of the FHIP grant award. The GTR/GTM may ask the following questions:

1. How does the grantee ensure that procurement transactions conform to the applicable requirements governing the selection of sub-recipients and vendors, such as the requirement to provide the maximum extent practicable, open and free competition?
  2. Is documentation maintained to establish that the grantee obtained price quotations or bids as required by your own policies?
  3. How does the grantee conduct cost or price analyses on bids received?
  4. How does the grantee ensure that it do not select vendors or sub-recipients that have the potential to perform successfully, and do not appear on the federal government's Debarment and Suspension list?
  5. How does the grantee prevent instances of conflict of interest and illegal hidden transactions such as bribes, gratuities, or kickback schemes?
- j. Sub-recipient Monitoring Policies

The GTR/GTM will discuss the monitoring plan, including the process for ensuring compliance with the terms and conditions of the grant award that flow down to sub-recipients. The GTR/GTM will evaluate the adequacy and likely effectiveness of these plans. The GTR/GTM may ask the following questions:

1. What is the plan for monitoring of FHIP grant-related activities of sub-recipients(s)? Is there a written sub-recipient monitoring plan? If so, provide a copy.
2. What procedures have been adopted for making the project description, FHIP guidelines,



and Federal regulations available to sub-recipients?

3. Are there written agreements with sub-recipients establishing roles, responsibilities, and obligations in connection with the sub-award?

k. Property Management Policies and Systems

The GTR/GTM will discuss awareness of the property management mandates in the Uniform Administrative Requirements. The GTR/GTM will evaluate the grantee's level of familiarity with the requirements in this area and commitment to compliance, as well as the efficacy of property management policies, systems, and procedures. The GTR/GTM may ask the following:

1. Describe property management policies, procedures and systems. Provide the documents, systems and reports used in the implementation of the ongoing monitoring of facilities, materials and equipment.
2. How does the grantee handle detected problems or weaknesses with the property management controls?
3. Discuss property management standards for equipment purchased with FHIP funds. Identify if a physical inventory is conducted every two years.
4. How does the financial system ensure that records are maintained for all equipment with a unit cost of \$5,000 or greater?
5. Has a physical inventory of equipment been conducted within the last two years? Is the inventory document signed by the person or persons who observed the inventory?

1. FHIP Grant File Policies

The GTR/GTM will discuss policies, processes, and procedures for establishing and maintaining FHIP grant files. The GTR/GTM will evaluate the level of completeness of these files, and the degree to which they document compliance with the terms and conditions of the FHIP grant award and also facilitate compliance with audit requirements. The GTR/GTM may ask the following:

1. What policies and procedures has the grantee adopted to retain documentation of grant-related activities? How did the grantee ensure that they contain all required areas of documentation?
2. How does the grantee determine what documents are placed in the FHIP grant file?
3. How does the grantee ensure that grant files are auditable in an A-133 single audit, a FHIP program-specific component if required, and by the Office of Inspector General (OIG) and Government Accountability Office (GAO)?



4. Do specific procedures exist to inform staff how to properly handle Federal funds and document activities?
  5. Please provide and update on sub-recipient and vendor activities. What are processes, procedures, and systems used to manage sub-recipient and contractor relations?
  6. Has the grantee executed appropriate documentation defining the terms of relationships with sub-recipients and contractors, e.g. memoranda of understanding or contracts?
- m. FHIP Records and Reporting

In regards to recordkeeping the GTR/GTM will discuss processes for maintaining files to grant-related activities. During an onsite review, the GTM will inspect the files to ensure that they are orderly, appear comprehensive, and are being maintained according to an established system. HUD requires record retention for three years from the date of submission of the accepted final financial report, so the GTR/GTM will inquire as to how the grantee organization intends to abide by this requirement. If files are required to be retained or archived longer for litigation or audit purposes, the GTR/GTM will notify the grantee of this requirement. The GTR/GTM will evaluate the level of familiarity with the requirements in this area and commitment of compliance. The GTR/GTM may the following.

1. Discuss property management systems and the ways in which they ensure effective control over and accountability for property and other FHIP grant-funded assets.
2. Discuss how weekly certified payroll records and timesheets are properly prepared and maintained to comply with the Davis-Bacon Act. Provides examples of these reports.
3. How does the grantee ensure the number of work hours worked on FHIP grant-related activities is accurately reported in the timesheets?
4. How are payroll runs properly charged to the appropriate project account? (This is especially true for grantees with multiple FHIP projects or with major projects they are funding themselves).

In regards to reporting, the GTR/GTM will discuss with the processes for preparing and filing FHIP reports, including the quarterly and annual reports and the Federal Financial Report filings. The GTR/GTM will evaluate level of familiarity with the requirements in this area and commitment to compliance, as well as the efficacy of processes and procedures. The GTR/GTM may ask the following questions:

1. Who is responsible for completing and submitting reports? How many other people need to provide information to complete the reports? Are those people responsive? Does the grantee have executive level support for the importance of preparing timely and complete reports?



2. Do staff members responsible for reporting understand the respective reporting system protocols for report submission?

n. FHIP Performance Barriers

The GTR/GTM will discuss any impediments to performance and plans for overcoming them. The GTR/GTM may ask the following questions:

1. Discuss any significant barriers or challenges the FHIP project has encountered or that are anticipated, as well as any actions being taken to overcome these barriers or challenges.
2. Identify any external factors that create stress/scrutiny.
3. Is the grantee aware of any complaints or negative press coverage concerning your FHIP project?
4. Has the grantee experienced ongoing sub-recipient or vendor issues? Other procurement problems? What has been done to overcome these issues?
5. Does the grantee have systems, processes, or procedures in place to mitigate risk?
6. Are there particular barriers and constraints associated with the proposed testing, investigation and enforcement actions? If so, how are these problems being addressed and what steps are being taken to mitigate further problems?
7. Are appropriate skill sets available to manage the required Logic Model and FITICOS data technology?
8. Is the education and outreach goal being met?
9. Does the grantee conduct regular FHIP project staff meetings with all managers to ensure that all FHIP issues are identified and resolved? How often?
10. Discuss the result of any improvement action previously completed and how it has helped to improve project performance.
11. How has corrective or improvement action improved project's performance?
12. In what ways has the grantee improved operating procedures in order to mitigate risk?
13. Identify and discuss any area in which the grantee may benefit from HUD/FHEO's technical assistance, such as in financial, fair housing, compliance, grant management, or other areas.

o. Performance Strengths

The GTR/GTM will discuss any particular strengths of the grantee's organization that show your



performance. The GTR/GTM may ask the following discussion questions:

1. Identify and discuss the strengths of the FHIP project.
  2. What have been the benefits to the grantee's organization or community so far in receiving this FHIP award?
  3. Does the grantee have any lessons learned that might benefit other FHIP projects?
  4. Identify and discuss any FHIP best practices that can be implemented with other FHIP recipients.
  5. In what ways did the grantee mitigate project risk to ensure project success?
  6. What are some of the examples the grantee can share in which a potential FHIP issue was successfully corrected?
  7. Discuss and identify any success stories resulting from receiving FHIP funding that show how effective the organization is in helping others.
- p. FHIP Program Results

The GTR/GTM will discuss the status of marketing and outreach plans and activities. The GTR will discuss the ways chosen to inform the intended beneficiaries of the FHIP project and its services. The GTR/GTM will form an impression of whether these efforts are appropriate for the size and scope of the project and reasonably calculated effectively to reach the target beneficiaries. The GTR/GTM may ask the following questions:

7. Discuss developing your marketing program.
8. If the grantee has developed a media and community outreach plan, please provide a copy, as well as examples of advertising and public relations materials being used to communicate the specific activities and accomplishments of the FHIP project.
9. How is the grantee (or how do you plan to) informing potential complainants/beneficiaries of the services being offered?
10. Provide an update on tracking or measuring the impact of outreach activities.
11. What measures have been established to ensure quality of fair housing service delivery?

The GTR/GTM will also discuss the status of delivery of fair housing services to the intended project beneficiaries. The GTR/GTM will discuss the number of complainants, referrals from other organizations, subscribers or members, or other project metrics in relation to baseline projects. The GTR/GTM will ask for any tangible programmatic results. The GTR/GTM will review grant submissions and use the information provided to engage in this discussion. The



GTR/GTM may ask the following questions:

1. What results has the grantee seen from your community outreach efforts?
2. What has been the result from discussions with the general public, complainants and housing providers? Describe the process for securing signed settlement agreements.
3. What percentage of the proposed beneficiary population has been captured?
4. Does the targeted population pose any particular challenges to implementing the FHIP project?
5. Describe the steps taken to make the site and project accessible to persons with disabilities.
6. Is the grantee monitoring and tracking update of services or other project beneficiaries in reaching project goals and objectives?
7. What mechanisms are in place or what plans are being made for sustaining the project beyond the life of the FHIP grant?
8. If offering services, demonstrate services and policies on your primary web site. If the grantee has not initiated services, what plans have been made to do so?
9. Will the expected number of tests or enforcement actions be met by project end? Discuss projections. (PEI and FHOI recipients)
- q. Below is the General Management Review Questionnaire that the GTR/GTM will use when conducting an offsite/desk review or onsite review.

**2. General Management Review Questionnaire**

Grantee Name \_\_\_\_\_

Grant Number \_\_\_\_\_

Effective Date of Grant \_\_\_\_\_ Expiration Date \_\_\_\_\_

Date(s) of Review \_\_\_\_\_

Please explain all "No" answers in the area provided at the end of the questionnaire. In addition, you may want to document some information for the "Yes" questions.

**Exhibit 15. General Management Review Questionnaire**

<b>General Management Review Questionnaire</b>		
<b>Question</b>	<b>Yes</b>	<b>No</b>



(1) Has the recipient submitted all required quarterly performance reports in a timely manner?		
(2) Has the recipient followed the schedule in the Statement of Work or received approval for modifications?		
(3) Has the recipient submitted all required deliverables in a timely manner?		
(4) If deliverables were not submitted on schedule, has the cause for delay been communicated to the GTM and GTR?		
(5) Have all the deliverables been accepted?		
(6) Is actual progress accurately reflected in quarterly performance reports?		
(7) Is the recipient using key personnel in accordance with the Grant?		
(8) Is key personnel trained adequately?		
(9) Is there reason to believe that the recipient will complete the project within the available timeframe and using available funds?		
(10) If the grantee has subcontractors, are they performing according to their schedule? If none, proceed to Question 11.		
(11) Has the agency implemented the required criteria for a Drug-Free Workplace in accordance with the grant agreement?		
(12) Is the agency's office fully accessible to persons with disabilities, including ramps, 32" door clearance, levers instead of doorknobs, and elevators to all floors?		
(13) If the office is not accessible, is there an alternative for meeting with clients and/or use by employees with disabilities?		
(14) Does grantee anticipate any major cost outlays over a short period of time?		
(15) Do project activities benefit all classes protected by the Fair Housing Act?		
(16) Is there staff representation from all major protected classes in the area served?		



(17) Is there Board representation from all major protected classes in the area served?		
(18) Can methodology and deliverables from this project be used by other organizations with little or no modification?		
(19) Does the agency have a plan to continue project efforts after the conclusion of the project?		
(20) Has the project affirmatively affected the target population? Please explain yes and no answers.		
(21) Are vouchers (SF-27053) submitted timely and without errors?		
(22) Are financial reports (SF-425) submitted timely and without errors?		
(23) Are tasks completed and deliverables accepted by GTR prior to vouchering for payment?		
(24) Do project staff have the skills and knowledge needed to implement the project?		
(25) Are tasks completed and deliverables accepted by GTR prior to vouchering for payment?		

### 3. Accounting and Financial Management System Review Checklist and Questionnaire

This questionnaire provides guidance for the GTR/GTM in conducting accounting and financial management systems reviews of your FHIP organization regardless of its type (e.g. State, local governments, educational institutions, and non-profit organizations).

Accounting and financial management systems reviews involve the overall examination of the accounting and financial management policies, procedures, and controls maintained by your organization.

The objective of an accounting and financial management systems review is to provide FHEO, which is responsible for awarding and administering FHIP funds, with information concerning the grantees accounting and financial management practices. A FHIP grantee should have a system that provides for the following:

- accurate and complete disclosure of the financial results of Federal awards;
- records that identify the source and application of funds;
- effective control over and accountability for all funds, property and other assets;



- written procedures on the use of funds by the recipient for FHIP purposes;
- written procedures for determining the reasonableness, allocable and allowable of costs; and
- accounting records that are supported by source documentation.

The following is a list of common problem areas that may be encountered by the GTR/GTM while reviewing the adequacy of your accounting and financial management system. The existence of any of these deficiencies does not necessarily mean that an award cannot be processed, suspended or terminated. It does indicate, however, that corrective or remedial action on the part of your organization is necessary to assure adequate accountability and control of costs incurred under a government project.

- **Absence of a Financial Accounting System.** This situation may occur with new organizations, which are beginning business. It is extremely important that all organizations doing work for HUD/FHEO have an operational accounting system. Otherwise the task of administering and accounting for costs and funds under the government project(s) including FHIP cannot be relied upon, to the probable detriment of the programs(s). An operational accounting is a standard method of collecting recording, and reporting data as it relates to the conduct of assets, liabilities, revenues and expenses, and the results of transactions within an organization.
- **Absence of Written Accounting Policies and Procedures.** In the absence of written accounting policies and procedures, a lack of uniformity in accounting practices exists. This situation results in inconsistent treatment of similar costs incurred for like purposes under different projects. Consequently, certain projects are unfairly burdened with costs attributable to other projects.
- **Absence of Personnel Policies and Procedures.** This deficiency may lead to unfair compensation practices which may result inequities and inconsistencies in accounting for personnel costs (e.g., fringe benefits which are paid only to employees working on Federal projects).
- **Absence of Time and Effort Reporting Requirements.** Where time and effort reporting requirements are not observed, there is considerable doubt as to the accuracy of recorded and claimed labor costs.
- More than three grant amendment requests.
- Improper reimbursement of consultants and sub-contracts.

a. Financial Management Processes and Systems Review



The GTR/GTM will discuss your awareness of the financial management requirements. The GTR/GTM will also ask you to demonstrate the use of your financial management systems and to outline your processes and procedures in this area, as well as the roles and responsibilities of the relevant employees. The grantee should discuss their processes and procedures for handling invoices, managing draw-downs, and issuing disbursements. The GTR will evaluate the grantee's level of familiarity with the requirements in this area and its commitment to compliance. The GTR/GTM may ask you the following.

1. Discuss your financial management systems and the way in which they ensure effective control over and accountability for FHIP grant funds.
  2. How do you perform periodic cost projections to ensure that FHIP funds will be adequate to carry out project milestones and objectives?
  3. Based on the number of financial staff, how do you ensure fiscal duties are segregated?
  4. How often are the balance sheet accounts reconciled to subsidiary ledgers or external statements to substantiate that account balances are correct?
  5. Discuss the contractual process, the billing process, and reconciliation as well as the receipt of funds.
  6. Discuss your policies and procedures for minimizing the time elapsed between the drawdown of funds and disbursement of those funds. Do you have written processes and procedures to governing this area? If so provide a copy.
  7. How do you ensure that all financial information is accurately reported in the SF-425 reporting forms each quarter?
  8. How do you maintain the details and documentation of all vendor payments and track which materials and equipment have been received?
  9. For any equipment that you have already procured, please provide invoices and show where the equipment have been received. If grantee received more than one FHIP grant, show that equipment has not been duplicated for each grant.
  10. With respect to any contracts that you have executed, but under which you have not made purchases, describe your intended timing for placing orders and show us where the equipment will be deployed or stored.
- b. Accounting Review

The GTR/GTM will ask you to discuss your policies, procedures, and systems for adhering to the FHIP project budget, including periodic budgetary review and tracking of expenditures to ensure unrelated expenses are not charged to the FHIP grant. The GTR/GTM will evaluate the grantee's



level of familiarity with the requirements in this area and its commitment to compliance. Below are sample discussion questions the GTR/GTM may ask you.

1. How do you ensure all costs are allowable and allocable to the FHIP project?
2. What training and experience do your fiscal officer and staff have related to accounting and fiscal matters?
3. What experience do the fiscal officer and staff have in managing Federal funds, especially when dealing with vendors and subrecipients?
4. What is the process for approving expenditures to prevent instances of false claims?
5. Discuss the reasons for any submitted budget revision requests. Confirm that such requests received prior approval.
6. Do you understand the rules surrounding the request for a budget revision? How do you determine revisions are needed; how do you prevent the need for multiple revisions?
7. If there have been several (more than 3) grant amendment requests submitted by you, discuss reasons for frequency of amendments. Are changes due to subrecipients or contractors? What is the associated risk?

If you are relying on contributions of your own in-kind contributions or outside contributions to satisfy the outside resources requirement, you need to discuss their familiarity with the process for valuing and recording such contributions in the project record. The GTR/GTM will evaluate the grantee's level of familiarity with the requirements in this area and its commitment to compliance. The following are sample areas for discussion.

1. Describe your policies, processes, procedures and systems for documenting and valuing grantee's contributions and outside contributions of assets to the FHIP project.
2. How do you monitor and value contribution of donated expenses (e.g., labor) to the project?

**The Accounting and Financial System Review Questionnaire will be used by the GTR/GTM when conducting an offsite/desk review or onsite monitoring review.**

### **ACCOUNTING AND FINANCIAL SYSTEM REVIEW QUESTIONNAIRE**

Grantee Name \_\_\_\_\_

Grant Number \_\_\_\_\_

Effective Date of Grant \_\_\_\_\_ Expiration Date \_\_\_\_\_



Date(s) of Review \_\_\_\_\_

Please explain all "No" answers in the area provided at the end of the questionnaire. In addition, you may want to document some information for the "Yes" questions.

**Exhibit 16. Accounting and Financial System Review Questionnaire**

<b>ACCOUNTING AND FINANCIAL SYSTEM REVIEW QUESTIONNAIRE</b>			
<b>Questions</b>	<b>Yes</b>	<b>No</b>	<b>N/A</b>
<b>A. SALARIES AND PAYROLL</b>			
(1) Is there a written personnel plan or policy with			
a. job descriptions,			
b. salary scales,			
c. hours of employment,			
d. holidays,			
e. pay periods,			
f. methods of payment,			
g. termination,			
h. leave,			
i. and all other employee benefits?			
(2) Are adequate personnel files maintained, including			
a. position description,			
b. record of personnel interview,			
c. employment application,			
d. hire letter,			
e. wage and salary adjustment forms,			
f. leave records,			
g. and evaluations?			
(3) Are timecard preparation procedures written and communicated to each employee?			
(4) Do employees personally record their time on the timecard or computerized time system?			
(5) Do employees record their time <b>daily</b> and in ink or on a computerized system that certifies the employee's signature?			



