



**U.S. Department of Housing and Urban  
Development  
Office of Housing Counseling  
Best Practices/Lessons Learned –  
MSOs, SHFAs and Intermediaries  
June 15, 2015  
12:00 PM Eastern Standard Time**

Facilitated by

**Booth Management Consulting, LLC**

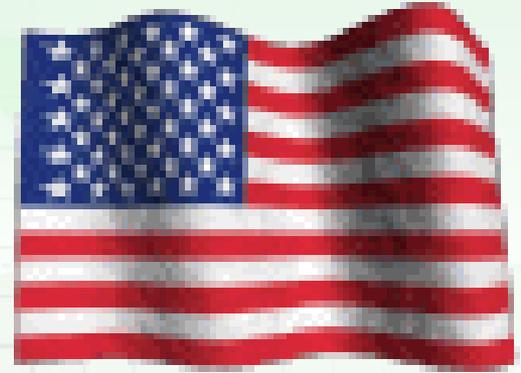
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# Training Topics

- Lessons Learned**
- Best Practices**
  - **Budgeting**
  - **Sub-recipient Award**
  - **Time and Attendance**
  - **Quarterly Reporting**
  - **Processing Reimbursements**
  - **Sub-recipient Monitoring**
- Things to Remember**



# LESSONS LEARNED



# LESSONS LEARNED

## Internal Control

1. Failure to train new staff (change in personnel)
2. Inadequate policies and procedures regarding
  - a) Internal Control
  - b) Cash Receipts
  - c) Cash Disbursements
  - d) Payroll
  - e) Cash Management
  - f) Time Tracking and Personnel Activity Reporting
  - g) Cost Policy
  - h) Program Income

# LESSONS LEARNED

## Budget

1. Inadequate budget assumptions with budget submissions
2. Failure to monitor budget vs. actuals
3. Failure to submit budget modifications
4. Failure to communicate with HUD POC
5. Lack of communication between program and accounting to ensure budget compliance

# LESSONS LEARNED

## Cost Reimbursement

1. Use budgeted hourly rates instead of actual rates
2. Indirect costs charged included excess amounts
3. Inadequate supporting documentation for reimbursements, including personnel, fringe benefits, travel, training, supplies, etc.
4. Inadequate time and attendance tracking and reporting. Timesheets do not indicate HUD service hours
5. Request not filed timely

# LESSONS LEARNED

## Quarterly Reporting

1. Filed late
2. Inaccurate omitting quarter to date and cumulative to date
3. Failure to file zero activity reports
4. Incomplete and/or inaccurate SF-425 reports (LHCAs excluded)
5. Incomplete filings, not including all requirements in Article XI, A of the Grant Agreement.

# LESSONS LEARNED

## Personnel Activity Reporting

1. Not maintained on a monthly basis.
2. Not signed by employee and supervisor
3. Insufficient information to determine allowability, allocability and reasonableness

## Leveraged Funds

1. Inadequate tracking procedures
2. Inadequate supporting documentation
3. Failure to obtain support for leverage activity from Sub- grantees at regular intervals – quarterly or semi-annually are recommended.

# LESSONS LEARNED

## Sub-recipient Monitoring

1. Inadequate policies for monitoring and oversight of Sub-grantees
2. Failure to comply with the monitoring plan
3. Sub-grantees used unapproved NICRA
4. Inadequate supporting documentation for sub-grantee reimbursements
5. Non responsive sub-grantees (confirmations)
6. Inadequate invoice verification process
7. Using budget amounts for reimbursement
8. Fees based on counseling sessions

Why emphasize this?



