

# HUD Update

## SINGLE AUDIT TRAINING WORKSHOP

August 5, 2015



**PIH** Quality Assurance  
Subsystem

# TOPICS

- Omni Circular Interim Guidance**
- Subrecipient Monitoring**
- Audit Resolution Process**
- HUD Major Programs**

# Omni Circular Interim Guidance

- ❑ 2 CFR Part 200 revisions replaced OMB Circulars on the following topics:
  - ✓ Uniform Administrative Requirements
  - ✓ Cost Principles
  - ✓ Audits (published Dec 26, 2013 -78 FR 78590)

# Omni Circular Interim Guidance

- ❑ Effective for non-federal entities as of December 26, 2014
- ❑ Implementing Regulations – Government-wide Joint Interim Final Rule Dec. 19, 2014 (published December 19, 2014-79 FR 75871)
- ❑ Transition notice to all HUD grantees posted to HUD's website on Feb. 26, 2015

# Omni Circular Interim Guidance

- ❑ Existing HUD guidance is in the current CFR
  - ✓ Program statutes supersede 2 CFR Part 200
  - ✓ 2 CFR 2400.101 Applicability to HUD programs
  - ✓ 24 CFR parts 84 and 85 were removed; existing grants “grandfathered” (24 CFR §§ 84.1, 85.1)
  - ✓ Program regulations can supersede 2 CFR Part 200
  - ✓ Varied Implementation Dates

# HUD Awards

- ❑ Federal awards made prior to December 26, 2014 will continue to be governed by the regulations in effect and codified in 24 CFR part 84 (2013 edition) or as provided under the terms of the Federal award. (24 CFR §§84.1(b) 85.1(b))
- ❑ Where the terms of a Federal award made prior to December 26, 2014, state that the award will be subject to regulations as may be amended, the Federal award shall be subject to 2 CFR part 200. (24 CFR §§84.1(b), 85.1(b))

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# Omni Circular Interim Guidance

- ❑ Transition Notice from Deputy Secretary Coloretti February 26, 2015

<http://portal.hud.gov/hudportal/documents/huddoc?id=15-01sdn.pdf>

- ❑ Conforming Regulation Under Development

# Conforming Rule

❑ Most revisions will not provide regulatory text. Rather, publication will include amendatory instructions.

❑ Examples in Title 24:

§ 214.315 [Amended]

X. Amend § 214.315(a) by removing “24 CFR 84.21” and replacing with “2 CFR part 200, subpart D”.

§ 882.124 [Amended]

X. Amend § 882.124 by removing “CFR part 44” and replacing with “2 CFR part 200, subpart F”.

# HUD Transition Guidance



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
OFFICE OF THE DEPUTY SECRETARY  
WASHINGTON, DC 20410-0050

**Special Attention of:**

**NOTICE: SD-2015-01**

**Issued:**

**FEB 26 2015**

HUD Regional Directors  
HUD Field Office Directors  
HUD Offices of Community Planning and Development (CPD),  
Fair Housing and Equal Opportunity (FHEO),  
Housing,  
Native American Programs (ONAP),  
Lead Hazard Control and Healthy Homes (OLHCHH),  
Public and Indian Housing (PIH),  
Policy Development and Research (PD&R)  
HUD Grant Administrators, Grant Officers, Government Technical Monitors (GTMs), and  
Government Technical Representatives (GTRs) and Recipients of HUD Federal Financial  
Assistance

This notice remains effective until amended,  
superseded or rescinded

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**SUBJECT: Transition to 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Final Guidance***

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## 2 CFR § 200.302

- ❑ Provides the criteria for maintaining financial management systems
- ❑ Sufficient to permit the preparation of required reports
- ❑ Accurate, current, and complete disclosure of the financial results of each Federal award or program

# 2 CFR § 200.303

## ☐ Internal controls:

- ✓ Establish and maintain effective internal control over the Federal award
- ✓ “Standards for Internal Control in the Federal Government” (the Green Book)
- ✓ Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards
- ✓ Take reasonable measures to safeguard protected PII

## 2 CFR § 200.319

- Procurement
- Conduct in a manner providing full and open competition
- Prohibited from using state or local geographical preferences in evaluating bids or proposals (less regulations require)

Example: HUD's Section 3 requirements in 24 CFR part 135

## 2 CFR § 200.331

- ❑ Pass-through entities
- ❑ Similar to the old Circular A-133 requirements
- ❑ Subrecipient permit the pass-through entity and auditors to have access to the subrecipient's records and financial statements
- ❑ Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes

# Next Steps

- Outreach
- FAQ on Grants Management Division HUD website:  
<http://portal.hud.gov/hudportal/HUD?src=/topics/grants>
- Program Office guidance is available on program office websites.
- Individual HUD program offices are reviewing guidance and handbooks for updates.
- Technical Assistance Providers and Training Manuals under Development.



# Subrecipient Monitoring

- ❑ State Administered CDBG Cluster (CFDA 14.228 and CFDA 14.255)

- ❑ 24 CFR 570.501(b) states that:

“the grantee is responsible for ensuring that CDBG funds are used in accordance with all program requirements. The use of subrecipients does not relieve you the recipient of this responsibility. The recipient is responsible for determining the adequacy of performance under subrecipient agreements... and for taking appropriate action when performance problems arise.

