

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Business Review Guidance

to Complete

Administrative and Financial Requirements

Fiscal Year 2018/2019 Community
Compass Technical Assistance and
Capacity Building program

HUD's Technical Assistance Division

FY2018/2019 Administrative and Financial Requirements

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I. OVERVIEW

- A. This document identifies administrative and financial (A&F) requirements under the FY 2018/2019 Community Compass Technical Assistance and Capacity Building NOFA.
- B. Selected applicants must comply with federal administrative requirements and cost principles. The administrative requirements and the cost principles apply to the selected applicant as well as to sub-recipients performing work under these cooperative agreements. Selected applicants are expected to read this information thoroughly and to refer to the references in Appendix E as needed.

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II. FINANCIAL MANAGEMENT AND AUDIT STANDARDS

- A. Selected applicants are required to comply with financial management standards for funds control and accountability, as specified in 2 CFR 200.302 and 2 CFR 200.303.
- B. Selected organizations that expend \$750,000 or more in **federal funds** during any fiscal year of the term of this cooperative agreement must comply with the Single Audit requirement included in 2 CFR 200.501(b). This applies to all organizations, including states and local governments, nonprofits, educational institutions, and commercial/for-profit entities.
- C. Selected applicants that expended \$750,000 or more in their most recent fiscal year must submit a copy of the organization's most recent audit, including:
 - i. Financial Statements, Schedule of Expenditures of Federal awards;
 - ii. Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards;
 - iii. Report on Compliance with Requirements Applicable to each Major Program and Internal Control Over Compliance
 - iv. Summary Schedule of Findings and Questioned Cost of Prior Year Findings; and
 - v. Corrective Action Plan if there were audit findings.
- D. Selected applicants that will expend less than \$750,000 in **federal funds** in every year of the term of this cooperative agreement that choose to have an audit should submit a copy of the organization's most recent audit.
- E. HUD does not participate in the cost of an audit for an organization that expends less than \$750,000 in federal funds during a fiscal year of the term of this cooperative agreement.
- F. Selected applicants who have not previously received a Community Compass award through HUD are required to submit sample financial reports from their financial management systems that demonstrate 2 CFR 200.302 and 2 CFR 200.303 conformity and support the accounting/financial management certification statements found in Appendix A.

III. INDIRECT COSTS

- A. Selected applicants are required to resubmit the Indirect Cost Rate Summary form (Appendix B) if there have been changes to your indirect cost rate since submitting your 2018/2019 application.
- B. At application, selected applicants charging indirect or overhead costs submitted one of the following:
 - i. Documentation of an approved rate signed by the cognizant federal agency, or

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- ii. Documentation of an approved rate, based on current financial information, negotiated with HUD's Office of the Chief Procurement Officer (OCPO).
- C. According to 2 CFR 200.414(f), selected applicants that never received a negotiated indirect cost rate, except those described in Appendix VII to Part 200, paragraph D.1.b, may elect to charge a de minimis rate of 10% of modified total direct costs (MTDC), which may be used indefinitely. If chosen, this methodology once elected must be used consistently for all Federal awards until such time as a non-Federal entity chooses to negotiate for a rate, which the non-Federal entity may apply to do at any time.
- D. Selected applicants that do not have an approved Indirect Cost Rate may submit an Indirect Cost Rate Proposal and Indirect Cost Rate Summary to HUD. Both the proposal and Indirect Cost Rate Summary (Appendix B) should be submitted with the A&F package, if available.
 - i. Selected applicants will ensure submitted ICRs are current.
 - ii. Timeline guidance pertaining to ICR's can be found in 2 CFR 200 Appendix IV—Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Nonprofit Organizations, C2c, and 2 CFR 200.414g, Indirect (F&A) costs.
 - iii. Selected applicants with an indirect cost rate are required to update Indirect Cost Rates at the end of each fiscal year, unless they requested a one-time request to use the indirect rate for up to four years.

IV. PROCUREMENT STANDARDS

- A. Selected applicants must submit their organization's procurement policy and that policy must comply with 2 CFR 200.318-326. All contractor and consultant agreements must comply with Federal procurement policy and contain provisions identified in 2 CFR 200.326.
- B. Existing TA Providers that have procurement policies that were certified during the 2017 Community Compass Competition may submit a written statement certifying that their policy has not changed; or, if the procurement policy has changed, submit the new policy for HUD review.
- C. Applicants without a Community Compass certified procurement policy must submit their organization's procurement policy that clearly describes the following:
 - i. Identify the individual(s) with the authority to make purchases on the company's behalf.
 - ii. Include written guidelines for product or service selection.
 - iii. Describe how the bid process will work and how many bids must be obtained for each opportunity by threshold (e.g. micro--<\$10K, simplified acquisition--<\$250K), if applicable.