(6) Do employees initial or certify and explain corrections to timesheets?			
(7) Are corrections made by crossing out the incorrect charge and inserting the correct charge (No erasures or "white-outs are allowed)? Or if computerized, is there an audit trail?			
(8) Are all corrections initialed or certified by both the employee and supervisor?			
(9) Do both employees and supervisors sign the timecards certifying the accuracy of the recorded labor effort?			
(10) Do employees account for all hours worked?			
(11) Does the timesheet show time charged to more than one grant or cost center for those employees that is less than full-time on the grant?			
(12) Is (are) the designated key personnel still working on the grant?			
(13) Do the recorded labor charges appear to be a fair representation of the actual work performed?			
<b>PROFESSIONAL/TECHNICAL SERVICE AGREEMENTS</b>			
(1) Are consultant payments for professional or technical services under HUD FHIP grants approved in the grant budget?			
(2) Do the charges appear reasonable based on the actual work performed?			
(3) Is a copy of the agreement on file?			
(4) Are the billings on file?			
(5) Do the billings clearly state services performed and if appropriate, the dates and time involved?			
<b>C. SUBCONTRACT AGREEMENTS</b>			
(1) Was the subcontract approved in advance by the Grant Officer?			
(2) Has the grantee ensured that the subcontractor is not included on the General Services Administration's "List of Parties Excluded from Federal Procurement or Non-procurement Programs"?			
3) Did the grantee secure subcontracts in accordance with procedures required by the grantee (or state/local			



contracting procedures if applicable)?			
(4) Did the grantee secure GTR review of the contract language prior to execution?			
(5) Is a copy of the subcontract on file?			
(6) Are the billings on file?			
(7) Do the billings clearly state services performed and if appropriate, the dates and time involved?			
(8) Did the grantee adequately monitor the subcontractor?			
<b>D. EQUIPMENT</b>			
(1) Has the grantee provided equivalent insurance coverage for equipment acquired with Federal funds as provided to property the grantee owns?			
(2) Does the grantee maintain accurate equipment records that include <b>all</b> of the following:			
a. a description of the equipment,			
b. an identification number,			
c. source of the equipment, including the award number, for equipment costing more than \$5,000,			
d. whether title for equipment costing more than \$5,000 vests in the recipient or the Federal Government,			
e. acquisition date and cost,			
f. location and condition of the equipment, and			
g. date the last inventory was conducted.			
(3) Does the grantee maintain adequate safeguards to prevent loss, damage, or theft of the equipment?			
(4) Are there procedures to investigate, fully document and promptly notify HUD (if Federally owned) of any loss, damage or theft of equipment?			
(5) At least once every two years, does the grantee take a physical inventory of equipment and reconcile the results with the equipment records?			
a. Are differences investigated to determine the cause?			



b. In connection with the inventory, does the grantee verify the existence, current utilization, and continued need for the equipment?			
<b>E. INTERNAL CONTROLS</b>			
<b>CASH/CHECKS</b>			
1) Are all disbursements, except from petty cash, made by check?			
2) Is the signing of blank checks in advance prohibited?			
3) Is the practice of drawing checks to "cash" or "bearer" prohibited?			
4) If not, are checks so drawn limited to payrolls and/or petty cash reimbursement?			
5) Are the bank accounts independently reconciled by someone other than the employees who keep the cash records?			
6) Is the sequence of check numbers accounted for when reconciling the bank accounts?			
7) checks issued only on the basis of written authority?			
8) Is proper inventory control maintained over blank checks and voided checks?			
9) Are surprise counts made of the petty cash fund? If so, are entries available to show results?			
10) Are vouchers or other supporting documents presented together with the checks submitted for signature?			
11) Are checks prenumbered?			
12) Are blank checks properly controlled?			
13) Are the supporting documents impressed with a "paid" stamp or other mark so as to prevent their use for duplicate payment?			
14) Are cash receipts recorded and deposited daily or whenever receipts total more than an established maximum?			
15) Are employees handling cash or checking accounts bonded?			
16) Are there proper safeguards over undistributed or			



unclaimed checks?			
<b>ACCOUNTING AND FINANCE</b>			
17) Is an audit performed annually? If so, name the auditor and list date of most recent audit at the end of this Chapter.			
a. Are there negative findings in the most recent audit? If so, describe at end of this Chapter.			
b. Does audit provide information sufficient for HUD to determine if FHIP funds are being properly managed?			
c. Does audit reference FHIP funds and cover period in which they were received?			
d. In State Single Audit Act (OMB A-128) are there specific references to grantee?			
18) Are controls available to prevent expenditures prior to and subsequent to date of grant?			
19) Is a formal trial balance of the General Ledger prepared each month?			
20) Are the financial accounting system policies and procedures documented to ensure uniform accounting practices?			
21) Does the accounting system provide the data needed to prepare financial reports on the:			
a. financial status of:			
(i) the overall organization?			
(ii) each grant?			
b. sources of funds for:			
(i) the overall organization?			
(ii) each grant?			
22) Are functions and duties structured to segregate responsibilities such as: approving financial transactions; entering transactions; keeping summary (control) records; maintaining custody of funds and property?			
23) Are monthly internal financial reports prepared?			
24) Are monthly comparisons made of actual expenditures to the budget in order to ascertain			



available balances?			
25) Are the following books of accounts maintained by the grantee (these should be maintained electronically):			
<ul style="list-style-type: none"> <li>• General ledger (contains all financial data accouter)</li> </ul>			
<ul style="list-style-type: none"> <li>• Project cost ledger (contains data by cost element (labor, materials, equipment, travel) for each project, e.g. FHIP/CDBG)</li> </ul>			
<ul style="list-style-type: none"> <li>• Case receipts journal (all cash receipts of grantee ate entered indicating the source of funds received)</li> </ul>			
<ul style="list-style-type: none"> <li>• Case disbursement journal (disbursements of grantee are entered indicating the purpose of each disbursement of funds)</li> </ul>			
<ul style="list-style-type: none"> <li>• Payroll journal (employees’ time charges are recorded to the appropriate project and/or functions and record employees benefits such as vacation time, awards, sick leave, and time off. This also should include salary deductions.)</li> </ul>			
<ul style="list-style-type: none"> <li>• Income journal (all income recorded by grantee is recorded individually or groups)</li> </ul>			
<ul style="list-style-type: none"> <li>• Purchase journal (all of grantee’s purchase or credit for goods and services)</li> </ul>			
<ul style="list-style-type: none"> <li>• General journal (all other transactions not provided for in other journals)</li> </ul>			
<b>PAYROLL</b>			
26) Are time and attendance reports required for all employees?			
27) Are the payroll checks issued after receiving the time and attendance reports?			
28) Is proper authorization and documentation made in the hiring of additional staff and/or salary increase?			
29) Is official documentation presented to the payroll clerk to support the payroll?			
30) Is the payment of overtime properly approved?			
31) Are there procedural controls over the use of overtime?			



32) Are time and attendance reports countersigned by an individual in authority?			
33) Is a complete current record maintained of personnel and rates?			
<ul style="list-style-type: none"> <li>Is a separate bank account maintained for payroll funds? (If the answer is Yes, is a monthly reconciliation of the payroll bank account made by an employee who is independent of payroll preparation and accounting functions?)</li> </ul>			
34) Are employees' names, salary rates, etc. checked against payroll by someone other than the payroll clerk on a test check basis?			
35) Does the system provide for the withholding and payment of payroll taxes?			
36) Are payroll checks distributed by someone other than the personnel involved in the preparation of the payroll or approval of time cards?			
<b>PURCHASES</b>			
(37) Are all requisitions for purchases approved by a properly designated individual?			
(38) Are all purchase requisitions checked to the budget to verify that a budget line exists authorizing such purchases?			
<ul style="list-style-type: none"> <li>a. Are any items covered by government procurement procedures?</li> </ul>			
<ul style="list-style-type: none"> <li>b. If bids were required, does grantee have documentation of bid process?</li> </ul>			
(39) Are purchase orders used to cover all purchases?			
(40) Are receiving reports used to indicate receipt of all merchandise?			
(41) Are purchase orders properly signed by someone in authority?			
(42) Are all invoices matched to the purchase order and/or approved by someone in authority indicating that the item was in fact received or the services were in fact performed prior to the preparation of the check in payment?			



(43) Are all invoices examined to verify that the items, price and quantity invoiced are proper and as ordered?			
(44) Are payment vouchers or invoices approved by a responsible official?			
(45-a) Does the financial officer or department have a list of individuals who are authorized to sign purchase requisitions, purchase orders, receiving reports, time and attendance cards, etc.?			
(45-b) Does he/she have a record of the individual's signatures?			

**Additional Information (including explanations for "No" and "N/A" answers): Please reference question number**

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**Summary of Strengths and Weaknesses Identified During the Financial Onsite Review (Must be Completed). This section can include specific examples of areas observed in this chapter and other general areas.**

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**Suggested Corrective Actions and Due Dates Based on Financial Review**

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**D. Initiative Specific Reviews**

**1. Project Initiative (PEI, FHOI, and EOI) Review Checklist and Questionnaires**

Although specific FHIP initiatives and their components may change from year-to-year based on HUD priorities, all initiatives and their components can be categorized as enforcement or education and outreach-related.

All FHIP grantees will be asked for information to contribute to programmatic reviews of their programs along with information in response to initiative specific questions (below). Grantees



with multiple grants should expect their review to include questions specific to all initiatives under which they are funded.

The GTR/GTM will discuss with you any fair housing testing/enforcement or education and outreach related challenges that you may be encountering. If you have indicated in your quarterly and annual reports that your activities or tasks are on schedule, the GTR/GTM may want you to confirm that this still is the case. For you that have indicated that in your quarterly and annual reports that you are behind schedule, the GTR/GTM will ask you to update them on the status. They will also want you to discuss the reasons for the delays, and identify the actions you are taking to remedy the situation. In preparation for the discussion, the GTR/GTM will review your enforcement log, eLogic Model data, and your quarterly and annual report submissions, as well as notes of any prior discussions with you on these issues, and determine whether you are behind schedule or more based on projected start and production. The GTR/GTM may ask you the following.

1. What challenges have you encountered during testing/enforcement or education and outreach activities, e.g. weather, other issues, delays in obtaining information?
2. What steps are you taking to address these challenges and what impact do you expect these steps to have?
3. Provide an update on the status of challenges (if any) that you have identified in your most recent reports.
4. What additional challenges do you anticipate?
5. What proactive steps are you taking to mitigate these future challenges?

- a. Project Results

The GTR/GTM will discuss with you whether the proposed testing and enforcement activities and actions, and education and outreach activities will be completed before end of project period. In preparation for the discussion the GTR/GTM will review metrics to be completed each quarter for the number of tests, enforcement investigations, actions or settlements and education and outreach products. Your discussions should focus on existing areas of concern and identifying and additional emerging issues. The GTR/GTM may ask the following questions.

1. In which enforcement or education and outreach areas do you believe your organization's staffing and expertise are weakest? What are you doing to improve your capabilities in those areas?
2. If you have any open PEI, FHOI or EOI grant-funded positions, what are they? What recruiting efforts are you pursuing? When do you expect to have the positions filled?
3. Are there any implications to the PEI, FHOI or EOI grant success as a result of personnel



turnover?

4. Do you have any contractors' onsite that support the PEI, FHOI or EOI grant?
5. Do contractors specifically support the report submission process?

**2. Enforcement Review Checklists and Questionnaires (Grantees with PEI or FHOI Awards)**

This enforcement review questionnaire is used for all enforcement activities funded under FHIP. The goal of this review is to assess the quantity of complaint processing, testing, and enforcement activities funded by a grant, ascertain their impact on the areas served, and identify any corrective actions necessary to ensure successful completion of the grant(s) being monitored. Again the GTR/GTM will complete the following checklist below while conducting a desk review or onsite review.

The Project Initiative Review Questionnaire will be used by the GTR/GTM when conducting an offsite/desk review or onsite monitoring review.

**Enforcement Review CHECKLIST**

Grantee Name \_\_\_\_\_

Grant Number \_\_\_\_\_

Effective Date of Grant \_\_\_\_\_ Expiration Date \_\_\_\_\_

Date(s) of Review \_\_\_\_\_

Please explain all "No" answers in the area provided at the end of the questionnaire. Where feasible, provide technical assistance onsite. In addition, document information for the "Yes" questions, as necessary and appropriate.

**Exhibit 17. Enforcement Review Questionnaire**

<b>Enforcement Review Questionnaire</b>			
<b>Questions</b>	<b>Yes</b>	<b>No</b>	<b>N/A</b>
1) Does this project include testing activities? If "No," skip to question 33.			
2) Does the Agency have a written manual on testing or written procedures for conduct of testing? If so, review to determine whether it complies with acceptable testing procedures.			
3) Have all Testing Methodologies been approved by			



HUD prior to testing?			
4) Does the person in charge of testing have test coordinator training and/or experience? Describe testing qualifications at end of this section.			
5) Does the process for selection of testers include:			
a. A check for and certification of no prior felony convictions or convictions involving fraud or perjury?			
b. A check to verify there is no conflict of interest?			
c. A means to determine whether the tester can accurately record what happened?			
6) Does grantee have a tester training manual?			
7) Have all testers been given formal training? Describe at end of this section.			
8) Does grantee have a diverse tester pool to enable it to test on all anticipated bases for discrimination?			
(9) Does grantee have policies and procedures to maintain confidentiality of the tester pool and tester profiles by:			
a. Revealing identities to staff and Board only on a need to know basis? and			
b. impressing on testers the importance of not telling anyone they are testers?			
10) Does Agency have clear and appropriate procedures regarding use of "paired" tests, "wraparound" tests, single tester (e.g. match a complainant), three person tests or other type of test? Attach copy or describe procedure.			
11) Does Agency have clear and appropriate procedures regarding use of telephone testing versus onsite testing? Attach copy or describe procedure. If telephone testing is used for race/ethnicity, explain how agency ensures that respondent knows testers' race/ethnicity.			
12) For testing such as lending, appraisal and insurance, do home profiles match by market value, age, maintenance, construction type, style, size, and any other factor affecting the selection or underwriting criteria?			



13) For testing redlining, are neighborhoods similar in all ways except for race or ethnicity?			
14) For issues where differences in terms and conditions require knowledge of industry, (e.g. lending or insurance) are testers trained in the factors that account for differences in policies, mortgage rates or other differences?			
15) Does agency have written procedures for target selection in non-complaint based testing?			
16) Were the procedures approved by the GTR?			
17) If not, do the factors identify companies where there may be reason to believe there is a violation of the law.			
18) Does Agency have clear and appropriate procedures regarding when tests should be aborted? Attach copy or describe procedure.			
19) Is all testing performed under the supervision of the Test Coordinator?			
20) Did the Coordinator appropriately structure the test?			
21) Did the Coordinator select matched testers to perform the test to ensure that they have the same profile except for the basis for discrimination?			
22) Did the Coordinator assign all of the tester characteristics appropriate for the allegations and facts known?			
23) Did the Coordinator provide clear instructions to the testers?			
24) Did the Coordinator maintain close communication with the testers?			
25) Did the Coordinator collect all of the test forms and materials immediately following the test?			
26) Were the testers instructed to avoid any contact with the other tester that would share substantive information regarding the test?			
27) Are tester reports thorough and in conformity with tester profiles?			
28) Does state law allow the use of tape recorders?			
29) Does the agency have testers tape record their tests?			



30) Does agency conduct verbal debriefing of testers?			
31) Does agency match verbal debriefing with written reports and clarify differences?			
32) Does agency compare verbal debriefing and written reports with tape of test and clarify differences?			
33) Do tests that have been conducted conform with procedures in 11 through 31 above? (Review tester files prior to answering this question.)			
34) Does the agency maintain a Fair Housing Enforcement Log in accordance with the grant agreement?			
35) Does the Enforcement Log clearly show the complaints received and action taken?			
36) Does the Enforcement Log include targeted (non-complaint based) testing done and action taken?			
37) Does agency have a written intake and referral procedure?			
38) Does agency conduct thorough intakes,			
39) Does the agency make appropriate determinations in accordance with agency written procedures and the Fair Housing Act?			
<ul style="list-style-type: none"> <li>Does agency conduct investigation of complaints where testing is not appropriate and/or in addition to testing? Describe at end of this questionnaire.</li> </ul>			
40) (Does agency analyze statistical data to supplement investigation?)			
41) Does agency conduct interviews with persons having knowledge of practices to secure factual and anecdotal information? (E.g. other residents, former employees, members of community organizations)			
42) Does agency seek reimbursement for diversion of resources in legal actions resulting from its investigations?			
43) Does agency seek legal expenses in litigation done by the agency?			
44) Does agency require reimbursement of revolving fund where funds have supported successful litigation?			



45) Does agency make appropriate referrals to HUD/State/DOJ/Private Attorney or other fair housing resource?			
46) Does agency seek remedies to deter further discrimination?			
47) Does agency seek remedies appropriate for the discrimination that occurred and the impact on the victim?			
48) Does agency provide legal seminars to train attorneys in fair housing litigation?			
49) Does the training provide CLE credit?			
50) Has the agency used the services of attorneys trained in legal seminars?			
51) Does agency have other activities in the grant that promote private enforcement of fair housing cases? Describe and assess the success of these activities.			
52) Are there any education and outreach activities funded under this project? If so, please answer appropriate questions in Section 8-2.			
53) Answer any specific questions included with this questionnaire that address issues unique to this grant. Include the questions and answers with this questionnaire.			

**Describe the most significant accomplishments of this project and the impact for the area served, along with additional information from the above questions (including explanations for "No" and selected "Yes" answers): Please reference question number.**

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Appendix J, a Case Analysis Form, shows a uniform format for determining the quantity of complaint processing and testing done by the grantee and the results of that activity. Please review the grantee's Enforcement Log to complete this chart for the period covered by the review. You may submit this chart to the grantee in advance of the review, along with the questionnaire.