# BEST PRACTICES



# Budgeting

# BEST PRACTICES

## Budget Submission

- Work with accounting to develop itemized budget including budget assumptions
- After submission to HUD POC, verify approval.
- Monitor budget vs. actual and notify HUD POC if possibility of funds not being expended
- Request prior approval for any changes to the budgetary line items
- Notify HUD POC of any changes to the list of sub-grantees and funded branches and their corresponding sub-allocations
- Signature and title of authorized person

# BEST PRACTICES

## Budget Submission

### Billing methodology

- Verify with HUD POC that the methodology is approved
- Ensure accounting is aware of the approved budget methodology
- Monitor costs reimbursed on a quarterly basis to ensure they do not exceed actual costs

# **Sub-recipient Award**

# BEST PRACTICES

## Sub-recipient Award

- Include a copy of the grant agreement with HUD as an attachment/exhibit to the sub-grantee agreement
- Provide templates for quarterly reporting, requesting payments and budget modifications to each of the grantee
- Conduct a post award meeting/conference call with all the sub-grantees/branches and review grant and all of the reporting requirements
- Verify contact information for all sub-grantees/branches after award. There may be change in personnel

# BEST PRACTICES

## Sub-recipient Award

- Accept indirect cost rates negotiated at the Federal level, negotiate a rate in accordance with Federal guidelines, or provide the minimum flat rate.
- Establish risk assessment factors and perform sub recipient risk assessments prior to final award
- Monitor the activities of the sub-recipient to ensure sub-award compliance using a standard monitoring process that is communicated to the sub-grantee (i.e. checklist)
- Establish enforcement action against noncompliant sub-recipients