# Subrecipient Monitoring

☐ § 200.331(a) Ensure that every subaward is clearly identified to the subrecipient:

1. Federal Award Identification
2. Federal award is used in accordance with Federal statutes, regulations and the terms and conditions
3. Any additional requirements including identification of any required financial and performance reports
4. Indirect cost rate
5. Access to the subrecipient's records and financial statements

# Subrecipient Monitoring

☐ § 200.331 (b) Evaluate each subrecipient's risk of noncompliance:

1. Prior experience with the same or similar subawards
2. Results of previous audits
3. New personnel or new or substantially changed systems
4. Extent and results of Federal awarding agency monitoring

# Subrecipient Monitoring

☐ § 200.331(d) Monitor the activities of the subrecipient:

1. Review financial and programmatic reports
2. Ensure subrecipient takes timely action on all deficiencies detected through audits, on-site reviews, and other means
3. Issue a management decision for audit findings

# Management Decisions

- ❑ § 200.521(a) General (done by Federal Agency or Pass Through Entity) must clearly state:
  - Whether or not the audit finding is sustained
  - Reasons for the decision
  - Expected auditee action
  - Additional information may be requested
  - Describe the appeal process
  - While not required may cover findings relating to the F/S

# Management Decisions

- ❑ § 200.521 (b) Cognizant agency responsible for coordinating when more than one agency affected:
  - Awarding agency responsible for issuing a management decision for findings that relate to Federal awards it makes to non-Federal entities

# Management Decisions

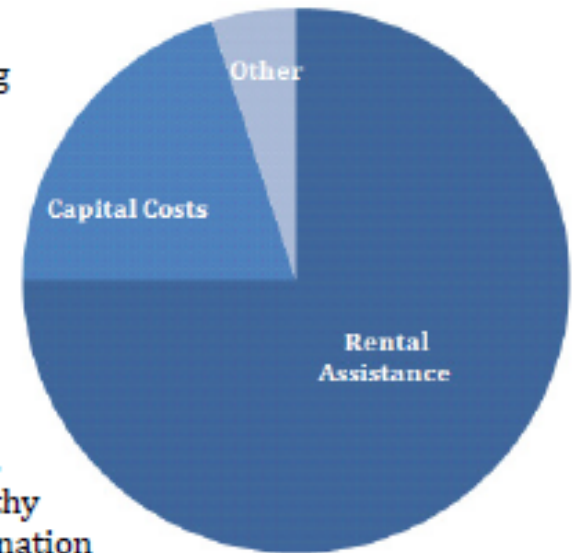
## ☐ § 200.521(d) Time requirements:

- S/B issued within 6 months of acceptance of the audit report by the FAC
- Auditee should begin corrective action no later than issuance of audit report

# HUD Budget and Programming

- FY14 Budget: \$45.46 billion

- 75% **Rental Assistance** provides an ongoing stream of funding that makes up the gap between what low-income tenants can afford to pay in rent and the cost of operating housing
- 20% **Capital Costs** allow HUD to partner with communities to develop and repair affordable housing or support economic development activities and infrastructure
- 5% **Other Initiatives** include a diverse array of programs, including Fair Housing and Equal Opportunity, Healthy Homes and Lead Hazard Reduction, and service coordination programs, just to name a few.





# Diversity of HUD Programs

Public Housing

Tenant-Based Rental Assistance

Project-Based Rental Assistance

Competitive Grant-Making

Federal Housing Administration



Community Development

Homelessness

Fair Housing

Disaster Reconstruction

Data and Research

Indian Housing

# Common HUD Major Programs

- ❑ **CFDA 14.195**-Sec 8 Housing Assistance Payments Program (Sec 8 project-based cluster)
- ❑ **CFDA 14.871**-Housing Choice Voucher Programs (housing voucher cluster)
- ❑ **CFDA 14.879**-Mainstream Vouchers (housing voucher cluster)
- ❑ **CFDA 14.228**-CDBG State's Program and Non-entitlement Grants in Hawaii

# Sec 8 Project-Based Cluster

- ❑ Assistance to owners of multifamily rental developments that house seniors, families with children, and persons with disabilities.
- ❑ Contract between HUD and owners of development: pay different between approved rate and 30% of tenants' income.
  - If tenant moves, assistance stays with owner.

# Housing Voucher Cluster

- ❑ 1974: Housing Choice Voucher Program (“Section 8”) First Implemented
  - ✓ Serves over 2 million people.
  - ✓ Participants choose housing in private market.
  - ✓ Administered by local Public Housing Authorities
- ❑ Generally, tenants pay 30% of income for rent and voucher subsidizes remainder to landlord.
  - ✓ If tenant moves, voucher goes with them.

# Community Development Block Grants

- ❑ Has provided \$135 billion in financial assistance to local governments since 1975. Annual formula allocation to:
  - ✓ Entitlement communities (70%): Cities with populations above 50,000 and urban counties above 200,000
  - ✓ Non-entitlement communities (30%): States administer funds to non-entitled cities/counties.
  
- ❑ Must principally benefit low / moderate income persons
  
- ❑ 28 acceptable activities: housing, public facilities, economic development, public services, real property, planning and administration, etc.
  - ✓ High discretion by grantees over activities – flexible funding.

ANY  
QUESTIONS  
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