**Additional Information (including explanations for "No" and "N/A" answers): Please reference question number.**





6. You estimated xx persons in the underserved or unserved area that the new group will service. Have this changed? How are you documenting the changes?
7. What progress are you making toward meeting the proposed number of tests and enforcement actions?
8. Are you drawing down the required (sponsorship) amount per the grant agreement?

The GTR/GTM may ask the sponsored organization the following questions:

9. What are your methods for tracking persons served by your new group during the week?
10. Are staffing needs adequate for undertaking the work requirements?
11. What types of training and or education are being provided to your new group as it relates to your target populations?
12. How are you tracking participation in internal or external training and/or education initiatives conducted by the new group?
13. Is the selection of equipment for your new group sufficient?
14. Was the amount budgeted for your new group sufficient? Have you experienced any acquisition delays?
15. Has the work stations in the new group's location software installed been adequate? Have changes to the software been required?
16. Is funding sufficient to complete all work requirements?

## **ESTABLISHING NEW ORGANIZATIONS QUESTIONNAIRE**

Grantee Name \_\_\_\_\_

Grant Number \_\_\_\_\_

Effective Date of Grant \_\_\_\_\_ Expiration Date \_\_\_\_\_

Date(s) of Review \_\_\_\_\_

Please explain all "No" answers in the area provided at the end of the questionnaire. In addition, you may want to document some information for the "Yes" questions. Space is provided for those questions requiring a written response.

### **Exhibit 18. Establishing New Organizations Questionnaire**



<b>Establishing New Organizations Questionnaire</b>			
<b>Questions</b>	<b>Yes</b>	<b>No</b>	<b>N/A</b>
1) Has the organization established under this grant filed articles of incorporation with the appropriate state agency?			
2) Does the group have by-laws that conform with state requirements?			
3) Does the group have provisional or final 501(c)(3) status with IRS?			
4) How many members are on the Board of Directors? How many of the positions are filled?			
5) Are there diverse skills on the Board of Directors such as legal, financial, publicity, fundraising, civil rights?			
6) Have the Board members received fair housing training? (Describe below)			
7) Have the Board members received other training (e.g. management)? (Describe below)			
8) Is the new group a membership organization? (If so, describe below how members are recruited and how many members the organization now has.)			
9) Have staff of the new organization received formal training in fair housing from the grantee? (Describe below)			
10) Are project staff hired by the grantee now employees of the new organization? If not, explain below.			
<ul style="list-style-type: none"> <li>• Has the grantee secured separate office space for the organization?</li> </ul>			
11) Does the organization have its own personnel policies and practices?			
12) Does the organization have its own bookkeeping and accounting system?			
13) Has the organization made efforts to involve various related groups such as civil rights and human needs organizations in its fair housing activities? (List contacts below)			
14) Has the organization made efforts to reach out to various segments of the housing industry such as housing providers, lenders and the insurance industry?			



(List contacts below)			
15) Has the organization made efforts to reach out to representatives of all major protected classes in the community? (list below)			
16) Has the organization established a mailing list to inform other groups of activities it conducts in the community? (List below)			
17) Has the group engaged in cooperative activities with other organizations?			
18) Have complaints been referred to HUD or State or local government agencies? (If "Yes" list the number and types below)			
19) Does the grantee make its services available to all protected classes and conduct outreach to them?			
20) Does the grantee have any information or data to show it has started to have impact on the area served? (If "Yes" describe below.)			
21) Has the new group commenced testing? When? If so, review sample and complete testing portion below.			
22) Has the new group commenced litigation or assisted complainants with issues now in litigation?			
23) Has the new group commenced any other type of enforcement activity?			

24) What are the sources of the organization's current income?

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25) What is its projected income for the next year (source, amount, and percent)? [Include FHIP, other Government grants, private grants, dues, revenue income (including legal fees), etc.]

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26) Provide an organizational chart and position descriptions and identify incumbents of all



positions. Describe source of funding for staff, i.e. Amount from FHIP, other Government funds, private grants, donations, dues and revenue income.

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27) What office space does the organization have? Is the space adequate? What is the yearly cost? Is the cost reasonable? What are the sources of funding for the space?

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28) If tests were performed, reviewer should review a sample of the tests and answer the testing questions in the Private Enforcement Section. Also, provide summary information from the agency's enforcement log to show the number of tests by basis and issue and outcome, using the form in Appendix J.

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29) For conferences, seminars and other outreach activities, please provide:

- When and where held
- Number of attendees
- Purpose of the meeting
- Was a summary of the meeting prepared for the quarterly report
- Were appropriate speakers used
- Was there media coverage
- Was the meeting announcement communicated effectively to all target groups
- What arrangements were made to ensure announcement and meeting were accessible to persons with disabilities

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30) For education and outreach activities funded under this project, please answer appropriate questions in education and outreach questionnaire.

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31) If there are any specific questions included with this questionnaire that address issues unique to this grant, please include those questions and answers with this the section.

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**Additional Information (including explanations for "No" and "N/A" answers): Please reference question number**

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**Summary of Strengths and Weaknesses Identified During the Fair Housing Organizations Initiative Onsite Review (Must be Completed)**

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**Suggested Corrective Actions based on Fair Housing Organizations Initiative Onsite Review**

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**4. Education and Outreach Review Questionnaire**

Education and Outreach grantees funded under all EOI components are reviewed to assess whether each grantee is successfully carrying out the agreed upon education and outreach activities and to identify any corrective actions necessary to ensure successful completion of the grantee’s project(s).

**Education and Outreach Questionnaire**

Grantee Name \_\_\_\_\_

Grant Number \_\_\_\_\_

Effective Date of Grant \_\_\_\_\_ Expiration Date \_\_\_\_\_

Date(s) of Monitoring Review \_\_\_\_\_

Please explain all "No" answers in the area provided at the end of the questionnaire. In addition,



you may want to document some information for the "Yes" questions.

**Exhibit 19. Education and Outreach Questionnaire**

<b>Education and Outreach Questionnaire</b>			
<b>Questions</b>	<b>Yes</b>	<b>No</b>	<b>N/A</b>
1) Do the outreach and education materials reference all of the protected classes?			
2) Are the materials available in languages other than English and alternate formats for persons with disabilities? Specify those available.			
3) Is the distribution plan for the materials designed to reach targeted protected classes?			
4) Does the distribution plan include methods that can be expected to reach the general public?			
5) Does the agency have adequate intake and referral procedures to handle complaints?			
6) Does the agency have procedures to do referrals for hearing impaired or non-English speaking clients?			
7) Are there education programs on housing responsibilities geared to housing providers? To tenants? To home purchasers?			
8) (Are legal seminars geared to both fair housing staff and attorneys?			
9) Are there CLE credits for legal seminars?			
10) Are outreach plans periodically evaluated and improved?			
11) Are ads and PSAs run in racial/ethnic minority press and radio stations?			
12) Was input from all targeted communities secured prior to development of outreach materials?			
13) Was GTR approval received prior to finalizing the materials?			
14) Have all educational curriculum materials been approved for fair housing training(s)?			
15) Are there any specific questions included with this questionnaire that address issues unique to this grant? If so, please include those questions and answers with			



this section.			
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**Please list below the materials produced by the grant and provide a narrative description of the materials, the number and type of organizations and individuals receiving materials, and any indicators of the success of the outreach.**

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**Additional Information (including explanations for "No" and selected "Yes" answers):  
Please reference question number**

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**Summary of Strengths and Weaknesses Identified During the Education and Outreach Initiative Onsite Review (Must be Completed)**

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**Suggested Corrective Actions based on Education and Outreach Initiative Onsite Review**

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### **E. Targeted Review Areas for Monitoring**

The following modules and questions are intended to serve as a guide for the GTR in the targeted review of core areas of concern.

#### **1. Fringe Benefits**

##### **Introduction**

Fringe benefits are allowances and services provided by the FHIP organization to its employees as compensation in addition to regular wages and salaries. Fringe benefits are appropriate charges to the extent such benefits are:



- in accordance with an established, written policy of the organization,
- required by employer/employee agreement or law, and
- treated consistently.

### **Reference Documents**

Cost principles contained in:

- OMB Circular, A-21, Subparagraph, “Compensation for Personal Services”
- OMB Circular A-122 Subparagraph, “Compensation for Personal Services”
- OMB Circular A-87 Item, “Compensation for Personal Services”

### **Objective of Review**

The primary objective of the fringe benefits review is to determine that the benefits claimed are reasonable, allowable, and allocable.

### **Areas of Concern**

The following is a list of problem areas relative to the charging of fringe benefits. The existence of any of these items on a particular project does not necessarily indicate that a FHIP award cannot be processed. It does suggest, however, that a problem may exist and that further investigation is warranted.

- a. Charging fringe benefits applicable to FHIP awards directly while charging all other fringe benefits of the organization indirectly
- b. Applying the rate to an incorrect base
- c. Lack of written policies and procedures
- d. Excessive fringe benefits for executives

### **Detailed Procedures**

The following procedures are included to provide guidance with the review of fringe benefits.



**Exhibit 20. Review of Fringe Benefits**

<b>Review of Fringe Benefits</b>	
<b>Steps</b>	<b>Comments</b>
1) Determine whether the organization has a negotiated fringe benefits rate with HHS or other federal agency.	1) For most organizations with HHS determine rates, there will not be separate for fringe benefits. Fringe benefits are specifically identified to each employee and are charged individually as direct costs.
a. If not, was a rate negotiated for the FHIP award and documented in the award.	a. The organization may not have a need for a negotiated fringe benefit rate. For example, the organization may have a single award with a rate established for that FHIP award only. Consequently, there is no need to establish a Federally Negotiated Rate.
2) If a fringe rate has been identified, compare rate to negotiated or award rate. If the rate is consistent or compatible then proceed to step 4.	2) The organization must have a written policy consistently applied for handling over/under-recoveries of the fringe benefit rate. Examples are:
	a. Adjusting the current provisional fringe benefit rate to the actual rate.
	b. Incorporating over/under recoveries into the indirect cost pool.
	c. Incorporating over/under recoveries into the fringe benefit rate of the following year.
If fringe is treated as a direct cost, then judgmentally trace the fringe charge for a few employees for the job cost ledger to the payroll ledger and personnel file.	3) A written policy on the type and makeup of fringe benefits paid by class of employee is needed. The grantee organizational handbook issued to new employees may contain this information.
4) Determine that the organization has written policies and procedures for fringe benefits, and see where they are reasonable, allowable, and consistently followed including:	3) A written policy on the type and makeup of fringe benefits paid by class of employee is needed. Organizational handbook issued to new employees may contain this information.
<ul style="list-style-type: none"> <li>• Paid holidays</li> </ul>	



<ul style="list-style-type: none"> <li>• Leave policy regarding paid vacation, unpaid leave of absence, etc.</li> <li>• Retirement</li> <li>• Bonuses</li> </ul>	
<p>5) Review pay scale and compensation.</p>	<p>4) Include the frequency of evaluations and the relationship between evaluated results and promotions.</p>

## 2. Salaries and Wages Records for Personnel

### Introduction

This section provides guidance to the GTR/GTM for conducting a review of labor costs at any FHIP organization. There is detailed information describing variations by type of awardee institution.

### Reference Documents

Cost principles contained in:

- OMB Circular, A-21, Subparagraph J.10, “Compensation for Personal Services”
- OMB Circular A-122, Attachment B
- OMB Circular A-87 Item 8

### Objective of Review

The objective of the review is to determine if labor costs are allowable, allocable, and reasonable. It is important to determine if the FHIP grantee organization maintains a system to document and support salary charges to the FHIP award(s).

### Areas of Concern

The following is a list of problem areas relative to the charging of salaries and wages. The existence of any of these items on a particular project does not necessarily indicate that an award cannot be processed. It does suggest, however, that a problem may exist and that further investigation is warranted.



- i. Lack of written policies and procedures
- ii. Lack of inadequate records to support the salaries and wages
- iii. Where budgetary estimates are, Failure to confirm the validity of the estimate and make necessary adjustments to budget estimates.

**Detailed Procedures**

The following procedures are intended to provide guidance in the review of time and attendance records for personnel.

**Exhibit 21. Review of Time and Attendance Records**

<b>REVIEW OF TIME AND ATTENDANCE RECORDS</b>	
<b>Steps</b>	<b>Comments</b>
1. Determine the types of personnel records that the FHIP grantee maintains. Procedures should include hiring, dismissal, or change in pay authorized by personnel director or another official in organization. A wage or salary schedule concerning all employees should be contained in annual check to see whether there is an individual personnel file for each employee in the organization. The file should include: resume, position description, hiring interview, tax forms, insurance forms, copies of personnel actions (bonuses/promotions), personnel evaluations and appraisals.	1. Examples should include: name, title, job description, salary information and rate of pay, personnel actions, tax records, W-2 and withholding forms, evaluations, records of absences and available leave balance.
2. Determine whether the FHIP grantee has an effort reporting system as opposed to time and attendance records.	2. Time and attendance records indicate that a particular employee was present for duty or out on vacation, sick, or annual leave. Time and effort reports indicate what particular project or job number the employee was working on for how many hours or what proportion of his or her effort.
	Obtain a list of salary changes to a FHIP award from the project cost summary by employee name.
	Select a sample of direct labor charges to review.



	Determine what payroll period the employee(s) in the sample charge labor or salary as a direct charge (or as cost sharing) to the award being received.
	Where possible select a mix of employees (i.e. investigators, administrative, exempt and non-exempt).
	Verify that time and effort reports match the payroll period that the salary was charged to the FHIP project.
	Please note that some time and effort systems maybe automated or kept on a computer and it may be necessary to utilize printouts or work online.
3. Verify the elements that appear on the time and effort reports reviewed.	3. The following elements should appear on the time and effort reports reviewed in the sample (time and or electronic version):
	Employee name and/or identification number
	Project number or account code
	Hours or percentage of effort charged
	Total effort for that pay period
	Employee signature and/or supervisor (with firsthand knowledge about the employees activities) signature
4. There are several differences in time and effort reporting and documentation requirements by OMB Circular or by HUD.	4. The following requirements apply to the organization depending on the type of institution being reviewed.
	<b>OMB Circular A-122 Non-Profit Organizations</b>
	Changes based on documented payroll approved by a responsible official that meet the following criteria:
	Maintained for employees who charge time to awards either in whole or in part and either as a direct charge or as part of an



	indirect cost pool.
	Reflect an after-the-fact determination of actual activity of each employee (estimates determined before services are performed do not qualify as supporting documentation)
	Account for total effort for which employees are compensated
	Signed by employee or supervisor
	Prepared at least monthly and coincide with one or more pay periods.
	<b>OMB Circular A-87 State and Local Government</b>
	State and local documentation requirements depend on the types of charges and employees efforts being changed to Federal awards:
	No further documentation if employee works in single indirect cost function.
	If employee works 100% of their time on only one Federally sponsored project they may use semi-annual certifications signed by that employee or their supervisor.
	If employee works on more than one Federal project, on other non-federal projects, indirect and direct activities.
	Charges to Federal award for salaries and wages either direct or indirect will be based on documented payrolls approved by a responsible official that meet the following criteria:
	Reflect an after-the-fact determination of actual activity of each employee.
	Account for total activity for which the employee is compensated for.
	Prepare at least monthly and coincide with one or more pay periods.
	Signed by the employee.



	Budget estimates may be used for interim accounting purposes but do not qualify as supporting documentation.
	Comparisons of actual costs to budgeted amounts must be made at least monthly and should be revised at least quarterly.
	<b>OMB Circular A-21 Colleges and Universities</b>
	The payroll distribution system must meet the following criteria:
	Incorporated into official records of institution and generally match the quarter or semester academic periods of the awardees institution.
	Reasonably reflect the activities for which the employee is compensated.
	Encompass both sponsored FHIP activities and all other activities on an integrated basis but may include the use of subsidiary records.
	May initially bill based budgeted amounts, but must recognize an after the fact confirmation that budgeted cost represent actual costs.
	Significant changes must be identified.
	Confirmed by employee or responsible person.
	Must be prepared at least semi-annually.
	Grant systems will provide for periodic internal independent evaluations.
	Applicable methods for colleges and universities include:
	plan confirmation,
	after the fact activity reports, and



	multiple confirmation records.
	Each of these acceptable methodologies or systems has variations in the Federal requirements. For additional information see OMB Circular A-21 Attachment B Section 8 Compensation for Personal Services.
5. Effort Reporting Checklist	Answers to the following questions should be obtained and documented.
	Does the grantee institution have time and effort reports as opposed to time and attendance records?
	Does the grantee’s organization charge time based on actual incurred cost or based on budgeted amounts as approved by HUD?
	Does the grantee have written policies and procedures for filling out and completing the time and effort reports?
	Do the time and effort reports comply with the Federal requirements as outlined in the appropriate OMB Circular by grantee institution type?
	Do the time and effort reports contain at a minimum employee name or identification number, project name or account code, hours worked or percentage of effort for that period, and a signature?
	Do the time and effort reports account for 100 percent of the effort?
	Is there an after the fact verification process and are time card changes documented in writing?
	What is the grantee’s organization process for ensuring that time and effort reports are complete and accurate?
	What internal procedures or reviews has the grantee put in place or conducted on the organization’s time and effort reporting system?
	Does it appear the charges to the FHIP



	project are adequately documented?
6. Review recruitment and hiring process. Grantee should have written procedures showing their legal responsibilities, obligations and liabilities.	

### 3. Travel

#### Introduction

Travel costs include expenses for transportation, lodging, subsistence, food, taxi, tolls, and other incidental expenses incurred by employees and outside consultants in travel status.

Travel is allowable as a direct cost to a FHIP project where it provides a direct benefit to that activity and is necessary and reasonable expense. Where travel is charged to a FHIP award there should be documentation (such as travel authorization) describing the travel and explaining how/why this trip is directly related or will help accomplish award objectives. The FHIP grantee should also have a reasonable basis for the allocation of travel costs if they are charged partially to two or more awards.

Travel costs are allowable as indirect cost pool expenses where they occurs in the normal course of business of the grantee, or benefit more than one particular project.

#### Reference Document

Cost principles contained in:

- OMB Circular A-21, Subparagraph “Travel Cost”
- OMB Circular A-122 Attachment “Travel Costs”
- OMB Circular A-87 Item “Travel Costs”

#### Objective of Review

The objective of the travel review is to determine if the FHIP grantee organization has acceptable written travel policies and procedures in place. Travel costs need to be adequately documented, allocable to the FHIP sponsored projects, and be reasonable based on award terms and conditions and the applicable OMB circular or FAR regulations.

