



HUD UPDATE

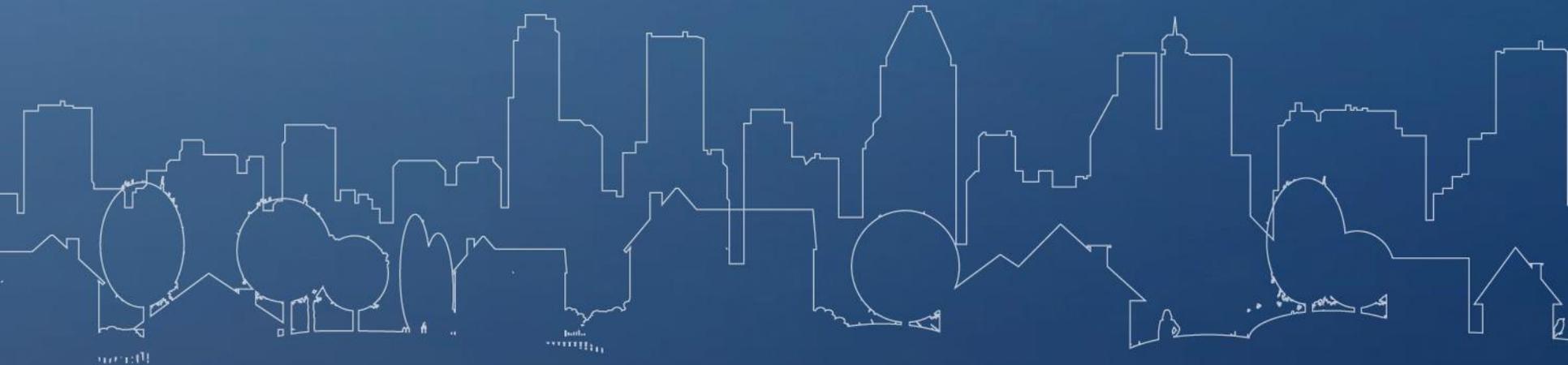
Alanna Kabel, CPD Director, Hartford Field Office
Bob Shumeyko, CPD Director, Boston Regional Office

NCDA Region I Spring Meeting
DCU Center, Worcester
April 6, 2016



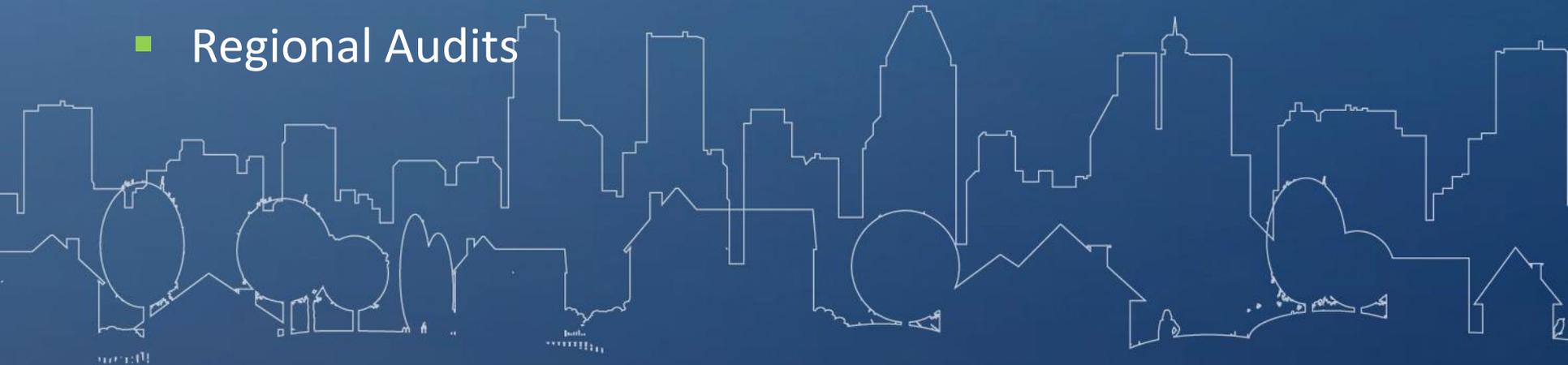
Overview

- HUD Office of Inspector General Audits
- Internal Controls
- A-133 Audits – CPD’s Process
- CDBG Timeliness Test
- Grant Based Accounting
- Affirmatively Furthering Fair Housing – CPD Memorandum
- Annual Action Plan Submissions