# BEST PRACTICES

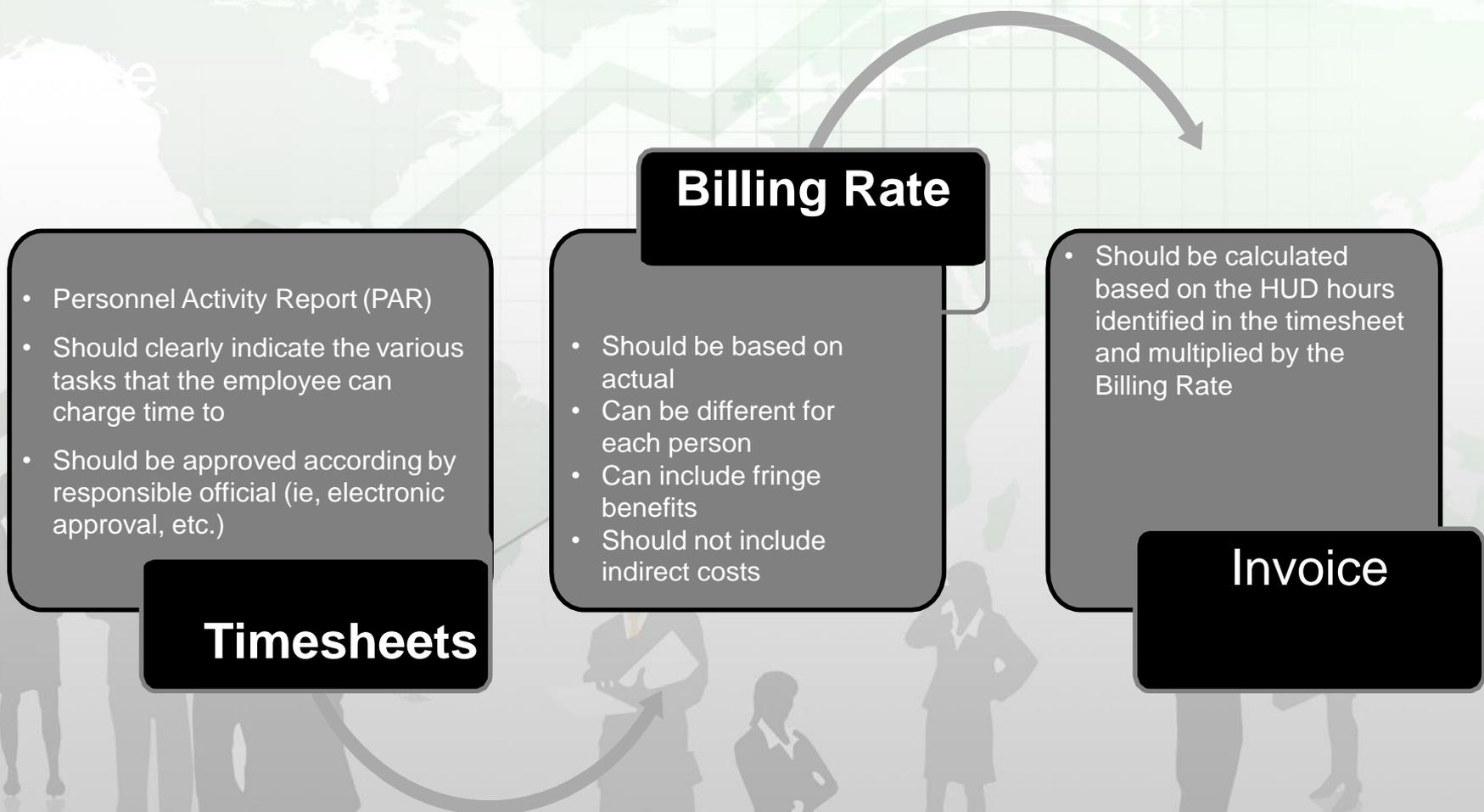
## Sub-recipient Award

### Examples of Risk Factors:

- Sub-recipient's prior experience with the same or similar sub-awards
- Results of previous audits
- Whether the sub recipient has new personnel or new or substantially changed systems
- Results of Federal monitoring

# **Time and Attendance**

# BEST PRACTICES



# BEST PRACTICES

## Time and Attendance

- Ensure time is tracked by task (i.e. HUD grant(s))
- Hourly rates should only include direct costs associated with the HUD grant(s)
- Ensure timesheets are complete and approved
- For personnel activity reporting, establish a charging/billing code by activity that can be included on the timesheet. For example by type of service:

<u>Code</u>	<u>Activity</u>
1001	Direct Counseling
1002	Marketing and Outreach
1003	Follow Up with Client
1004	File management and back office support

# **Quarterly Reporting**

# BEST PRACTICES

## Quarterly Reporting

- Read the reporting requirements in Article XI, A of the Grant Agreement
- Required even if,
  - If not requesting payment
  - If there is no activity (No Activity Report)
- Inform accounting of all critical due dates with accounting
- Request accounting to review all quarterly reports and requests for payments prior to submission to HUD
- If amending report, recommend indicating “AMENDED ”or “CORRECTED” on the top of report

# BEST PRACTICES

## Quarterly Reporting

- Monitor the reimbursement to date for sub-grantees and notify HUD POC of sub-grantees/branches that may not expend the approved funds
- Reconcile quarterly reports to request for payments and the approved budget
- If the report will be late, request an extension prior to due date in writing
- All reports, except for request for payments, should be submitted to HUD POC

# BEST PRACTICES

## REPORTING

Intermediary, MSO, SHFA FY14  
Grant Agreement

- A. Quarterly Performance Reports – Intermediaries, MSOs or SHFAs That Issue Sub-grants or Fund Branches Under Their Award.** Given that Grant Funds will be awarded mid-way through the Period of Performance, the first quarterly report will be due to the GTR or GTM not later than August 31, 2014. This Quarter 3 report should reflect Grantee's cumulative activity for Quarters 1, 2 and 3. This report must satisfy all requirements described below for both the reporting period and cumulative period. Unless the Grant has been fully expended and a final report as described in Section B of this Article has been submitted to close out the Grant, a quarterly report is due 30 days after each quarter ends.