#### Areas of Concern

The following is a list of problem areas relative to travel. The existence any of these items on a particular project does not necessarily indicate that an FHIP award cannot be processed. It does



suggest, however, that a problem may exist and that further investigation is warranted.

#### Government published per diem rates

- The Federal government publishes a set of per diem rates for most national travel locations.
- These daily or per diem rates are broken down into a lodging portion and a meals portion.
- Transportation and incidental expenses are not included in the per diem rates.

The per diem rates provide a basis for looking at the reasonableness of travel costs claimed. Most FHIP organizations may charge at actual costs where such costs exceed the per diem. However, this should be consistent with the organizations receipts and/or payments.

#### **Unallowable Costs**

The Office of Management and Budget publishes OMB Circulars for the varying types of organizations. Each OMB Circular outlines the allowable and unallowable costs. Grantees should ensure that all travel costs are allowable.

#### **OMB Circular A-110**

This OMB Circular sets forth standards for obtaining consistency and uniformity among Federal agencies in the administration of grants to and agreements with institutions of higher education, hospitals, and other non-profit organizations.

#### **Detailed Procedures**

The following procedures are intended to provide guidance in the review of travel records.



**Exhibit 22. Review of Travel Records**

<b>REVIEW OF TRAVEL RECORDS</b>	
<b>Steps</b>	<b>Comments</b>
<p>1. Review the grantee’s travel policies and procedures and look at supporting documentation for travel costs. If applicable, check travel charges paid by FHIP/CDBG funds. This should be consistent with those normally allowed under grantee’s regular operations.travel procedures should address: approval; credit card rules; reimbursement rules; trip reports; documentation.</p>	<p>1. If the approved budgets of any FHIP awards to the grantee indicate that travel costs are authorized, review procedures maintained by the grantee to control these types of activities. Note that a grantee may follow its own established travel policies and procedures, as long as they are reasonable in accordance with Federal cost principles. If the grantee does not maintain documented travel procedures, they must comply with Federal travel guidelines. In these cases, any travel paid for with Federal funds must be consistent with Federal travel guidelines. Typically, as supporting documentation, one would expect to find:</p>
	<p>A travel authorization document that approves the travel in advance and explains the purpose of the travel and its relation to FHIP award objectives.</p>
	<p>An after the fact expense report detailing the types and travel expenses claimed and showing advances if any and liquidation of that amount.</p>
	<p>Original receipts should be maintained with travel records to reduce the possibility of claiming the same expense for reimbursement or more than one award or to a third party source.</p>



	<p>GTR/GTM should select a sample of travel transactions to determine if the FHIP grantee organization consistently follows its procedures. If not, are exemptions to travel policies approved in writing in advance by responsible official within the grantee organization? Transactions sampled should also be reviewed to determine if costs claimed for travel necessary, reasonable, and allocable to the FHIP award.</p>
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## 4. Consultants

### Introduction

Consultants are identified as persons (i.e., individuals) who are members of a particular profession or possess a special skill. Although a consultant agreement is technically a type of contract, under FHIP awards, consultants are categorized differently than sub-award agreements for the following reasons.

- Generally, consultant services are provided by individuals to give technical advice and support to the FHIP grantee.
- Consultants work under the FHIP grantee’s direction to achieve the goals of the FHIP project.
- Typically, consultant agreements do not bind the consultant to a finite deliverable.

In contrast, sub-award agreements are typically made to organizations and not to individuals. The agreements are generally more formal with stated deliverables and deadlines. Unlike consultants, sub-awardees are contracted to accomplish a piece (or pieces) of the project independent or with very little direction from the primary awardee.

### Reference Documents

Cost principle contained in:

- OMB Circular, A-21, Subparagraph “Professional Service Costs”
- OMB Circular A-122, Attachment B, Item “Professional Service Costs”
- OMB Circular A-87, Item, “Professional Service Costs”



- FAR Part 31 205-33, Part 31, “Professional and Consultant Service Costs”
- FHIP GPG Section “Consultant Services”

**Objective of Review**

The primary objective of the review is to determine that the claimed costs are reasonable, allowable, and allocable in accordance with the cost principles and the FHIP Grant Policy and Procedures Guidebook.

**Areas of Concern**

The FHIP grantee must limit the amounts paid to consultants under the FHIP awards. Recovery for personal compensation of consultants is limited of the rate paid to an Executive Schedule Level federal employee (exclusive of indirect costs, travel, per diem, clerical services, fringe benefits, and supplies). The limitation is statutorily imposed and included in HUD’s annual appropriation.

In light of the above, during a monitoring review, the GTR/GTM should ensure that the applicable allowable daily rate limit for consultants pay was not exceeded.

Other problem areas include:

- a. lack of written policies and procedures,
- b. lack of or inadequately documented consulting agreements which fully disclose the rate of pay, and
- c. consultant agreements that do not contain a statement of work.

**Detailed Procedures**

The following procedures are intended to provide guidance in the review of consultants.

**Exhibit 23. Review of Consultants**

<b>REVIEW OF CONSULTANTS</b>	
<b>Steps</b>	<b>Comments</b>
1. Request listing of consultants being charged to the identified awards. Judgmentally select a sample of the consultant agreements for further review. Verify that the “rate of pay” does not exceed the HUD consultant limit.	1. Ensure the agreement contains the following items: Name of consultant; rate of pay; period of performance; description of services to be provided; other data (e.g. cost information on indirect, travel, per diem, and supplies).



<p>2. Check grantee’s policies concerning the use of and reimbursement of consultants.</p>	<p>2. The consultant invoice should contain enough information to make it possible to calculate a daily rate paid. In essence, the salary portion of the invoice should be separate and distinct from all other costs and should be reflected in dollars per hour or day.</p>
	<p>Ensure that the consultant was not paid over the HUD allowable limit. Keep in mind the period of the services provided and the applicable limit at the time of the service.</p>
	<p>Confirm that the rates in the applicable agreement are comparable to the rates charged on the invoice.</p>
<p>3. Request to review several paid invoices. Review the invoices for compliance with the agreement. Is there enough information contained in the invoice to indicate that the work performed relates to the FHIP award?</p>	<p>3. Ensure the agreement contains the following items: name of consultant; rate of pay; period of performance; description of services to be provided; other data (e.g. cost information on indirect, travel, per diem and supplies).</p>
<p>4. Request a listing of consultants being charged to the identified awards. Judgmentally select a sample of consultant invoices and review.</p>	<p>4. The consultant invoice should contain enough information to make it possible to calculate a daily rate paid. In essence, the salary portion of the invoice should be separate and distinct from all other costs and should be reflected in dollars per hour or day.</p>
	<p>Ensure that the consultant was not paid over the HUD allowable limit. Keep in mind the period of the services provided and the applicable limit at the time of the service.</p>
	<p>Ensure that the rates in the applicable agreement are comparable to the rates charged on the invoice.</p>



## 5. Cost Sharing

### Introduction

Project Cost sharing (or project support) is that portion of allowable FHIP project cost that are borne by the FHIP award or grant. Required cost sharing under FHIP awards may be expressed as a percentage of project cost and is reflected in the Award budget.

### Reference Documents

- OMB Circular A-110, Section 23
- Grant Policy Guidebook

### Objective of Review

To assess the FHIP grantee's system for documenting and accounting for claimed sharing amounts for the FHIP project. Sharing the cost for the FHIP project must meet all of the criteria below.

- a. Are verifiable from the FHIP grant recipient's records
- b. Are not included as contributions for any other Federally assisted project or program
- c. Are necessary and reasonable for proper and efficient accomplishment of project or program objectives
- d. Are allowable under the applicable cost principles
- e. Are not paid by the Federal government under another award
- f. Are provided for in the approved FHIP budget
- g. Conform to the provisions of OMB Circulars, as applicable

### Areas of Concern

The following is a list of problem areas relative to the claimed cost sharing that uses outside or in-kind resources. The existence of any of these items on a particular project does not necessarily indicate that an award cannot be processed. It does suggest, however, that a problem may exist and that further investigation is warranted.

- a. Sharing the cost for the FHIP project must be accounted for in the same manner as FHIP-funded costs. Specifically, accounting records for cost sharing must be maintained in accordance with OMB Circular A-110, Section 21 "Standard for Financial Management Systems."



- b. Lack of written policies and procedures.
- c. Lack of inadequately documented support for the claimed cost-sharing amounts.
- d. Cost sharing records not documented by the accounting office.

**Detailed Procedures**

The following procedures are intended to provide guidance in the review of outside organizations and in-kind contributions.

**Exhibit 24. Review of Outside Organizations and In-kind Contributions**

<b>REVIEW OF OUTSIDE ORGANIZATIONS AND IN-KIND CONTRIBUTIONS</b>	
<b>Steps</b>	<b>Comments</b>
1. Ascertain whether an outside or in-kind contribution for the FHIP project is required on the FHIP award.	1. Review award letter for FHIP outside in-kind contributions provisions to ensure it reflects the requirement.
	a. Expenses funded by the organization and paid for from FHIP or Federal sources. Accounting records must be maintained in the same manner as FHIP funded expenses.
	b. The value assigned to efforts contributed by outside sources should be commensurate with the salary cost that otherwise would be paid to the individual or individuals involved. If the data is not available, a comparison with salaries paid by other organization doing similar work in the same geographic location may prove useful.
	c. The valuation of real or tangible personal property donated by third party in-kind contribution should be based on their fair market value.



<p>2. Determine the propriety outside or in-kind cost contributions to FHIP project: outside organization contributions; third-party in-kind contributions.</p>	<p>2. Discuss with FHIP grantee and determine its ability to meet required outside or in-kind contribution.</p>
<p>3. Determine level of risk if the grantee will not meet its requirements from the required outside or in-kind contributions.</p>	

## 6. Indirect Costs

### Introduction

Indirect Costs are those costs not readily identified with a project or any other organizational activity, but rather incurred by an organization for the joint benefit of the project and other objectives. Such costs are usually grouped into common pools and charged to benefiting objectives through an allocation process.

In theory, all costs might be charged directly. Practical difficulties, however, preclude such an approach. Accordingly, an indirect cost rate is established as a device for determining fairly the proportion of such general expenses that each project shall bear.

The indirect cost rate is the ratio between the total indirect expenses of an organization and some direct cost rate. Common direct cost bases are salaries and wages, total direct costs, or some modification thereof.

A FHIP award may contain indirect costs rates and bases that do not agree with the organization negotiated rate agreement. The organization may choose to cost share some of the indirect cost or for some other reason may choose to propose an indirect cost rate that is different from its negotiated cost methodology. HUD will generally incorporate the proposed rate and allocation base in the award if it results in lower costs to HUD.

As with other areas, the award terms determine what costs can be claimed. The organization’s accounting system should still identify and allocate costs in accordance with its prescribed accounting methodology (see Negotiated Indirect Agreement), however, the organization will only be allowed to bill or claim costs in accordance with the terms of the award.

The difference between the incurred indirect cost allocable to an FHIP award (based on the accounting system) and the billable or claimed indirect cost represents an under (loss) or over (windfall) recovery of Indirect Costs. These differences must be properly identified and accounted for.



## Reference Documents

Guidance contained the circulars:

- OMB Circular, A-21, Paragraphs
- OMB Circular, A-122, Attachment
- OMB Circular, A-87, Attachments
- FAR Part 31, “Selected Costs”
- GPG “Indirect Costs”

## Objective of Review

The objectives of this review are to ascertain whether: (a) the FHIP grantee has a current rate established with HUD or another Federal agency; (b) the organization is accounting for indirect costs in accordance with the established rate methodology (see Negotiated Rate Agreement); and (c) the organization is claiming indirect costs in accordance with the terms and conditions contained in the FHIP grant.

## Areas of Concern

The following is a list of problem areas relative to the charging of indirect costs. The existence of any of these items suggests that a problem may exist and that further investigation is warranted.

- a. Direct charging of normal indirect costs (e.g., business officer manager, comptroller, rent)
- b. Inconsistent treatment of certain items as direct or indirect costs (e.g., fringe benefits, toll charges on long distance calls, equipment purchases)
- c. Applying the indirect cost rate to an incorrect allocation base (e.g., applying an indirect cost rate developed on a salaries and wages base to the total direct costs of a Project)
- d. Applying the indirect cost to awards based on the grant terms rather than actual indirect costs methodology.

## Detailed Procedures

The following procedures are intended to provide guidance in the review of indirect costs.



**Exhibit 25. Review of Indirect Costs**

<b>REVIEW OF INDIRECT COSTS</b>	
<b>Steps</b>	<b>Comments</b>
<p>1. Determine whether the FHIP grantee has a current effective indirect cost rate established by HUD or another Federal agency. Note: The organization may not require a negotiated indirect cost rate. For example the organization may have an award with a rate established for that award only and there is no need to establish a Federally-negotiated Indirect Rate. If a negotiated rate agreement exists the HHS website can be accessed to determine the current approved indirect cost rate.</p>	<p>1. Based on the review of the grantee, are any FHIP awards impacted by the organization not having a current Negotiated Indirect Cost Rate? Is HUD the cognizant agency responsible for negotiating an indirect cost agreement with this grantee on behalf of the Federal Government? If either of the above applies, discuss with the grantee the requirements for them to submit indirect cost proposals and work on a schedule to get the grantee up to date.</p>
<p>2. Determine whether the grantee is in compliance with the items identified in the comment column.</p>	<p>2. Consistently treating the costing of such items as fringe benefits, equipment, materials, long-distance for calls, ADP, etc.</p>
	<p>Determine that the grantee can identify and segregate unallowable costs</p>
	<p>Does the grantee have policies and procedures in place identifying whether costs are to be treated as direct or indirect?</p>
	<p>Does the grantee have controls that identify and segregate unallowable costs?</p>
<p>3. Based on the mix of awards being reviewed, select one or more awards for indirect cost review. (One billing from each award selected.)</p>	<p>3. Determine whether the grantee is accounting for indirect costs in accordance with the established rate methodology.</p>



	Determine whether the grantee is accounting for indirect costs in accordance with the terms and conditions contained in the FHIP grant agreement.
	Based on the sample, are indirect costs booked to the FHIP project in accordance to the established accounting methodology?
	Using the sample mix of awards, determine that costs are claimed, through the grantee, based on terms and conditions of the grant agreement.
4. Is the grantee properly identifying the over and under recovery of indirect costs?	4. Under absorbed indirect cost may be used for cost share.
	Recovery of indirect costs above actual expenditures can be used to fund additional FHIP award activity.
	Under/over recovery of indirect costs should be shown as other income/loss on the financial statements.
	Any cost allocable to a particular award or other cost objective may <u>not</u> be shifted to other Federal awards to overcome funding deficiencies.
	Under-recovery of cost is not an expense and should not be included in the indirect cost pool.

## 7. Procurement

### Introduction

Procurement relates to the purchase of supplies and other expendable property, equipment, real estate, real property, and other services, including subcontracts and consultants. OMB Circular A-110 makes a distinction between sub-awards and contracts. OMB Circular A-133 Section 210



further defines sub-recipients (sub-awardees) and vendors (contractors). The procurement standards of A-110 apply to vendor relationships. OMB Circular A-133 Section 210 Subparagraphs © & (d) defines goods and services received by vendors as follows.

Payments for goods and services. Characteristics indicative of a payment for goods and services received by a vendor are when the organization:

- provides the goods and services within normal business operations;
- provides similar goods and services to many different purchases;
- operates in a competitive environment;
- provides goods or services that are ancillary to the operation of the FHIP program; and
- is not subject to compliance requirements of the FHIP program.

Use of judgment in making determination. There may be unusual circumstances or exceptions to the listed characteristics. In making the determination of whether a sub-recipient or vendor relationship exists, the substance of the relationship is more important than the form of the agreement. It is not expected that all the characteristics will be present and judgment should be used in determining whether an entity is a sub-recipient or vendor.

### Reference Documents

- OMB Circular A-110 Section 2, “Definitions”
- OMB Circular A-110 Section 40 through 48, “Procurement Standards”
- OMB Circular A-133, Section 210, “Sub-recipient and Vendor Determinations”

### Objective of Review

This section reviews and assesses activities related to the procurement of supplies and other expendable property and equipment, and other services with FHIP federal funds. The focus is on whether the FHIP grantee organization has a purchasing manual with written policies and procedures, ensuring that procurements are conducted competitively, and that files and detailed records are maintained documenting the basis of all procurements and purchases.

### Areas of Concern

The following is a list of problem areas relative to the review of procurement systems. The existence of any of these items on a particular project does not necessarily indicate that an award cannot be processed. It does suggest, however, that a problem may exist and that further investigation is warranted.



- a. No clear distinction between a procurement award and a sub-award
- b. Lack of written policies and procedures
- c. Inadequate separation of duties
- d. Inadequate documentation in procurement files, including inadequate support for reasonableness of price

**Detailed Procedures**

The following procedures are intended to provide guidance in the review of procurement policies, procedures, and records.

**Exhibit 26. Review of Procurement**

<b>REVIEW OF PROCUREMENT</b>	
<b>Steps</b>	<b>Comments</b>
1. Review organizational environment.	1. Verify the following: Clear lines of authority are delineated; procurement, receiving, and finance functions (account payable/disbursing are adequately segregated); controls are in place to ensure that delegations are not exceeded and that policies are followed; approval level for sole source procurements is appropriate; written standards of conduct are maintained as required by OMB Circular A-110.
2. Review policies and procedures.	2. OMB Circular A-110 requires written procurement of particular concern are: maximum competition (the FAR requires competition for purchases over \$2,500.); review procedures for other than full and open competition to ensure that competition is sought to the maximum extent practical; some form of cost and price analysis is required in every procurement file; required flow-down provisions are included in the contract/agreements.



3. Transaction tests.	3. Accounting documentation should be traced from the check back to the receiving report, award document, and requisition. The procurement pre-award file should be reviewed to verify that procurement policies were followed, competition was sought, and the awarded amount is justified by an adequate cost and price analysis.
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## 8. Sub-award and Sub-recipient Monitoring

### Introduction

Determine if the FHP grantee organization or the FHIP award being reviewed contained subcontract(s) with other organization(s) to perform a substantial portion of the work under the FHIP award. Please note that a differentiation should be made between sub-recipient and a vendor. (See OMB Circular A-133 section 210 for guidance on determining if a sub-awardee is a vendor or a sub-recipient). A vendor provides goods or services in a competitive environment as its normal course of business (for example, selling computers). A sub-recipient has programmatic decision making responsibilities for performance in carrying out a portion of the fair housing project (for example, a sub-awardee conducts lender testing and evaluation of testing results).