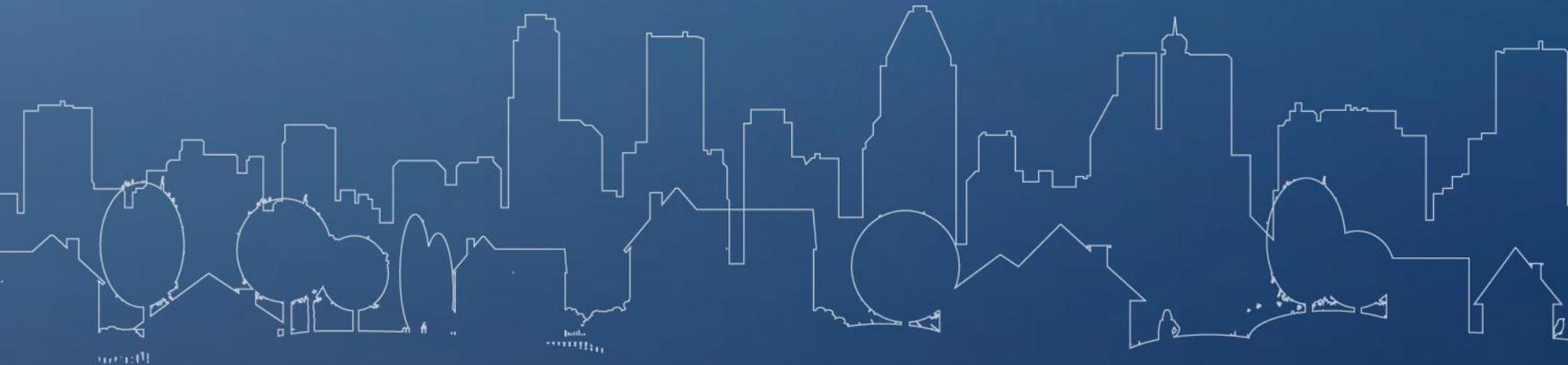
HUD Office of Inspector General Audits

- CDBG Acquisition and Disposition (01 and 02 Matrix Codes)
 - Open, completed and cancelled activities from 1992 to present
 - IDIS report is available
- Section 108 Loans
 - Loan recipients should have documentation of national objective compliance available
- HOME Homebuyer Activities
- Regional Audits



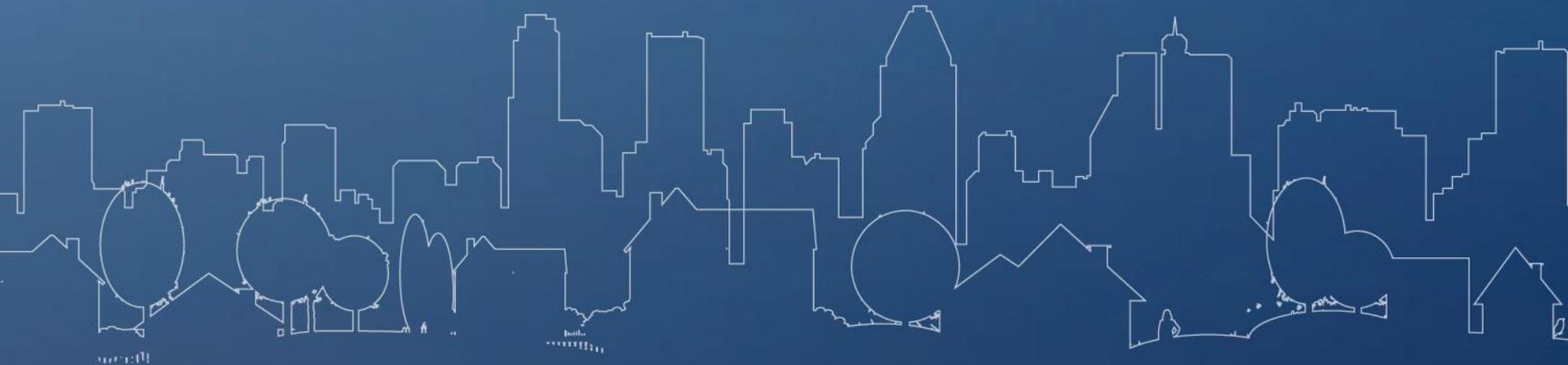
Internal Controls

- What are they and why are we talking about them?
- Internal controls are the combination of policies, procedures, job responsibilities, personnel and records that together create accountability in an organization's financial system and safeguard its cash, property and other assets.
- Include:
 - Checks and balances
 - Segregation of duties