For each Sub-grantee and funded Branch, Grantees must submit a separate report containing the following:

1. Grantee's name, address, and grant number as they appear on the grant document;
2. Start and end dates of the report period;
3. Hourly rate. Identify each counselor or other employee whose time/activity is being billed to the Grant, the individual's title, and the hourly billing rate used to calculate reimbursement from HUD or a Parent Organization for that individual's time/activity; or, in the event of fixed-price reimbursement, document actual expenses. Explain the method used for calculating hourly rates;
4. Staff hours. Indicate for each relevant counselor and other employee the total number of hours being billed to the Grant cumulatively and for the quarter. For each individual whose work time will be reimbursed from the Grant, multiply the relevant hours by the relevant hourly rate (see item #3) and indicate the cumulative total and total for the quarter;
5. Budget. Submit a detailed, comprehensive budget listing expenses for each distinct quarter, and the Grant period to date, under the Grant. At a minimum, the budget must include the following as applicable: salaries, fringe and other benefits, training, travel, rent, phone, postage, supplies, technology/equipment, marketing, and indirect costs. The budget must account for the expenditure of each dollar being billed to the Grant. If reimbursement is being requested for activity attributable to the Grant that occurred in the first or second quarter, the third quarter budget submission must

# BEST PRACTICES

Intermediaries, SHFAs and MSOs must also submit the following HUD Housing Counseling Grant network-wide information, for each reporting period and the cumulative period:

Intermediary, MSO, SHFA FY14  
Grant Agreement

8. **Sub-allocations.** A listing of: (a) the Sub-grantees and funded Branches and corresponding HUD housing counseling sub-grant amounts and allocations, for each quarter and cumulative period; and (b) a Dun and Bradstreet Universal (DUNS) Identifier number for each. This data is required by a Notice published by the Office of Management and Budget, Amending Federal Financial Assistance-Related Forms To Include Universal Identifier (73 Fed. Reg. 32415 (June 6, 2008)), to ensure compliance with the Federal Funding Accountability and Transparency Act of 2006 (Pub. L. No. 109-282). Should additional requirements become applicable, HUD reserves the right to amend this Grant Agreement;
9. **Administrative Cost.** A detailed budget accounting for how all administrative funds, *i.e.* funds used to run the program and not passed through to Sub-grantees or allocated to Branches, but were spent by the Intermediary, SHFA or MSO for activities including training, travel, salaries, and equipment, for each quarter and cumulative. If reimbursement is being requested for activity, which occurred in the first two quarters of the Period of Performance and is attributable to the Grant, the third quarter budget submission must include an itemized accounting/budget reflecting expenses incurred for each period;
10. **Billing Methodology.** Explain clearly the methodology employed to reimburse Sub-grantees or funded Branches. (For example, include the formula for calculating a counselor's hourly rate attributed to the Grant, or how each cost is calculated for fixed-cost counseling/education activity). Also, indicate the process used to ensure that the fixed cost reimbursement rate does not exceed the actual cost of providing the housing counseling services for which Sub-grantees and Branches request reimbursement;
11. **Form HUD-9902.** Intermediaries, SHFAs and MSOs must ensure that Sub-grantees and funded Branches update the Form HUD-9902 electronically through the Housing Counseling System (HCS) so that the *HUD Housing Counseling Grant Activity* column(s) reflects activity funded with HUD Housing Counseling Grant or sub-grant funds.
12. **Federal Financial Report.** Complete and submit the Form SF-425, summarizing financial data, including program income, for each quarter. The form can be accessed at [http://www.whitehouse.gov/omb/grants\\_forms](http://www.whitehouse.gov/omb/grants_forms).

# BEST PRACTICES

## Quarterly Reporting

Affix the certification below to all annual financial reports and requests for payments:

“By signing this report, I certify to the best of my knowledge and belief that the report is true, complete and accurate and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information or the omission of any material fact, may subject me to criminal civil or administrative penalties for fraud, false statements, false claims, or otherwise.”

- The person signing should be the authorized person communicated to HUD.