Sub-recipient monitoring requirements do not apply to vendors. However, prime FHIP awardee organizations are required to have in place a system to monitor the sub-awards issued by that prime on any Federally-sponsored projects that included FHIP. If the FHIP grantee being reviewed has sub-awards (and is not just purchasing items from vendors to use on the FHIP Project), they are responsible for monitoring the activities of those sub-recipients.

### Reference Documents

- OMB Circular A-110, Section 2, “Definitions”
- OMB Circular A-133, Subpart B, Section 210, “Sub-recipient and Vendor Determination”
- OMB Circular A-133, Subpart D, “Federal Agencies and Pass-Through Entities”

### Objective of Review

Prime FHIP awardees are responsible for certain pre-award and post award monitoring of their sub-recipient. Exactly what steps are taken and how closely awards are monitored depends on



the type of sub-award, the sub-awardee organization, dollar value or complexity of the sub-award, and other factors. In addition, the prime FHIP awardee may have a plan to target review based on risk.

**Areas of Concern**

The following is a list of problem areas relative to sub-awards and sub-recipient monitoring. The existence of any of these items on a particular project does not necessarily indicate that an award cannot be processed. It does suggest, however, that a problem may exist and that further investigation is warranted.

1. Distinction between a procurement award and a sub-award
2. Inadequate pre-award documentation as detailed below
3. Sub-award agreement missing some, or all, required flow down provisions
4. Judgmental nature of adequate monitoring (See A-133 Compliance Supplement on Subrecipient Monitoring)

**Detailed Procedures**

Selection, sole sourcing justification, competition, and other additional requirements appear in the module on procurement. This section is limited to the administrative steps taken by the grantee as part of the sub-recipient monitoring plan.

**Exhibit 27. Review of Sub-award and Sub-recipient Monitoring**

<b>REVIEW OF SUB-AWARD AND SUB-RECIPIENT MONITORING</b>	
<b>Steps</b>	<b>Comments</b>
1. Sub-recipient monitoring requirements	1. The prime awardee is responsible for determining that the amount to be paid the sub-awardee organization is reasonable for the work to be performed.
	GTR/GTM should note that some form of cost price analysis should be performed by the prime awardee to document the amount subcontracted for is reasonable for the work to be performed. The depth of the analysis should be related to the dollar amount of the sub-award.



	<p>Cost analysis is the review of different items of cost being proposed in the sub-awardees budget. If cost analysis is used, the prime should review the sub-awardees indirect cost rate agreement or may need to develop an indirect cost rate or that sub-awardee.</p>
	<p>Price analysis is the comparison of different offers from different sub-awardee organizations where multiple proposers provide adequate competition.</p>
2. Pre-award Review	<p>2. The prime awardee should perform certain procedures before making a substantial sub-award to a sub-recipient. This requires that the prime awardee ensures the following with regard to the sub-awardee:</p>
	<p>Ability to perform (both technically and administratively).</p>
	<p>Adequate accounting system (a project cost accounting system).</p>
	<p>Financial capability to perform.</p>
	<p>Appropriate indirect cost rate and application base.</p>
	<p>Not been debarred or suspended from receiving Federal grants or contracts.</p>
3. Making the Sub-award	<p>3. Certain compliance requirements on Federal Awards also apply to sub-awardees under those awards. These are called "flow through" provisions. Prime awardees are responsible for including these provisions in sub-awards using Federal funds. Provisions that should be in sub-awards beyond the SOW, payment, and deliverables include:</p>
	<p>Audit access to records.</p>



	Prime awardees right to perform site visits both technical and administrative.
	Cost Principles (OMB-Circulars A-21, A-87, A-122) and Administrative Requirements (procurement in OMB A-110).
	Non-performance and termination or other legal remedies.
	Statutory or regulatory, such as Conflict of Interest, nondiscrimination, drug free work place, and a number of applicable FHIP grant terms and conditions.
	Prime awardees should also consider if there is a need to include any special award conditions such as the following:
	Advance of periodic payments.
	Attaching payments to milestones.
	Reimbursement after performance.
	Progress of technical reporting requirements.
	Financial or business reporting requirements, and
	Other special award conditions
4. Post award Monitoring	4. Prime awardees are responsible for certain post award monitoring of their sub-recipients. Exactly what steps are taken and how closely awards are monitored depends on the type of sub-award, the sub-awardee organization, dollar value or complexity of the sub-award, and other factors. In addition, the prime awardee may have a plan to target review based on risk. However, the following is a list of activities prime awardee entities should be taking on sub-awardee organizations through application of the site review plan:



	Some form of risk analysis and classification of sub-awardee entities or by sub-award.
	Evaluate and document performance through progress and/or other technical reports.
	Receive OMB Circular A-133 reports (if over \$500,000/year in Federal funds).
	Resolve audit reports findings and question costs if the prime awardee is responsible.
	Additional audit work or financial reviews may be appropriate.
	Notify Federal Government of significant developments.
	It may also be necessary to review and approve indirect cost rates in certain circumstances.
	Payment provisions and liquidation of advances.
	Satisfactory progress both technically and administratively has been documented.
	Close out the award.
5. Sub-recipient Award Monitoring Checklist	5. Answers to the following questions should be obtained by the GTR/GTM.
	Does the prime grantee have a plan in place for monitoring sub-awardees?
	Does this plan include a risk assessment to target certain sub-awardee organizations for a more detailed review?
	Is there documentation that the sub-awardee monitoring plan is being implemented?



	Does the prime awardee just pay invoices as they are submitted or is there a technical or business review of the invoices prior to payment?
	Does the prime awardee perform technical or business site visits to monitor projects?
	Are copies of such site visits reports available?
	Has the prime awardee insured that the required A-133 reports are received and findings in those reports pertaining to the sub-award are followed upon?
	Does the prime ever require back up supporting documentation prior to approving an invoice?
	Has the prime performed audits or financial review on sub-awardee organizations?
	Are required reports (monthly status, quarterly progress, or final report) being received in a timely manner?
	Are any other sub-awardee monitoring activities being undertaken by the prime awardee (example prime awardee site visit to sub-awardee site to meet with and discuss progress)?
	Select a sub-award and check the files to determine if documentation exists to show the prime awardee is doing an adequate job at monitoring.

## 9. Property and Equipment

### Introduction

Many FHIP award budgets provide for the purchasing of equipment to accomplish grant objectives. FHIP grantees that purchase equipment with FHIP funds are required to maintain adequate property records, maintain an inventory listing of all property, and maintain safeguards against loss, theft, and damages.



Equipment is defined by the Federal Government as "non-expendable property costing more than \$5,000 and having a useful life of more than one year." FHIP grantees can define the equipment threshold using a more restrictive terms in their own internal policies and procedures (i.e. \$3,000 and two years useful life) but, must be consistent in application. Only a few FHIP awards provide for the acquisition of real property (land) and these cases are mainly limited to facilities and FHIP ENOC projects.

### Reference Documents

Administrative Requirements contained in:

- OMB Circular A-110, Section 2, "Definitions"
- OMB Circular A-110, Section 30 through 37, "Property Standards"
- FHIP Grant Policy Guide Section
- Cost Principles contained in:
  - OMB Circular A-21, Subparagraph "Depreciation and Use Allowances" and "Equipment and Other capital Expenditures"
  - OMB Circular A-122, Attachment, Item "Depreciation and Use Allowances" and "Equipment and Other Capital Expenditures"
  - OMB Circular A-87, Attachment, Item "Depreciation and Use Allowances" and "Equipment and Other Capital Expenditures"

### Objective of Review

To assess whether the claimed equipment purchased with FHIP funds are being accounted for in accordance with Federal rules and regulations. Also, to ascertain whether equipment purchase using FHIP funds are for fair housing purposes, not general office equipment.

### Areas of Concern

The following is a list of problems areas relative to the charging of property and equipment. The existence of any of these items on a particular project does not necessarily indicate that an award cannot be processed. It does suggest, however, that a problem may exist and that further investigation is warranted.

1. Inadequate documentation of Federally funded equipment
2. Failure to exclude Federally funded equipment from the depreciation schedule or indirect pool



3. Failure to exclude claimed direct equipment from the allocation base
4. Failure to document and demonstrate the allocable of “normally general office equipment” to the FHIP award

**Detailed Procedures**

The following procedures are intended to provide guidance in the review of property and equipment.

**Exhibit 28. Review of Property and Equipment**

<b>REVIEW OF PROPERTY AND EQUIPMENT</b>	
<b>Steps</b>	<b>Comments</b>
1. Documentation to be Obtained	1. Copies of the following should be obtained:
	FHIP awardee policies and procedures regarding equipment and inventory
	Most recent completed inventory
2. Title to Equipment	2. For most FHIP grantees (non-profits) title to equipment vests with the awardee organization upon completion of the award or after the equipment is no longer needed.
	FHIP grantees are not to use HUD purchased property to provide services to outside organizations at a fee that is less than private companies charge for equivalent services. Property purchased with FHIP funds should be used on the FHIP project and then on other Federally sponsored projects. User charges shall be treated as program income.
3. Property Records	3. The FHIP grantee property management or inventory system for Federally purchased equipment should be accurately maintained and should include the following information:
	Description of the item of equipment.
	Manufacturer’s serial number or other



	identification number.
	Source of equipment and award number that the funding came from.
	Acquisition date.
	Share of Federal participation if grantee also provided funds to purchase the equipment.
	Location of equipment.
	Condition of equipment.
	Unit Acquisition Cost.
	Disposition data if the equipment is disposed or sold.
	Detail if Federally owned or if title vests with the grantee.
4. Additional Review Steps	4. Obtain answers to the following questions:
	Does the organization have procedures in place to insure that only equipment that is necessary for the sponsored activity is purchased? Is there a check to see if such equipment is reasonably available within the organization prior to purchasing it?
	Is equipment purchased with FHIP funds of a fair housing nature and purpose or is it general office equipment? This can be particularly tricky as far as computers go because they can have multiple uses and the current use may be difficult to determine. If in doubt, then consult with the Grant Officer or see if it was approved in the original approved budget.
	Does the awardee undertake a review and inventory of equipment at least every two years? What was the date of the most recent inventory?



	<p>Do the grantee accounting system and property records show what equipment was purchased with FHIP funds and exclude that portion from depreciation of use allowances claimed in calculating indirect costs? How is this done?</p>
	<p>What is the grantee’s policy with respect to the use of equipment purchased after it is no longer needed in the FHIP project? What if it is only needed intermittently?</p>
	<p>If time permits and the grantee has purchased a number of items of equipment with FHIP funds, the GTR/GTM may want to select a sample of equipment from the inventory records and have the grantee take you to “touch” the property. Inventory serial numbers should be verified to equipment on location.</p>
<p>5. If applicable, check grantee’s Property Management System in the area of equipment purchased by the FHIP/CBBG awards. The equipment records should include some of the following information: description of equipment; source of equipment, including award number; acquisition date and cost.</p>	

**10. Project Initiative (PEI, FHOI, EOI)**

**Introduction**

The following is a list of targeted review questions that the GTR/GTM will use in the program review of your grant which may include enforcement activities, establishing new organizations, and education and outreach.

**Reference Documents**

- FHIP Statute
- FHIP Regulation



- FHIP NOFA

### Objective of Review

To assess whether the grantee has carried out its responsibility for program activities and funding pursuant to regulations governing the FHIP at 24 CFR Part 125.

### Questions

1. How many persons are you serving (unduplicated count)?
2. Of those served how many resulted in cases?
3. How many cases were resolved?
4. How many cases were litigated?
5. How many tests show differential treatment?
6. What is the total amount of attorney's fees received?
7. What is the total amount of client damages received via FHAP or litigations?
8. As a result of a paired test, how many persons were denied reasonable accommodations?
9. As a result of a paired test, how many persons were denied reasonable modifications?
10. As a result of a paired test, how many persons were denied fair treatment based upon color?
11. As a result of a paired test, how many persons were denied fair treatment based upon religion?
12. As a result of a paired test, how many persons were denied fair treatment based upon sex?
13. As a result of a paired test, how many persons were denied fair treatment based upon chemical sensitivity?
14. As a result of a paired test, how many American Indians were denied fair treatment?
15. As a result of a paired test, how many Asians were denied fair treatment?
16. As a result of a paired test, how many Blacks were denied fair treatment?
17. As a result of a paired test, how many Hispanics were denied fair treatment?
18. As a result of a paired test, how many Whites were denied fair treatment?
19. As a result of a paired test, how many families with children were denied fair treatment?



20. As a result of a paired test, how many persons with mental disabilities were denied fair treatment?
21. As a result of a paired test, how many persons with physical disabilities were denied fair treatment?
22. As a result of investigation, how many persons experienced mortgage fraud or predatory foreclosure schemes?
23. As a result of investigation, how many neighborhoods experienced high concentration of persons experiencing mortgage fraud or predatory foreclosure schemes? If so, identify the neighborhoods using zip code plus four.
24. How many persons experienced deceptive consumer protection practices not covered by the Act?
25. As a result of investigation, how many persons were found to have experienced deceptive consumer protection practices based upon religion, sex, national origin, race, or disabilities?
26. As a result of investigation, how many persons were found to have experienced deceptive consumer protection practices based upon religion, sex, national origin, race, or disabilities?
27. How many persons experienced violations of the Fair Housing Act based upon color?
28. As a result of investigation, how many persons were found to have experienced violations of the Fair Housing Act based upon color?
29. How many persons experienced violations of the Fair Housing Act based upon religion?
30. As a result of investigation, how many persons were found to have experienced violations of the Fair Housing Act based upon religion?
31. How many persons experienced violations of the Fair Housing Act based upon sex?
32. As a result of investigation, how many persons were found to have experienced violations of the Fair Housing Act based upon sex?
33. How many persons experienced violations of the Fair Housing Act based upon national origin?
34. How many families experienced violations of the Fair Housing Act?
35. As a result of investigation, how many families were found to have experienced violations of the Fair Housing Act?



36. How many persons with mental disabilities experienced violations of the Fair Housing Act?
37. As a result of investigation, how many persons with mental disabilities were found to have experienced violations of the Fair Housing Act?
38. How many persons with physical disabilities experienced violations of the Fair Housing Act?
39. As a result of investigation, how many persons with physical disabilities were found to have experienced violations of the Fair Housing Act?
40. How many cases were resolved to the benefit of the client?
41. What is the cost to the complainant make a complaint?
42. What is the cost to investigate a complaint?
43. What is the cost to file a complaint?
44. How many zoning complaints were resolved in favor of the client?
45. How many complaints resulted in zoning changes?
46. How many estimated persons were favorably impacted by zoning changes?
47. How many disability complaints resulted in zoning changes?
48. How many estimated disabled persons were favorably impacted by zoning changes?
49. How many persons obtained safe affordable housing?
50. How many persons retained safe affordable housing?
51. What was the dollar value of settlements?
52. What was the dollar value of purchased homes?
53. What was the dollar value of rental properties obtained?
54. How many new Fair Housing clients were served?
55. How many new mortgage rescue clients were served?
56. How many mortgage rescue cases were resolved to the benefit of the client?
57. How many mortgage rescue cases were resolved through mortgage modification to the benefit of the client?



58. How many mortgage rescue cases were resolved through refinancing to the benefit of the client?
59. How many new Fair Housing clients were served as a result of education and outreach efforts?
60. From the list below, choose the top three outreach and education efforts that resulted in new clients to your program:
- Conferences/Presentations
  - Mailing
  - Meeting/Workshops
  - PSAs
  - Publication
  - Social Network Websites
  - Training
61. How many disability-related cases were resolved to the benefit of the client?
62. How many disability-related zoning cases were resolved in favor of the client?
63. How many persons with a disability obtained affordable housing?
64. How many persons with a disability retained affordable housing?
65. What was the average amount of allocated PEI funding used per complaint referred to FHIP's and HUD?
66. Describe the population you are serving.
67. Of those jurisdictions found to have discriminatory practices and or housing patterns, how many agreed to develop AFFH plans?
68. As a result of AFFH policy priority activities, how many households are now living outside of neighborhoods with concentrations of poverty and racially concentrated areas?
69. How many jurisdictions agreed to increase the supply of affordable housing in areas that previously did not offer open economically and racially diverse housing opportunities?
70. How many jurisdictions adopted place-based strategies and grant making policies aimed at eliminating discriminatory practices?



71. How many activities produced innovative practices to promote fair housing?
72. How many jurisdictions developed policies to remove barriers to fair housing as a result of FHIP-PEI engagement with local jurisdictions/regional organizations?
73. Of those activities, how many were adopted by fair housing advocacy groups and /or jurisdictions?

If you are collecting client level data, identify the number of persons receiving services using FHIP funds:

74. Were there less than 50 tests conducted by your organization?
75. Were there between 51-75 tests conducted by your organization?
76. Was there between 76-100 tests conducted by your organization?
77. Were there over 100 tests conducted by your organization?
78. Were there less than 100 intakes received and recorded by your organization over the course of the grant period?
79. Were there more than 101 but less than 200 intakes received and recorded by your organization over the course of the grant period.
80. Were there more than 300 but less than 400 intakes received and recorded by your organization over the course of the grant period?
81. Were there over 400 intakes received and recorded by your organization over the course of the grant agreement?
82. Were there less than 5 complaints filed over the course of the grant period:?
83. Were there more than 6 but less than 10 complaints filed over the course of the grant period?
84. Were there more than 10 complaints but less than 15 complaints filed over the course of the grant period?
85. Were there more than 16 complaints filed over the course of the grant period?
86. Were any potential complaints returned by HUD or a FHAP agency or rejected by a court as nonjurisdictional? Identify the action and basis.

## **F. Preparing Grantee Performance Assessments**

### **1. Progress Review Report/Assessment**



A FHIP grant progress review will be prepared by the GTR to provide information to you regarding your performance and to provide feedback from you. The GTR, in consultation with the GTM, will complete your Progress Review and submit it to you and the Grant Officer. The Progress Review will be prepared at least annually during the period in which the grant is open. Appendix D illustrates a sample of a Progress Review.