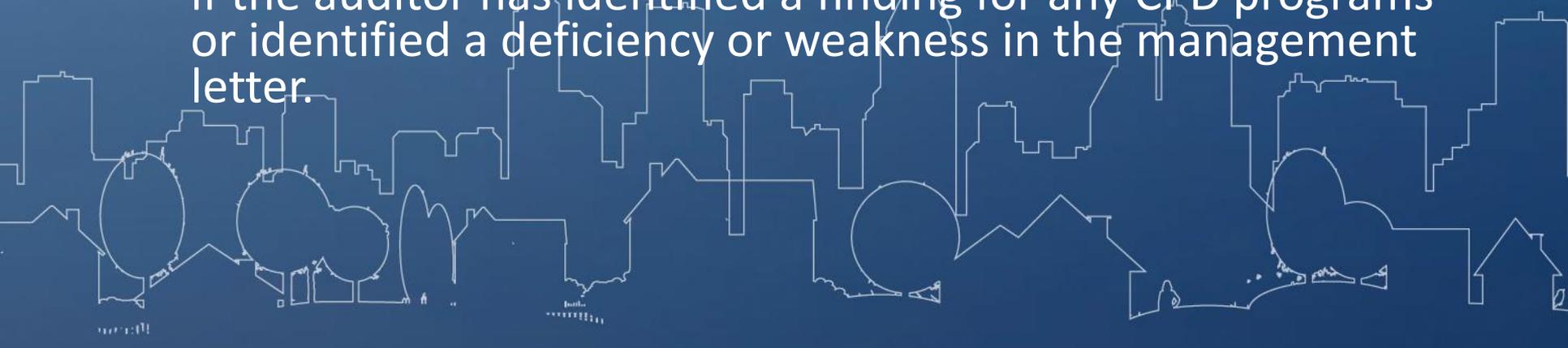
Internal Controls Continued

- Policies and procedures need to be reviewed and updated at least annually; procedures should include title of position responsible for each step in the process.
- Common monitoring finding: Grantees are not monitoring subrecipients' internal controls (e.g. policies and procedures).
- CPD has encountered many issues related to lack of internal controls recently.



A-133 Audits – CPD's Annual Process

- Why are we talking about this?
- Annually on March 1, CPD sends a memo to the Directors of all entitlement and competitive grantees to remind them that their A-133 audit is due in the Federal Audit Clearinghouse (FAC) within 30 days of the receipt of the auditor's report, but no later than 9 months after the end of the grantee's fiscal year (March 31 for most of Region I).
- CPD checks the FAC for A-133 audits monthly to throughout the year and daily during the month of March. Once an audit is posted, it is reviewed by CPD to determine if the auditor has identified a finding for any CPD programs or identified a deficiency or weakness in the management letter.