# **Processing Reimbursements**

# BEST PRACTICES

## Processing Reimbursements

- All disbursements must be compliance with Grant Agreement and the applicable OMB Circulars.
- Establish an payment review and acceptance process to ensure sub recipients are paid within 3 business days after receipt of payment from HUD
- Provide a template that includes the required documentation for submission with the request for payment

# **Sub-recipient Monitoring**

# BEST PRACTICES

## Sub-recipient Monitoring

- Written set of policies and procedures that guide the scope and frequency of monitoring activities, including follow up on corrective actions
- Monitoring schedule
- Monitoring checklist
- Risk assessment, i.e., what factors determine the methods and frequency of monitoring sub recipients and programs
- Review expenses and supporting documentation submitted with request for payments

# BEST PRACTICES

## Sub-recipient Monitoring

- Spot check files for grant requirements
- Issue a “performance report” on compliance review findings on an annual basis
- Follow up on corrective actions on all deficiencies
- Providing training and technical assistance
- Establish a disclosure statement or certification for the sub recipients to complete verifying spending \$750,000 or more in Federal awards and that they are completing a single audits
- Review agreements to make sure minimum sub award requirements are met

# BEST PRACTICES

## Minimum Sub award Requirements

- Sub-recipient Name, which must match registered name in DUNS
- Sub-recipient's DUNS number
- Federal Award Identification Number (FAIN)
- Federal Award Date
- Sub award period of performance start and end dates
- Amount of Federal Funds Obligated by the current action
- Total amount of Federal funds obligated to the sub recipient
- Total amount of the Federal award
- Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA)

# BEST PRACTICES

## Minimum Sub award Requirements

- Name of the Federal awarding agency, pass-through entity, and contact information for awarding official
- CFDA number and name
- Identification of whether the award is R&D
- The indirect cost rate for the Federal award
- All compliance requirements imposed by the pass-through entity to ensure that the Federal award is used in accordance with ALL Federal statutes, regulations, and terms and conditions
- Any additional requirements deemed necessary by the pass-through entity
- A requirement that the sub recipient permit the pass-through entity and auditors to have access to the sub recipient's records and financial statements
- Appropriate terms and conditions concerning closeout of the sub award

# BEST PRACTICES

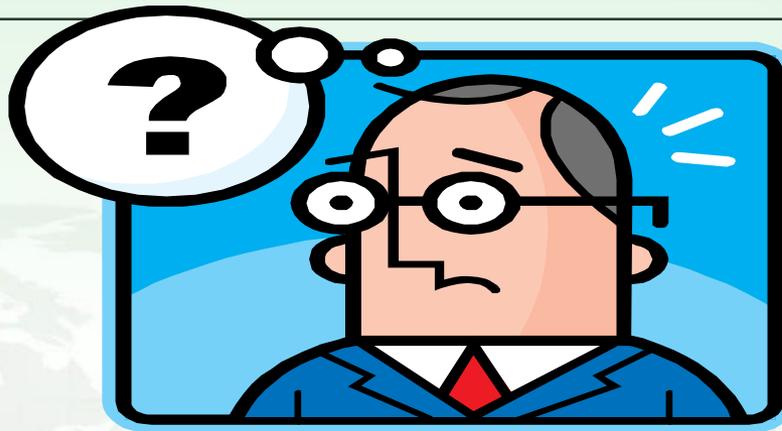
## Sub-recipient Award

Enforcement Action Available:

- Temporarily withhold cash payments pending correction
- Require more reporting
- Require additional monitoring
- Require additional technical or management assistance
- Establish additional prior approvals
- Disallow all or part of the cost associated with the non-compliance
  - Wholly or partly suspend or terminate the award
  - Initiate suspension and debarment proceedings
- Withhold further Federal awards for the project or program
- A-133 only specifically stated sanctions that were available when sub recipients did not have required audits completed

# THINGS TO REMEMBER

- **Read the HUD Grant Agreement**
- **Share information with accounting area**
- **Provide sub recipient with all of the pass through and other key grant requirements**
- **When possible, standardize and document processes to ensure consistent applications**
- **Do not hesitate to contact your HUD POC if you have any questions**



## Questions

**Please forward any questions to**

[housing.counseling@hud.gov](mailto:housing.counseling@hud.gov) with

Best Practices/Lessons Learned

MSOs, SHFAs and Intermediaries

in Subject line

**THANK  
YOU**