## **2. Multi-Year Grant Assessment**

For grants of two or more years, you must provide a year-end assessment of your project to the GTR. The year-end summary should contain:

1. An evaluation of accomplishments during the year.
2. Work that was not completed, the reasons preventing completion, and when it will be done.

The GTR and GTM jointly review the assessment. Based on the grantee's assessment and the GTR/GTM assessment, information provided from previous deliverables, and monitoring visits. The GTR and GTM will make a recommendation for an amendment, as appropriate, to the Grant Officer based on the information provide in the Progress Review Report Assessment. Continued funding under multi-year awards is contingent on acceptable performance.

## **3. Final Grant Closeout Performance Assessment**

Upon receipt of your final report on the FHIP project, the GTR will review the report and submit comments to the GTM to assess your overall performance. The GTR will determine whether the project was outstanding satisfactory, fair, or poor. If the GTR determines that you exceeded or failed to meet your grant requirement for any tasks, the GTR must identify those tasks and specifically describe the performance. GTR final assessment must consider the timeliness and quality of deliverables. Within 10 days of receipt of your final report to the GTR, the GTM must prepare and submit to you his/her final assessment. See Appendix E for the Final Grantee Performance Assessment.

## **4. FHIP Testing Methodology Review**

The Fair Housing Initiatives Program (FHIP) is administered by the Office of Fair Housing and Equal Opportunity (FHEO) of the United States Department of Housing and Urban Development (HUD). FHIP is a significant source of funding for private, non-profit organizations that conduct fair housing testing in local communities across the country. Fair Housing testing refers to the use of individuals who, without any bonafide intent to rent or purchase property, pose as prospective renters or buyers of real estate for the purpose of determining whether housing providers and others are complying with the federal Fair Housing Act.

Fair housing testing provides an opportunity to observe, under somewhat controlled conditions, the ordinary business practices of housing providers, lenders, insurance companies and others in



order to determine whether all housing consumers are being afforded the same information, service, treatment and access to housing opportunities without regard to race, religion, color, sex, national origin, disability (handicap) and familial status.

In the context of fair housing law enforcement, testing is an investigative tool used to gather information about housing market practices. Testing can be employed to investigate individual complaints of discrimination and/or to identify and document illegal housing discrimination. The value of **complaint-responsive testing** is that it can frequently provide the vital corroborative evidence needed to assist victims of discrimination to meet their burden of proof under fair housing laws. Testing conducted in response to housing discrimination complaints can often be tailored to replicate the circumstances presented by a complainant.

The value of **systemic testing** is that it permits a fair housing enforcement agency to take a more pro-active stance by uncovering evidence of housing discrimination without relying exclusively on the filing of individual complaints. An agency that conducts systemic testing is in a much better position to stop discriminatory housing practices before actual home seekers have to endure the embarrassment, insult, expense and humiliation that so frequently accompanies an act of housing discrimination.

Lastly, the stealth qualities of some contemporary housing discrimination make it difficult for actual home seekers to know whether they have been unfairly denied housing. Subtle discrimination, while no less insidious or effective in limiting housing choice, may result in fewer complaints being filed. One of the most compelling reasons why fair housing law enforcement agencies conduct systemic testing is the unique ability of this investigative device to produce compelling evidence of even the most subtle discriminatory housing practices.

Not only do the subtleties of contemporary discrimination portend significant challenges for testing organizations, but the application of testing to more complex areas such as real estate sales, home financing and insurance also generates significant concerns. HUD, in providing FHIP funding to organizations to conduct fair housing testing, is legitimately concerned about ensuring that testing performed with FHIP funding closely adheres to HUD's investigatory standards so that it yields credible, objective and admissible evidence to aid in the enforcement of the federal Fair Housing Act.

In response to this concern, HUD requires applicants requesting FHIP funds to detail the testing methodologies and training that they expect to implement as part of their projects. This requirement only applies to non-rental testing.

### **Testing Methodology Review Process: Possibilities and Limitations**

There is little question that great variations exist in the quality of fair housing testing performed by private, non-profit organizations. Some groups have consistently demonstrated that testing produces strong evidence which can be used to forge effective legal challenges to discriminatory



housing practices. Still other organizations exhibit lesser capabilities and uneven or less accomplished tract records. The goal of this review is to assist FHEO to improve the testing capabilities of FHIP recipients and to strengthen fair housing testing and enforcement activity throughout the nation.

There are some obvious limitations in assessing whether a testing methodology is likely to yield credible, objective and admissible evidence. The probative value of testing evidence can be evaluated in many different ways. It is important to recognize that even when testing is conducted without precision or with few controls, it is still possible that such testing could yield strong evidence of discrimination. But we know that the most effective testing programs with solid and consistent records of accomplishment incorporate certain procedures, training components, standards and quality controls that are designed to increase the likelihood that all testing performed will yield credible, objective and admissible evidence. What are those attributes or methods employed and, realistically, what factors can be evaluated as part of testing methodology review process?

One factor that affects the probative value of testing evidence is not likely to be captured in a standardized testing methodology review process. Without question, it is a critical factor which has a tremendous impact on the outcome of all testing investigations and centers around the judgment and capability of the individual test coordinator. Unfortunately, housing discrimination takes many different forms and can occur at different stages of a housing transaction.

Likewise, variation in local housing market conditions and housing provider practices, vicissitudes of real estate companies, lender and insurance companies, the ability to focus a testing investigation on a variety of practices, different stages of housing transaction and/or a number of protected characteristics are all important factors that test coordinators must consider when designing a test structure.

When one considers the varied and multiple combinations of factors that must be considered in the design of every test structure, the inescapable conclusion is that “one size does not fit all.” Test coordinators must have the flexibility to assess all of the facts and circumstance on a case-by-case basis, establish the parameters of each test structure and decide on the best approach to testing each situation. A test coordinator must determine how many testers should participate in a test, which tester characteristics should be varied, the order or sequence of tester contacts, the type of approach and request testers should make, the spacing or timing of tester contacts, etc.

The fact that some groups employ test coordinators who do not uniformly exercise good judgment on these issues is not a persuasive argument for applying a rigid set of methodologies or standardized procedures for all real estate testing, all lender testing or all insurance testing which would invariably impair or diminish the effectiveness of successful testing programs. In view of this limitation, are there any methodological factors, training issues or program elements



that can be assessed as part of this review?

There are some very basic or key elements and quality controls that HUD should review for all FHIP funded fair housing testing programs. These key elements and quality controls are designed to increase the likelihood that testing performed under FHIP will yield credible, objective and admissible evidence consistent with HUD's investigatory standards. They involve attributes which are common to some of the most effective fair housing testing programs in the nation and represent a starting point for any review of testing methodology. The general topics or program components include:

- I. General Testing Program Policies and Procedures
- II. Test Coordinator Training
- III. Tester Recruitment and Selection
- IV. Tester Training
- V. Tester Assignments
- VI. Documentation of Test Experiences
- VII. Record-Keeping

Each of the program components listed above contain key elements which directly impact on the quality of testing performed and whether such testing is more likely to produce evidence which is "credible, objective and admissible." Using these general testing program components, specific issues were identified and a "checklist" format was devised for conducting a review of testing methodologies proposed by FHIP applicants.

### **Testing Methodology Review Checklist**

The attached checklist was developed to aid FHEO in determining whether testing methodologies presented by applicant organizations meet HUD's investigatory standards and are likely to yield credible, objective and admissible evidence.

The first page of the checklist provides the name of the FHIP applicant, a summary of the type of testing proposed and a space for summary comments by the reviewer. Subsequent pages are in checklist format.

The first column identifies the general program component. The second column describes the specific methodological issue or element to be reviewed. The next three columns are to be completed during the review and permit the reviewer to identify the applicant's methodology, specific information that may be missing from the methodology as submitted, and comments on the methodology as proposed. HUD will provide applicants with an opportunity to supply



missing information that can be incorporated into the final checklist. The final column is provided for FHEO to determine whether the methodology as submitted is acceptable in view of HUD's investigatory standards.



**Exhibit 29. FHIP Testing Methodology Review Checklist**

NAME OF APPLICANT ORGANIZATION: \_\_\_\_\_

CONTACT PERSON: \_\_\_\_\_ TELEPHONE/EMAIL: \_\_\_\_\_

TYPE OF TESTING PROPOSED BY APPLICANT ORGANIZATION: (CHECK ALL THAT APPLY)

TYPE OF TESTING PROPOSED	COMPLAINT RESPONSIVE TESTING								SYSTEMIC TESTING INVESTIGATION						
	PROPOSED TESTING ON ALL PROTECTED CHARACTERISTICS	PROPOSED TESTING TO FOCUS ON THE FOLLOWING PROTECTED CHARACTERISTIC(S):							PROPOSED TESTING TO FOCUS ON THE FOLLOWING PROTECTED CHARACTERISTIC(S):						
		Race	Religion	Color	Sex	National Origin	Handicap	Familial Status	Race	Religion	Color	Sex	National Origin	Handicap	Familial Status
<b>RENTAL</b>															
<b>SALES</b>															
<b>LENDING</b>															
<b>INSURANCE</b>															
<b>OTHER:</b>															
<b>OTHER:</b>															

GENERAL DESCRIPTION OF PROPOSED TESTING:  
 \_\_\_\_\_  
 \_\_\_\_\_

REVIEWER COMMENTS:  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_



**FHIP Testing Methodology Review Checklist, contd**

Program Component	Methodology Issue	Methodology to be Employed	More Information Needed (Specify)	Comments on Methodology	FHEO Accepts (Yes/No)
<b>I. GENERAL TESTING PROGRAM POLICIES AND PROCEDURES</b>	A. For any proposed complaint responsive testing, does applicant identify forms and procedures that will be used as part of a complaint intake process? If so, do the intake forms and procedures assure that an adequate amount of information will be obtained regarding the factual basis of complaints received so that, whenever appropriate, testing investigations can be tailored to replicate and control for facts and circumstances presented in the complaints?				
	B. For any proposed systemic testing, does applicant identify information and/or resources that assist with the design and/or implementation of the proposed testing investigation (e.g. procedures or materials to be used in the selection of test sites, background information on housing markets, advertisements, outside expertise, internet resources, ownership information etc.)?				
	C. Does the applicant identify policies and/or procedures that promote objectivity by test coordinators, testers and other organizational personnel?				



Program Component	Methodology Issue	Methodology to be Employed	More Information Needed (Specify)	Comments on Methodology	FHEO Accepts (Yes/No)
	D. Does the applicant identify policies and/or procedures that maintain confidentiality within the applicant organization, among testers and within the larger community?				
	E. For applicants proposing to tape record tests, does the organization indicate whether legal research has been completed which establishes the legality of one party consensual taping under state law.				
<b>II. TEST COORDINATOR TRAINING</b>	A. Does the applicant clearly and completely identify the duties and responsibilities of the test coordinator(s) in written form (e.g. in a job description, test coordinator manual, etc.)?				
	B. Does the applicant identify any training that has been or will be provided to the test coordinator(s) in order to implement the proposed testing? If so, does the training adequately prepare the test coordinator to conduct the type of testing proposed?				
<b>III. TESTER RECRUITMENT AND SELECTION/ HIRING</b>	A. Does the applicant clearly and completely identify the duties and responsibilities of testers in written form (e.g. job description, training manuals, etc.)?				
	B. Does the applicant identify forms and procedures used to recruit prospective testers?				



Program Component	Methodology Issue	Methodology to be Employed	More Information Needed (Specify)	Comments on Methodology	FHEO Accepts (Yes/No)
	<p>C. Does the applicant identify forms and procedures used to screen prospective testers? Will a tester application form or tester data sheet of some kind be obtained prior to selection for tester training? Will prospective testers be interviewed prior to being invited to a tester training session? If so, does the applicant identify the standard format for interviewing prospective testers?</p>				
<p><b>IV. TESTER TRAINING</b></p>	<p>A. Does the applicant have a tester training program that details the forms and procedures testers will use in conducting the proposed testing? If so, does the applicant's tester training program adequately prepare testers to conduct the type of testing proposed?</p>				
	<p>B. Does the applicant identify a consistent format/agenda for all tester training sessions to ensure that all testers participating in the proposed testing receive the same instructions?</p>				
	<p>C. Does the applicant's tester training program include role plays, vignette and/or practice tests so that prospective testers have an opportunity to obtain some experience in following the prescribed testing procedures?</p>				



Program Component	Methodology Issue	Methodology to be Employed	More Information Needed (Specify)	Comments on Methodology	FHEO Accepts (Yes/No)
<b>V. DOCUMENTATION OF TESTER EXPERIENCES</b>	A. Does the applicant prescribe that testers receive a completed test assignment form prior to performing a test? Does the applicant’s test assignment form include a sufficient amount of household, financial and home seeking characteristics appropriate to the type of testing proposed? Does the applicant’s test assignment form provide testers with detailed written instructions on how to perform the test?				
	B. In situations where the test coordinator determines that a tester should have additional follow-up contact, does the applicant provide testers with any written instructions on how to conduct this follow-up contact?				
<b>VI. DOCUMENTATION OF TESTER EXPERIENCES</b>	A. Does the applicant require testers to document advance telephone calls made by testers to test sites in advance of test visit being conducted (when the proposed testing involves tests visits)?				
	B. Does the applicant require testers to document test experiences on a test report form appropriate to the type of testing proposed?				
	C. Does the applicant require testers to document test experiences by composing a detailed factual narrative accounts? (When tests are not tape recorded)				
	D. Does the applicant require testers to document all follow-up contact?				



Program Component	Methodology Issue	Methodology to be Employed	More Information Needed (Specify)	Comments on Methodology	FHEO Accepts (Yes/No)
	E. Does the applicant require that testers sign and date (date form was completed) all report and narrative forms that document test experiences.				
	F. Does the applicant identify procedures for “debriefing” testers and ensuring that all of the tester materials are collected and that all of the tester reports and narratives are complete.				
	G. For applicants proposing to tape record tests, does the applicant require testers to properly identify or tag the tapes?				
<b>VII. RECORD-KEEPING</b>	A. Does the applicant maintain test files, tester files and any other investigative materials in an organized and secure manner.				
	B. For applicants proposing to tape record tests, does the applicant identify appropriate tape handling forms and procedures to preserve the integrity of the tape recorded evidence?				
	C. Does the applicant identify forms and procedures for the transfer and handling of all test related evidence?				



## Common HUD-FHIP Acronyms

### A

AAG – Award and Administration Guide

ACH – Automated Clearing House (U.S. Treasury)

ADA – Americans with Disabilities Act of 1990

### C

CA – Cooperative Agreement

CFDA – Catalog of Federal Domestic Assistance

CFO – Chief Financial Officer

CFR – Code of Federal Regulations

COI – Conflict of Interest

### D

DCIA – Debt Collection Improvement Act

DMS – Default Monitoring System

DOJ – U.S. Department of Justice

DUNS – Dun and Bradstreet Data Universal Numbering System

### E

EFT – Electronic Funds Transfer

E.O. – Executive Order

EOI – Education and Outreach Initiative

### F

FAQs – Frequently Asked Questions

FAR – Federal Acquisitions Regulations

FFR – Federal Financial Reports



FHEO – Office of Fair Housing and Equal Opportunity

FHAP – Fair Housing Assistance Program

FHIP – Fair Housing Initiatives Program

FHOI – Fair Housing Organizations Initiative

FOIA – Freedom of Information Act

## **G**

GC – Grant General Conditions

GAG – Grant Application Guide

GMOD – HUD Office of Departmental Grants Management and Oversight

GO – Grant Officer

GPO – Government Printing Office

GTR – Government Technical Representative

GTM – Government Technical Monitor

## **H**

HUD – U.S. Department of Housing and Urban Development

## **I**

IRC – Information Resource Center

IRS – Internal Revenue Service

## **L**

LEP – Limited English Proficiency

LOCCS – Line of Credit Control System

## **N**

NOFA – Notice of Funding Available

## **O**

OGC – Office of the General Counsel



OIG – Office of Inspector General

OMB – Office of Management and Budget

**P**

PD – Project Director

PEI – Private Enforcement Initiative

**Q**

QFHO – Qualified Fair Housing Enforcement Organization

**S**

SF – Standard Form

SF-LLL – Disclosure of Lobbying Activities

SOL – Statute of Limitations

SOW – Scope of Work

**T**

TEP – Technical Evaluation Panel

TTY – Telephone Device for the Deaf and Speech Impaired

**U**

USC – United States Code



## Common HUD-FHIP Terms and Definitions

The following terms are widely used in various FHEO functions, including FHIP grant administration and the monitoring and reporting process. In order to communicate clearly with internal and external partners, the following definitions are provided and should be considered FHEO policy.

**A-133 Audit.** A program-specific audit of Federal funds in which auditors examine both the financial statements and the entity's compliance with requirements of its Federal financial assistance for a specified period of time.

**Accrual Accounting.** A system of accounting in which revenues are recorded when earned and expenses are recorded when goods are received or services are performed, even though the actual receipt of revenues and payment for goods or services may occur, in whole or in part, at a different time.

**Administrative Costs.** Expenses that consist of all direct and indirect costs associated with the **management of an organization's programs.**

**Advance Payment.** A payment that an agency makes by any appropriate payment mechanism, including a predetermined payment schedule, before the recipient's regularly scheduled payments. Normally not based on a payment schedule.

**Allowable Costs.** An allowable cost is a cost that can be allocated to a particular cost objective (e.g., specific function, program, project, department, etc.) if the goods or services involved are charged or assigned to the cost objective in accordance with the relative benefits received. Allowable costs need to conform to grant agreements and cannot be included as cost or match in any other federally funded program.

**Anti-Deficiency Act.** The Anti-deficiency Act prohibits federal employees from making obligations or expenditures in excess of an apportionment or reappropriation, or in excess of the amount permitted by agency regulations. Federal employees who violate the Antideficiency Act are subject to two types of sanctions: administrative and penal. Employees may be subject to appropriate administrative discipline including, when circumstances warrant, suspension from duty without pay or removal from office. In addition, employees may also be subject to fines, imprisonment, or both.

**Assistance Awards.** Assistance awards are awards that entail the transfer of money, property, services, or anything of value to the Federal government. These awards are made by the Federal government to a recipient to accomplish a public purpose of support or stimulation. In the case of FHIP, assistance awards involve support of fair housing enforcement and education and outreach activities. HUD is authorized to use grants or cooperative agreements for this purpose.