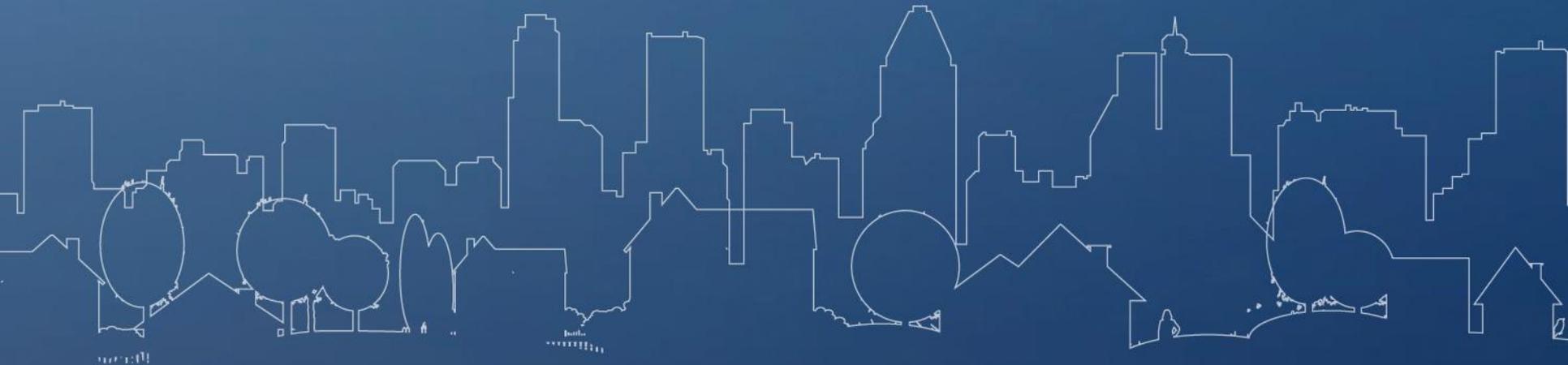


A-133 Audits – CPD's Annual Process Continued

- If there are findings, CPD will send a letter to the grantee identifying the finding(s) and the required corrective action(s). The grantee has 30 days to respond to CPD with the status of the corrective action(s).
- Once the grantee responds, CPD reviews the response against the required corrective action(s). If CPD is satisfied with the response, CPD will prepare another letter to the grantee to close the finding(s).
- If CPD is not satisfied or if the corrective action has not been addressed within the 30 day response period, CPD will send a letter stating that the finding(s) remain open until the corrective action has been addressed.
- Common monitoring finding: Grantees do not have written policies and procedures for the review of subrecipient audits.

A-133 Audits – CPD's Annual Process Continued

- CPD maintains a database of the receipt date of the A-133 audit in the FAC and all correspondence sent out and received by the grantee as well as when the finding(s) was closed.
- Common monitoring finding: Grantees do not have written policies and procedures for the review of subrecipient audits.



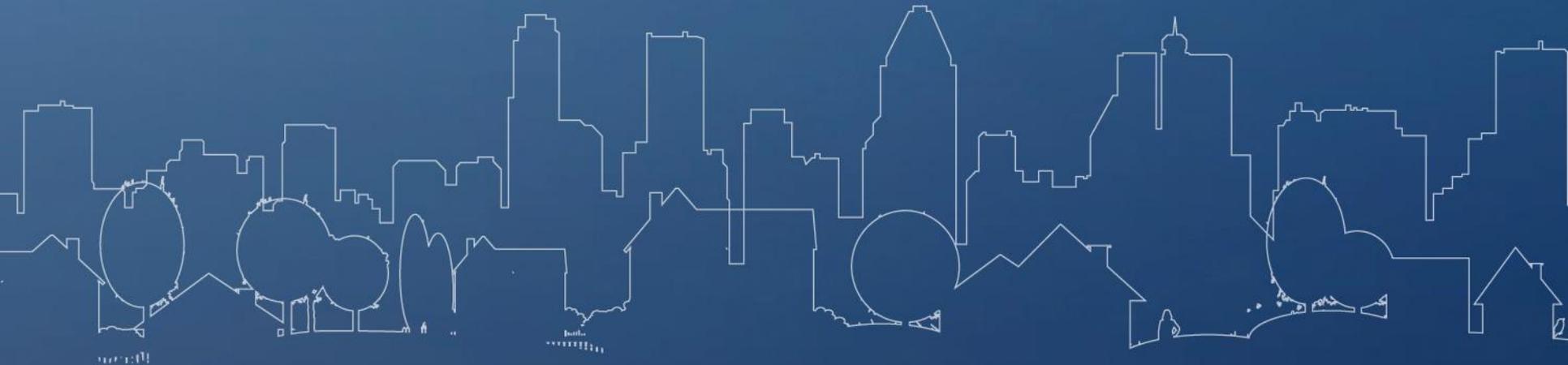
CDBG Timeliness Test

- Why is this important?
- “..a grantee is considered to be timely, if 60 days prior to the end of the grantee’s program year, the balance in its line-of-credit does not exceed 1.5 times the annual grant (24 CFR 570.920).
- Grantees should prepare Annual Action Plans with timeliness in mind and fund activities that are ready to proceed.
- CPD can work with you to improve planning and program design to be able to compensate for delays.
- If timeliness test is missed two years in a row, HUD will impose corrective actions that could include funds being recaptured or grants being reduced.