**Audit Requirements.** All non-profit organizations, as well as state and local government agencies that expend \$500,000 or more of Federal funding in a single year, are required to have annual audits conducted by outside auditors in accordance with generally accepted government auditing standards. Organizations or grantees and subgrantees that expend less than \$500,000 a year in Federal awards are required to make all records available for review or audit by appropriate Federal agency officials, and the General Accounting Office.

**Authorized Organization Representative or Authorized Representative.** This is the administrative official who, on behalf of the proposing organization, is empowered to make certifications and assurances and can commit the organization to the conduct of the project the awardee is being asked to support as well as adhere to various HUD/FHIP policies and grant requirements.

**Award Agreement.** The document detailing the terms and amounts of the assistance for a particular award, including amounts obligated or deobligated, and duration. A legally binding agreement between HUD and the recipient organization.

**Awarding Agency.** With respect to an award, the government Agency that awarded the grant, contractor or cooperative agreement. With respect to a subaward, the party that awarded the subaward.

**Beneficiary.** The person(s), entity (ties), or organization(s) benefiting from a grant activity, project or program, e.g., a homeless individual, a low-income family. Other terms for beneficiary are “client” or “participant.”

**Budget.** A plan of proposed expenditures and the proposed means for financing them during a specified period of time. Budgets are based upon analysis and projections in an attempt to predict future revenue. When used in connection with an award, means the financial plan for the project or program that the Federal awarding agency approves during the award process or in subsequent amendments to the award. It includes the Federal and non-federal share or only the Federal share, as determined by the Federal awarding agency.

**Business Officer.** The financial official of the grantee organization who has primary responsibility for the accountability for and the reporting on FHIP grant funds.

**Cash Accounting.** Income and expenses, which are posted to the accounting records when actually received or paid.

**Cash on Hand.** The balance remaining of the funds an organization has received from HUD.

**Checklist.** A monitoring instrument, tool, or other device designed to provide guidance for FHIP program grantees to ensure they have not omitted any critical steps in determining compliance with the FHIP program and financial requirements.



**Chief Financial Officer (CFO).** Within HUD, the Office of the CFO provides oversight for all debt management functions of HUD including the preparation and submission of required reports to the Department of the Treasury and other external organizations.

**Closeout.** The final activities and reconciling of documents and grantee requirements at the end of a grant cycle, as determined by the grant agreement.

**Cognizant Agency for Indirect Cost.** The Federal agency responsible for reviewing, negotiating, and approving cost allocation plans or indirect cost proposals. OMB publishes a listing of cognizant agencies for indirect costs ([http://www.whitehouse.gov/sites/default/files/omb/assets/financial\\_pdf/fr-notice\\_cost\\_negotiation\\_010686.pdf](http://www.whitehouse.gov/sites/default/files/omb/assets/financial_pdf/fr-notice_cost_negotiation_010686.pdf)). The cognizant agency for indirect cost is not necessarily the same as the cognizant agency for audit.

**Cognizant Agency for Audit.** Recipients expending \$50 million or less in federal awards shall have an oversight agency for audit. The oversight agency will be the federal agency that provides the predominant amount of direct funding to a recipient not assigned a cognizant agency for audit. HUD assumes all of the cognizant agency for audit's responsibilities for those recipients for which HUD is the oversight agency.

**Compliance Supplement.** Refers to the document previously known as the Circular A-133 Compliance Supplement, included as Appendix B to Circular A-133, or such documents as OMB or its designee may issue to replace it, including this guidance. This document is available from the Government Printing Office, Superintendent of Documents, Washington, DC 20402-9325, or on the OMB website at <http://www.whitehouse.gov/omb>.

**Concern.** A deficiency in program performance not based on statutory, regulatory, or other program requirements. Sanctions or corrective actions are not authorized for concerns, but HUD should bring the concern to the program participant's attention and, if appropriate, may recommend actions to address concerns and/or provide technical assistance.

**Cooperative Agreement.** Cooperative agreement is a type of assistance award that should be used when substantial agency involvement is anticipated during the project performance period. Substantial agency involvement may be necessary when an activity is technically and/or managerially complex and requires extensive or close coordination between HUD and the awardee. Examples of projects that might be suitable for cooperative agreements are projects that involve complex subcontracting, large national education and outreach projects and large systemic investigations. For purposes of this Guide, except where explicitly noted, the term "grant" is interchangeable with the term "cooperative agreement," and the term "grantee" is interchangeable with the term "awardee" used in a cooperative agreement.

**Cost Reimbursement Award.** A cost reimbursement award is a type of grant under which HUD agrees to reimburse the grantee for work performed and/or costs incurred by the grantee up to the



total amount specified in the grant. Such costs must be allowable in accordance with the applicable cost principles (e.g., OMB Circular A-21 or OMB Circular A-122). Accountability is based primarily on technical progress, financial accounting and fiscal reporting.

**Debt Collection Improvement Act.** The Debt Collection Improvement Act (DCIA) was enacted in 1996 to expand upon the 1982 Debt Collection Act. The DCIA authorized additional collection tools and techniques to collect delinquent debts owed the Federal Government. The DCIA mandates that an eligible debt be referred to the Department of the Treasury for the Treasury Offset Program and for Cross-Servicing when it is 180 (or more) days' delinquent. Except as otherwise provided by law, HUD shall charge interest on an overdue debt in accordance with 4 CFR, Chapter II, "Federal Claims Collection Standards."

**Debt Management Services (DMS).** DMS is an organization within the Financial Management Services organization of the United States Department of the Treasury. DMS is responsible for Treasury's Cross-Servicing Program, the Treasury Offset Program, and for developing and implementing government-wide debt management policies.

**Default.** The failure of a debtor to meet a financial obligation according to the terms and conditions of a legal agreement.

**Deficiency.** A problem in program performance based on a statutory, regulatory, or program requirement or condition of a grant for which sanctions or other corrective actions are authorized.

**Delinquent Debt.** A debt is delinquent if it has not been paid by the date specified in HUD's written demand for payment or applicable agreement (including a post-delinquency payment agreement) unless satisfactory arrangements have been made.

**Deliverable.** A product produced in performance of a task in a grantee's Statement of Work in the grant agreement. This can be printed material, video, Internet material, tests or other enforcement related activities, etc.

**Demand Letter.** A letter that informs a debtor of the amount due, the basis for the indebtedness, the applicable standards for imposing interest, penalties, or administrative costs, the date by which payment is due to avoid additional charges and enforced collections actions, and the name, address, and telephone number of a person who the debtor may contact to obtain additional information.

**Deobligated Funds.** Deobligated funds are funds that are cancelled or a downward adjustment of previously incurred obligations.

**Direct Costs.** Direct costs are those that can be identified specifically and directly with a particular final cost objective, for example, salaries, space, or supplies. The decision to treat a



cost as either a direct cost or an indirect cost depends on the treatment of that cost within a grantee's accounting system.

**Disbursements/Outlays/Expenditures.** Charges made to the FHIP project during a given period for:

- Goods and other tangible property received, and/or
- Services performed by employees, subawardees, contractors, and other payees.

**Education and Outreach Review.** An Education and Outreach initiative-specific review to assess the education and outreach activities funded by a grant; ascertain their impact on the areas served; and identify any corrective actions necessary to ensure successful completion of the project.

**Effective Date.** The effective date is the date specified in the grant award agreement, which dictates when all grant terms and conditions become in full and effect. If no effective date is specified in the applicable box, then the date the Grant Officer signed the award agreement is the effective date. Once an award is made, the effective date of an award cannot be changed.

**Enforcement Review.** An initiative-specific review of all enforcement activities funded by a PEI or FHOI grant. The purpose is to assess the enforcement activities funded by the grant; ascertain their impact on the areas served; and identify any corrective actions necessary to ensure successful completion of the project.

**Equipment.** Tangible nonexpendable personal property including exempt property charged directly to an award having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit.

**Establishing New Organizations Review.** A review to assess the development of newly created fair housing enforcement organizations; ascertain their long-term sustainability; and identify any corrective actions necessary to ensure that a viable fair housing organization is being established to provide comprehensive services to a project area.

**Excess Cash.** Cash in excess of the amount needed to support operations. An entity with a large amount of, or frequently recurring amount of, excess cash may not have proper cash management procedures.

**Executed.** A grant agreement signed by both parties and the terms of the agreement are in force and legally binding. Also known as “fully executed.”

**Expenditure Reporting.** Grantee’s financial reporting of expenditures incurred in the normal course of business. Expenditure reports are required as part of the FHIP reporting process, or during monitoring.



**Expiration Date.** The expiration date is the date specified in the grant award agreement after which expenditures may not be charged against the grant except to satisfy obligations to pay allowable project costs committed on or before that date. The expiration date of a grant is typically the last day of the month.

**Fair Housing Act (Title VIII of the Civil Rights Act of 1968).** A Federal law that prohibits discrimination based on race, color, national origin, religion, sex, disability, or familial status in most housing related transactions.

**Fair Housing Assistance Program (FHAP) Agencies.** State and local fair housing enforcement government agencies that receive FHAP funds to enforce laws deemed substantially equivalent to the Fair Housing Act.

**Federal Awarding Agency.** The Federal agency that provides an award directly to the recipient. Also referred to as the Federal Funding Agency.

**Final Assessment.** An assessment of the entire period of performance of a grant prepared by the grantee for FHIP. The grantee has up to 90 days after a grant closes to submit a final assessment, also called a Final Report.

**Financial Functions.** There are three primary financial functions used by grantees.

- **Federal Financial Report Function.** An electronic version of the standard “Federal Financial Report.” Used by grantees to report the financial activity of HUD awards on a quarterly basis.
- **Cash Request Function.** Used by grantees to request funds.
- **Grantee Update Function.** Used by grantees to provide HUD with their banking information.

**Financial Statement.** Formal records of an organization’s financial activities that provide an overview of an organization’s profitability and financial condition in both short and long term. Financial statements include a balance sheet and income statement, and often include a statement of cash flows.

**Financial Status Report (Standard Form 425/SF-425).** The Financial Status Report/SF-425 is a report filled out by the grantee that shows the Federal granting agency and recipient shares of grant expenditures and unobligated balances, and program income earned (including in-kind contributions), expended, and unexpended. This report is required from all grantees on a quarterly basis (no later than 30 days after the quarter ends). Grantees use it to request funds and Federal agencies use it to review grantee cash requirements and ensure that funds advanced to grantees are not idle. The Financial Status Report/SF-425 replaces the SF-269 Financial Status Report and the SF-272 Federal Cash Transactions Report.



**Finding.** A deficiency in grantee program performance that is based on a statutory, regulatory, program requirement, or condition of a grant and that results sanctions or other corrective actions.

**Fiscal Year.** A 12-month period used for calculating annual financial report in business, government, and other organizations. For the Federal government, the year beginning on October 1 and ending September 30. A FHIP grantee operates under a fiscal year that best represents its business cycle also known as a financial year.

**FITICOS.** A tool used to monitor enforcement activities.

**Fixed-Amount Award.** A fixed-amount award is a type of grant used in certain projects and situations under which HUD agrees to provide a specific level of support without regard to actual costs incurred under the project. The award amount is negotiated using the applicable cost principles or other pricing information as a guide. This type of grant reduces some of the administrative burden and record-keeping requirements for both the grantee and HUD. There typically is a requirement for the grantee to certify the activity called for in the grant was performed. Payments are based on meeting specific requirements of the grant and accountability is based primarily on technical performance and results. Except under certain projects and under special circumstances, FHIP grants and cooperative agreements are normally fixed-amount awards.

**Full-service Projects.** Projects that include all of the following enforcement-related activities: interviewing potential victims of discrimination; taking complaints; testing; evaluating testing results; conducting preliminary investigations; conducting mediation; conciliations; enforcing meritorious claims through litigation or referral to administrative enforcement agencies; and disseminating information about fair housing laws.

**General Ledger.** A book, file, or other device which contains the accounts necessary to reflect in summary or in detail the financial positions and results of the operations of an entity . Each entity must maintain account balances by individual general ledger accounts as designated by General Accounting Principles.

**General Requirements Program Review.** This type of program review assesses a grantee's progress against the statement of work, reviews the product deliverables and methods of implementation to ensure that they conform to the requirements of the Fair Housing Act and the purpose of the grant, identifies accomplishments and potential problem areas in a grantee's implementation of a project, and, if needed, presents corrective actions needed and due dates for the corrections. This review applies to grants in all of the FHIP initiatives.

**Government Technical Monitor (GTM).** A HUD staff person designated to provide technical monitoring, advice, and assistance to the Government Technical Representative in the technical and financial oversight and evaluation of a grantee's performance.



**Government Technical Representative (GTR).** The HUD staff person responsible for the technical and financial oversight and evaluation of a grantee's performance.

**Grant.** A grant is a type of assistance award and a legal instrument that permits an executive agency of the Federal government to transfer money, property, services or other things of value to a grantee when no substantial involvement is anticipated between the agency and the recipient during the performance of the contemplated activity. Grants are the primary mechanism of FHIP support. HUD awards the following two types of FHIP grants:

- A STANDARD GRANT is a type of grant in which HUD agrees to provide a specific level of support for a specified period of time with no statement of HUD intent to provide additional future support without submission of another application.
- A CONTINUING GRANT is a type of grant in which HUD agrees to provide a specific level of support for a period of time, usually three years, with a statement of intent to provide additional support of the project for additional periods, provided funds are available and the results achieved warrant further support.

For purposes of this Guide, except where explicitly noted, the term “grant” is interchangeable with the term “cooperative agreement,” and the term “grantee” is interchangeable with the term “awardee” used in a cooperative agreement.

**Grant Cycle.** The time period (start date to end date) during which funds may be obligated and used for the purposes of a FHIP grant agreement.

**Grant End Date.** The point during the grant period at which the grantee can no longer obligate FHIP funds.

**Grant Management.** The oversight and monitoring of project resources, activities, and program results, initiated by a grant manager and supported by various program staff, as needed.

**Grant Monitoring.** The ongoing activities of the funding agency (HUD) to determine the extent to which a FHIP grantee is complying with the provisions of the grant and to determine the progress being made towards accomplishment of the goals, objectives, and activities in the approved grant agreement application.

**Grant Officer (GO).** The HUD official located in a HUD Regional Office or Headquarters who has signature authority to enter into, administer, and/or suspend or terminate a grant or cooperative agreement.

**Grant Recipient Progress Review.** A report that used to be used by FHIP to monitor grantee progress. This annual report is no longer required by FHIP.

**Grant Start Date.** The point during the grant period at which the grantee can begin to obligate



funds.

**Grantee.** A grantee is the organization or other entity that receives a grant and assumes legal and financial responsibility and accountability both for the awarded funds and for the performance of the grant supported activity. FHIP grants are normally made to organizations rather than to individuals. Categories of eligible applicants may be found in GAG Chapter I. For purposes of this guide, the term grantee is interchangeable with the term awardee used in a cooperative agreement.

**Grantee Deliverable List.** The list of deliverables and expected work products a grantee must submit in accordance with the grant agreement.

**Grantee Obligations.** The amount of orders placed, subawards issued, contracts awarded, services received and similar transactions during a given period that will require a future payment by the grantee.

**Grantor.** The issuer of grant awards (HUD).

**Grants.gov.** The system utilized by HUD and its grant applicants to facilitate the registration of the business entity and the potential grantee application for funding.

**HUD Obligations.** Funds authorized by a HUD Grant Officer for a FHIP award creating a balance payable to a grantee.

**Indirect Costs.** Indirect costs are costs that benefit more than one of an organization's projects, like taxes, administration, etc. The decision to treat a cost as either a direct cost or an indirect cost depends on the treatment of that cost within a grantee's accounting system.

**Indirect Cost Rate.** The ratio, expressed as a percentage, of an organization's total indirect costs to its direct cost base. When a rate is established for a specific activity or program, the rate represents the ratio of the total indirect costs allocated to the activity or program to the direct cost base of the activity or program.

**In-kind (non-cash) Match.** Amount of an entity's own in-kind (payment through goods, services, or commodities instead of cash) contributions required to be expended on a FHIP project. The required match may equal the funding received from HUD or may be a percentage of these funds.

**Intake.** Housing contacts/queries received by a fair housing organization. Intakes may be in-person, phone, mail, or email contact and documented through the fair housing organization's standard intake form or database entry. Information gathered at intake starts the fair housing complaint process. Repetitive contacts from a single individual should not each be counted as an intake unless the additional contact contains a new allegation or relates to a new respondent. Intakes do not include someone returning a non-enforcement related phone call a fair housing



organization initiated, a telemarketer calling the office, etc.

**LEP.** Limited English Proficiency. Refers to individuals who, by reason of foreign birth or ancestry, speak a language other than English, and either comprehend, speak, read or write little or no English. HUD provides access to its federally conducted programs and activities by eligible persons with limited English proficiency. Many FHEO documents are translated into multiple languages.

**Line of Credit Control System (LOCCS).** LOCCS is HUD's phone-based voice response system (VRS) for managing program funds and disbursing grantee payments. Before using LOCCS, a grantee must complete a voice response system access authorization form (HUD Form-27054), a form used as the voucher to request grant payment (HUD Form-27053), and a direct deposit sign-up form (SF-1199A).

**LLL.** Disclosure of lobbying form used to determine if any covered Federal action for which lobbying activity is and/or has been secured to influence the outcome of a covered Federal action.

**LOCCS HUD Form-27054.** The LOCCS Voice Response Access (VRS) Authorization Form, used for authorization of payment.

**LOCCS HUD Form-27053.** The LOCCS payment voucher (completed during a phone request conversation) required to document the telephone request for drawdown.

**Meritorious Claim.** A meritorious claim is an enforcement activity by an organization that results in one or more lawsuits, judgments, consent decrees, legal settlements, HUD (or substantially equivalent agency under 25 CFR 115.6) conciliations, or organization initiated settlements that result in monetary awards for compensatory and/or punitive damages to plaintiffs or complaining parties, or other affirmative relief, including the provision of housing (24 CFR 125.103).

**Monitoring.** An ongoing process of performance review that uses available data to make judgments about grantee performance and assist in improvements when needed. Monitoring includes frequent telephone contacts, written communications, analysis of reports and audits, and periodic meetings.

**Monitoring Conclusion.** The determination reached regarding a grantee's performance based on monitoring results. Monitoring conclusions may be positive or negative. After a monitoring review, a grantee receives them in a follow-up Monitoring Letter.