Grant Based Accounting Updates - HOME

- HUD must undertake rulemaking to change the method of determining compliance with HOME deadline requirements from a cumulative to a grant specific method.
- Going forward, HOME funds from each grant must be committed within 24 months of receiving the grant.
- An Interim Rule is currently being drafted and further IDIS changes are required to implement these changes.



Affirmatively Furthering Fair Housing Update

- CPD Memo of 3.14.2016 outlines revisions and additions to the **consolidated plan process, the consultation process and the citizen participation plan requirements** that are needed to incorporate the Assessment of Fair Housing (AFH) into the citizen participation plans.
- Consolidated plan process – Grantees are encouraged to collaborate to produce regional Assessments of Fair Housing (AFH) and this memo outlines the process, including:
 - Participants that intend to collaborate must notify the appropriate FHEO Regional Director and provide a copy of the required collaborative agreement; and
 - A jurisdiction may either shorten or lengthen its program year to align its consolidated plan cycle with collaborating partners; the request must be approved by the Field Office.

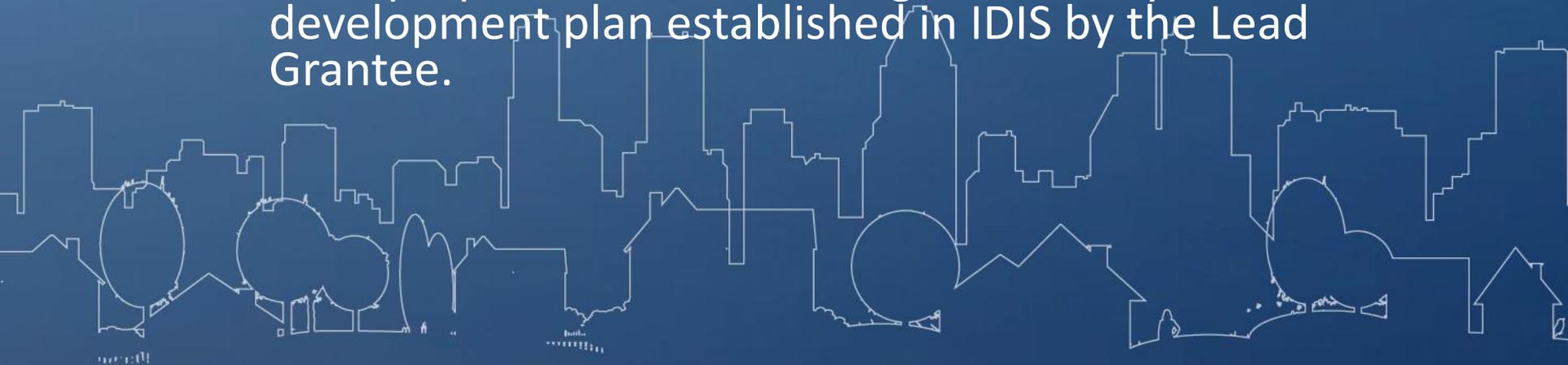
Affirmatively Furthering Fair Housing Update Continued

- New consultation requirements for both the AFH and the consolidated plan, including:
 - Community-based and regionally-based organizations that represent protected class members, and organizations that enforce fair housing laws; and
 - Regional government agencies, including local government agencies with metropolitan-wide planning and transportation responsibilities.
- Also includes additional consultation with Public Housing Authorities in the jurisdiction on strategies for AFFH and on proposed actions to AFFH in the consolidated plan.
- Under the new AFFH rule, a grantee's citizen participation plan will need to be amended prior to the initiation of the AFH process.



Annual Action Plan Submittals

- The Annual Action Plan Completeness Checklist will be distributed soon. All grantees are required to submit the AAP through the eCon Planning Suite in IDIS.
- For HOME Consortia:
 - Lead Grantees – Lead member that receives HOME funds directly from HUD – is responsible for submitting the plan on behalf of the Consortium; and
 - Participating Grantees – Consortium members that receive CDBG, ESG and/or HOWPA directly from HUD – must prepare the non-housing community development plan established in IDIS by the Lead Grantee.



Questions and Answers

Thank you for your participation!