**Monitoring Letter.** A grantee evaluation letter prepared by the GTM after an onsite or remote monitoring review. The monitoring letter is based on the checklists and information gathered during the review and is finalized by the GTR and sent to a grantee within 45 working days of the review.



**Multi-Year Grant.** A multi-year grant is one in which the project period and budget period are the same and are longer than one year, and the award is funded from a single appropriation.

**Multi-Year Grant Assessment.** A year-end assessment prepared each year by a grantee under a multi-year grant agreement. Continued funding under multi-year awards is contingent upon acceptable performance demonstrated in a multi-year grant assessment.

**Non-allowable Costs.** Program expenditures specifically prohibited by law, regulation, guidance, Federal accounting standards, or other authoritative sources.

**Non-Profit Organization.** Any corporation, trust, association, cooperative, or other organization that

- is operated primarily for scientific, educational, service, charitable, or similar purposes in the public interest;
- is not organized primarily for profit;
- uses net proceeds to maintain, improve, or expand the operations of the organization; and
- is designated as a tax-exempt 501(c)3 organization with the IRS.

**Office of Management and Budget Circular (OMB Circular).** Instructions or information issued by the Executive Office of the President's Office of Management and Budget, some of which pertain directly to grants and that grantees have to abide by. Types of grantee compliance requirements include activities allowed or unallowed; allowable costs/cost principles; cash management; eligibility; matching; level of effort; and reporting.

**Onsite Monitoring/Onsite Review.** A physical visit by an FHEO Field Office monitor to review and analyze a grantee's operations and performance conducted at the grantee's office.

**Operating Budget.** An organization's total planned organizational budget expenditures from all sources, including the value of in-kind and monetary contributions.

**Pass-Through Entity.** A U.S.-based non-Federal entity (for example, a grantee/recipient) that provides Federal award money to a sub-recipient (for example, a subcontractor/subrecipient) to carry out a Federal program. A pass-through entity could also be a subcontractor/subrecipient using Federal funds to pay for goods or services.

**Payments.** Funds transferred from HUD to the grantee by direct deposit (LOCCS) and on some rare occasions by check.

**Penalty.** An amount charged to a debtor whose debt is delinquent for more than 90 days. The annual penalty may not exceed 6 percent of the amount due on the debt.



**Performance Goal.** A target level of performance expressed as a tangible, measurable objective, against which actual achievement can be compared, including a goal expressed as a quantitative standard, value, or rate.

**Progress Review.** A report prepared by the monitoring team GTR that assesses the performance for a specific time period under a grant.

**Project Director.** Project Director is that individual designated by the grantee, and approved by HUD, who will be responsible for the technical direction of the project. If more than one, the first Project Director listed will have primary responsibility for the project and the submission of reports. All others listed are considered Co-Project Directors, and share in the responsibility of the technical direction of the project.

**Prompt Payment Act.** The Prompt Payment Act requires the Government to pay contractors promptly for accepted supplies and services. Late payments accrue interest that the Government must pay the contractor. The 24 CFR Part 22 Payment and Prompt Payment Act of 1982, as amended (31 U.S.C. 3901), provide detailed guidance on prompt payment requirements.

**Qualified Fair Housing Organization.** Public or private not-for-profit organizations or institutions, and other public or private entities that are formulating or carrying out programs to prevent or eliminate discriminatory housing practices; agencies of State or local governments; and agencies that participate in the Fair Housing Assistance Program (FHAP).

**Quarterly Performance Report.** A report that all grantees are required to submit every three months in which they discuss grant accomplishments required during the quarter by the Statement of Work. If a grantee has not completed any required item or activity, the reason should be explained and a projected date for completion must be included in the report. The Quarterly Performance Report is due no later than 30 days after the end of the quarter.

**Reasonable Accommodation.** As required by the Fair Housing Act and Section 504 of the Rehabilitation Act of 1973, any change in rules, policies, practices, services, or structural changes necessary to give person with a disability equal opportunity to use and enjoy (1) a dwelling, (2) any structure housing a federally-funded activity, and (3) any federally-funded activity.

**Reasonable Modification.** Any structural modification that is made to allow a person with a disability the full enjoyment of his or her residence and related facilities.

**Recommendation.** Suggested action(s) that a grantee must perform to correct a deficiency.

**Referral.** The process employed by a fair housing organization to refer an entity with a housing discrimination allegation/complaint to: an attorney who does not work for the fair housing organization or an administrative enforcement agency and/or other government agency for



assistance in exercising their fair housing rights and seeking relief under fair housing laws.

**Remote Monitoring.** The review and analysis of a grantee's operations and performance by Field Office staff that is conducted offsite, typically at the Field Office, based on analysis of information provided by the grantee, including interviews.

**Section 504 of the Rehabilitation Act of 1973.** A Federal law that prohibits discrimination based on disability in any program or activity receiving Federal financial assistance and in HUD programs and activities.

**Special Purpose Equipment.** Special purpose equipment means equipment which is deemed “special purpose” by the grantee’s GTR.

**Standard Form (SF) 1199A.** HUD’s direct deposit sign-up form used by grantees.

**Start Date.** Once an award is made, the Start Date used by FHEO is either the first or the fifteenth day of the month. Grantees may request a later start date; however, the new date is not effective until the Grant Officer signs the grant amendment outlining the new date. Lastly, grantees may not incur any pre-award costs.

**Statement of Work (SOW).** The description of the work to be performed that is incorporated into the grant agreement. It includes major activities and a detailed workplan that lists each task to be done, the deliverables to be produced, the date by which they are due, and the delivery point. Also called a Management Plan and Scope of Work. The goals, objectives, activities, and timelines in an approved SOW will be in the grant agreement as part of the grantee’s obligation.

**Statute of Limitations (SOL).** A federal or state law that sets out the amount of time that parties have to take actions to enforce their rights or seek legal redress after a damage or injury.

**Subaward.** A Federal award provided by a pass-through entity to a sub-recipient for the sub-recipient to carry out part of a Federal program, that does not include payments to a vendor or payments to an individual that is a beneficiary of a Federal program. A subaward may be provided through any form of legal agreement, including an agreement considered a contract.

**Subrecipient.** A non-federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program; but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.

**Suspension.** Suspension is an action by HUD that temporarily withholds FHIP support of a fair housing project pending corrective action by the grantee or a decision by HUD to terminate the



grant.

**Systemic Investigation.** An investigation of alleged discrimination that is pervasive or institutional in nature, or that the collection and analysis of data to develop a complaint will involve complex issues, novel questions of fact or law, or will potentially affect a large number of persons. Systemic investigations may focus not only on documenting facts involved in the alleged discriminatory housing practice that is the subject of the complaint; they may also involve the identification of additional victims or the reviewing of policies and procedures related to matters under investigation to make sure that they also comply with the nondiscrimination requirements of the Fair Housing Act. Systemic investigations may include investigation of discrimination in rental, sales, lending, or homeowner's insurance practices and may include investigations into whether a HUD funded entity has engaged in discriminatory practices or has failed to affirmatively further fair housing. Systemic investigations may be local, regional, or national in scope.

**Task.** A specific numbered activity included in the SOW that is part of the work required in the grant agreement.

**Termination.** Termination is the cancellation of a FHIP grant, in whole or in part, at any time prior to its expiration.

**Test.** A covert housing investigation involving one or more persons who initiate contact with another person or entity for the purpose of comparing how members and non-members of a protected class who are otherwise similarly situated are treated. The investigation may also include comparing the observed conduct or business practices to the requirements of fair housing laws.

**Test Part.** Means a contact with an entity that is or may be covered by the Fair Housing Act. The contact may be by telephone, email, or in person. A test part may include a preliminary contact by an employee of a QFHO or FHO to determine office hours, operational issues, or other information needed to conduct a test. A test part may represent a single test, may be part of a matched pair test that has two test parts, or be part of a multiple contact test with three or more parts.

**Title II of the Americans with Disabilities Act of 1990 (ADA).** A Federal law that prohibits discrimination based on disability in programs, services, and activities provided or made available by public entities. The U.S. Department of Justice has primary enforcement responsibility for Title II of the ADA. HUD enforces Title II of the ADA when it relates to state or local public housing, housing assistance, and housing referrals.

**Title VI of the Civil Rights Act of 1964.** A Federal law that prohibits discrimination based on race, color, or national origin in programs and activities that receive Federal financial assistance.



**Underserved Areas.** Jurisdictions with a need for service that do not have any Fair Housing Initiatives Programs, Fair Housing Assistance Program agencies, or public or private fair housing enforcement organizations, or places where the jurisdiction is not sufficiently served by one or more public or private enforcement fair housing organizations.

**Underserved Populations.** Groups of individuals who fall within one or more of the categories protected under the Fair Housing Act and who are:

1. of an immigrant population (especially racial and ethnic minorities who are not English-speaking or have limited English proficiency);
2. in rural populations,
3. homeless,
4. persons with disabilities (e.g., physical or mental) or
5. persons in areas that are heavily populated with minorities and there is inadequate protection and ability to provide service from the State or local government or private fair housing organizations.

**Unliquidated Obligations.** Expenses incurred but not paid. Such obligations are included in reports prepared by the grantees whose financial records are maintained on an accrual basis.

**Unobligated Balance.** The portion of the funds authorized by the grant that have not been obligated by the grantee. It is determined that by deducting outlays and unliquidated obligations from the funds authorized.

**Unobligated Funds.** Unobligated funds are funds whereby there is no binding agreement that will result in outlays, immediately or in the future, but appropriations have been issued. Budgetary resources must be available before obligations can be legally incurred.

**Workplan.** A plan consisting of numbered tasks that spells out the activities to be completed in the accomplishment of a grantee's SOW.



## Appendices

### A. Example of Letter to Inform Grantee of Onsite Review

Date

Inside Address

Dear Ms./Mr. \_\_\_\_\_ :

This is to confirm that on date at time; I will be coming to your agency to meet with you and your project staff to monitor your grant under the Fair Housing Initiatives Program. I will be reviewing your progress in implementing your grant.

Please have all files and documentation regarding the work performed during the first six months/first year, etc. of your grant available for review. Also, I have attached a proposed interview schedule for the staff. Please contact me if the availability of the documentation or staff is a concern.

During the on-site review, I will determine your agency's achievements and positive performance areas, discuss any problems or concerns, and try to reach mutual agreement on the corrective actions needed, if any. I also will conduct a financial review to focus on areas where problems are most likely to occur.

In preparation for the review, please complete the enclosed financial and program questionnaires and return them to me no later than [date as specified by the GTR].

I am looking forward to meeting with you.

Sincerely,

Government Technical Monitor

Enclosures



## B. Example of Letter to Report Findings

Dear \_\_\_\_\_:

RE: Fair Housing Initiative Program Review  
Grant FH\_\_\_\_\_

This is to convey the results of the monitoring review of \_\_\_\_\_ conducted by \_\_\_\_\_ on \_\_\_\_\_. The purpose of the monitoring was to assess \_\_\_\_\_

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At the time of the review, your agency had completed (Describe what grantee had completed in terms of the tasks or in terms of the number of quarters or months of the grant.)

The on-site monitoring review revealed the following:

1. Finding:  
Recommendation:
2. Finding:  
Recommendation:

Please implement corrective actions in accordance with the above recommendations and timeframes and provide documentation of the corrections to this office and your Government Technical Representative in HUD Headquarters.

If you need clarification of the above or technical assistance with regard to any of the identified deficiencies, please contact me at (phone number).

Sincerely,

Director  
Fair Housing Enforcement Center



### C. Example of an Enforcement Log

<b>FAIR HOUSING INITIATIVES PROGRAM ENFORCEMENT LOG</b>	
<b>Collect the Following Information as a Complaint Log Sheet for Each Complaint</b>	
<ul style="list-style-type: none"> <li>• Agency case number as a means to identify the case (maintain records onsite to show actual complainant and respondent)</li> <li>• Date of the receipt of the allegation of discrimination</li> <li>• Basis alleged or audited</li> <li>• Issue alleged or audited</li> <li>• Test Funding Type (FHIP, CDBG, OTHER)</li> <li>• Number of tester visits/calls</li> <li>• Date(s) that testing was conducted</li> <li>• Type of testing conducted (Phone, Visit, Other)</li> <li>• Respondent Type (See attached list)</li> <li>• Results of the tests, such as support allegations, does not support allegations, inconclusive, other.</li> </ul>	<ul style="list-style-type: none"> <li>• Results of other investigative activity, such as supports allegations, does not support allegations, inconclusive, other</li> <li>• Date of referral of cases</li> <li>• To whom referred (See attached list)</li> <li>• Type of case resolution (See attached list)</li> <li>• Date of resolution</li> <li>• Award Amount</li> <li>• Type of Relief (Compensatory Damages, Punitive Damages, Unit Secured, Affirmative Relief, Other)</li> <li>• Tester Fee</li> <li>• Notes/Comments</li> </ul>
<b>SUMMARY INFORMATION</b>	
<ul style="list-style-type: none"> <li>• The number of tests and investigations by basis and type</li> </ul>	
<ul style="list-style-type: none"> <li>• Number of cases referred to HUD, FHAPs, DOJ, private attorneys and Federal Court</li> </ul>	
<ul style="list-style-type: none"> <li>• Relief secured by type and aggregate amounts for monetary awards</li> </ul>	



<b>TERMS FOR ENFORCEMENT INFORMATION</b>	
<u>Respondent Type</u>	<u>Referrals Made</u>
• Management Company	• 1. Local FHAP
• Manager	• 2. State FHAP
• Owner	• 3. HUD
• Broker	• 4. DOJ
• Real Estate Agent	• 5. Agency Attorney
• Lender	• 6. Private Attorney
• Insurance Company	• 7. Other
• Municipality	• 8. Not Referred
• Zoning Board	
• Insurance Agent	
• Newspaper	
• Other	
<u>Resolution</u>	<u>Litigated by</u>
• Fair Housing Organization Closure - Insufficient evidence or failure of complainant to follow through	a. ALJ - Decision or settlement
	b. DOJ -Decision or consent decree
• Conciliated or Settled by:	c. Private Attorney - Decision, Settlement, or Consent Decree
a. Local Organization	d. Organization Attorney - Decision, Settlement, or Consent Decree
b. State/Local Agency	
c. HUD	
d. Private Attorney	
<u>Pending with</u>	
a. Local Organization b. State or Local FHAP Agency c. HUD d. DOJ e. Private Attorney f. Other	



### D. GTR Final Performance Assessment Report for FHIP

#### GTR FINAL PERFORMANCE ASSESSMENT REPORT FOR FHIP

TYPE OF INITIATIVE (CHECK ONE)		
EOI/NAT'L	<input type="checkbox"/>	PEI
EOU/R-L	<input type="checkbox"/>	FHOI/CDC
EOI/C-B	<input type="checkbox"/>	FHOI/ENOC
AEI	<input type="checkbox"/>	

<b>Grantee Name</b>	<b>Grantee Address</b>
<input type="text"/>	<input type="text"/>
<b>Grantee Phone</b>	<b>Grantee Email</b>
<input type="text"/>	<input type="text"/>

<b>Instrument Number</b>	<b>Grant Amount</b>
<input type="text"/>	<input type="text"/>

<b>Original Period of Performance</b>	
<input type="text"/>	<input type="text"/>
<b>Start Date</b>	<b>End Date</b>
<input type="text"/>	<input type="text"/>
<b>Project Extension: # of Months</b>	<b>Expiration Date</b>
<input type="text"/>	<input type="text"/>

<b>Date Final Report Received</b>
<input type="text"/>
<b>Date of GTR Assessment</b>
<input type="text"/>



**GTR FINAL PERFORMANCE ASSESSMENT REPORT FOR FHIP, contd**

*Please provide the following information so that final payment and closeout may be authorized.*

**1. Has the grantee performed all requirements identified in the subject grant?**

Yes	
No	

**Describe the purpose and major activities under the grant:**

**2. Have you accepted all work performed by the grantee?**

Yes	
No	

**What were the major products/deliverables? List major products actually completed (excluding quarterly reports) and provide a detailed description of each product, including quantity of work, quality of work, and usefulness of the work completed. Explain your assessment of the product's quality, citing specific examples:**

**3. Have any patentable items resulted from the subject grant?**

Yes	
No	
N/A	







**If yes, what use does the grantee propose for the unobligated balance?**



<b>GTR FINAL PERFORMANCE ASSESSMENT REPORT FOR FHIP, contd</b>
<b>FOR ENFORCEMENT ACTIVITIES - CASE ANALYSIS</b>

<b>Inventory</b>	<b>Total Number</b>
Number of Complaints Processed	
Number of FHIP Tests Conducted	

<b>COMPLAINTS</b>			
<b>Breakdown of Cases by Basis *</b>		<b>Breakdown of Cases by Issue *</b>	
<b>Protected Basis</b>	<b>Total Number</b>	<b>Type of Complaint</b>	<b>Number</b>
Race		Rental	
Religion		Sales	
Color		Advertising	
Sex		Lending: (Including redlining)	
Disability		Insurance	
National Origin		Zoning: Disability Issues	
Familial Status		Zoning: Other Issues	

<b>TESTS</b>			
<b>Breakdown of Cases by Basis *</b>		<b>Breakdown of Cases by Issue *</b>	
<b>Protected Basis</b>	<b>Total Number</b>	<b>Type of Complaint</b>	<b>Number</b>
Race		Rental	
Religion		Sales	
Color		Advertising	
Sex		Lending: (Including redlining)	
Disability		Insurance	
National Origin		Zoning: Disability Issues	
Familial Status		Zoning: Other Issues	

\* Please note that more than one basis of discrimination is sometimes alleged in a single case.



<b>GTR FINAL PERFORMANCE ASSESSMENT REPORT FOR FHIP, contd</b>
<b>FOR ENFORCEMENT ACTIVITIES - CASE ANALYSIS, contd</b>

Status of Complaints	Total Number
Total Pending	
Total Settled	
Total Closed	

Determination on Complaints	Total Number
Probable Cause	
No Probable Cause	

Remedies on Complaints	Total Number
Monetary Damages/ Attorney Fees	
Units Secured	
Loans Secured	
Affirmative Relief	
Training	
Other: Specify	

Referred to HUD	
Monetary Damages from HUD	

Referred to the Dept. of Justice (DOJ)	
Monetary Damages from DOJ	

Referrals to Private Attorneys	
Monetary Damages	

Referral to Substantial Equivalent	
Monetary Damages	

Handled by Grantee	
Monetary Damages	