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- iv. Stipulate how often contracts are monitored and evaluated.
- v. Establish confidentiality guidelines for proprietary information and intellectual property (e.g. TA tools, products and trainings).

V. PROHIBITION OF PROFIT/FEE

- A. Selected applicants must certify that no increment above cost, no fee or profit, will be paid to the organization, or to any subcontractors or consultants.

VI. COMPENSATION POLICY and LABOR RATES FOR STAFF, CONSULTANTS, AND SUBCONTRACTORS

- A. Pursuant to the Federal cost principles, labor rates charged to the Federal Government may not be higher than those paid by others for similar work. HUD will determine the reasonableness of and approve all rates in accordance with applicable Federal cost principles.
- B. Selected applicants without a Community Compass certified compensation policy must submit their organization's compensation policy or comparable documentation that clearly describes/explicitly states the following:
 - i. Compliance with the Fair Labor Standards Act (FLSA).
 - ii. Different types of compensation (e.g. Base Pay, commissions, Overtime pay, Bonuses, profit sharing, merit pay, stock options, travel/meal/housing allowance) covered by the policy used to determine whether pay is competitive and comparable to like organizations for like work. *For example, organizations may use a collection of salary and market data that may include average salaries, inflation indicators, cost of living indicators, etc. Companies may purchase results of surveys conducted by survey vendors or may conduct their own salary surveys. Surveys may be conducted within a specific industry or across industries as well as within one geographical region or across different geographical regions.*
- C. Existing TA Providers that have compensation policies that were certified during the 2017 Community Compass Competition may submit a written statement certifying that their policy has not changed; or, if the compensation policy has changed, submit the new policy for HUD review.
- D. New applicants must request wage approval for staff, contractors, or consultants. Rates are not effective until approved by HUD. The latest Wage Rate Guidance can be found in Appendix C for your review and reference. Staff, consultants and contractors with rates \$200 and greater, are considered high wage and require additional justification.

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Awardees must complete the High Rate Worksheet (see below), including a description of the individual's expertise, value to the team, estimated number of annual hours and total cost. Requests to add rates for contractors and consultants must be based on the organization's procurement policy and applicable regulations.



High Rate Worksheet
2019-06-01.xlsx

VII. CODE OF CONDUCT

- A. As required by the NOFA, selected applicants must follow written standards of conduct. Selected applicants submitted their code of conduct at application but must resubmit with the A&F package if there have been any changes to the code of conduct since submitting at application. The code or covering document should be on letterhead and include contact information for a senior authorized official (e.g., CEO, Exec. Director, Board Chairperson).
- B. The Code of Conduct must:
 - i. Prohibit real and apparent conflicts of interest that may arise among officer, employees, or agents.
 - ii. Prohibit the solicitation and acceptance of gifts or gratuities by officers, employees, or agents, and 2) prohibit the acceptance of gifts or gratuities by officers, employees, or agents for their personal benefit in excess of minimal value.
 - iii. Provide for administrative and disciplinary actions available to remedy violations of such standards.
 - iv. Prohibit organizational conflict of interest, if applicable.
 - a. If the Non-Federal Entity (NFE) has a parent, affiliate, or subsidiary organization that is not a state, local government, or Indian Tribe, the NFE must also maintain written standards of conduct covering organizational conflicts of interest. "Organizational conflicts of interest" means that because of relationships with a parent company, affiliate, or subsidiary organization, the NFE is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization.

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Appendix A. Financial and Management Certification

By initialing each item and signing the certification, the selected applicant, in accordance with requirements for receiving a cooperative agreement under the Community Compass Technical Assistance and Capacity Building program, certifies that the organization:

Initials	Certification Statement
_____	1. Has a financial management system that meets prescribed standards for funds control and accountability as found in 2 CFR 200.302;
_____	2. Has a financial management system that can provide a comparison of expenditures with budget amounts for each HUD award;
_____	3. Used a method to develop the indirect cost rate developed and the allocation of indirect costs under this award that is in accordance with generally accepted accounting principles and those principles are consistently applied;
_____	4. Has an accounting record system able to identify HUD programs and awards received and expended by specifying, as applicable, the Catalog of Federal Domestic Assistance (CFDA) title and number, HUD award identification number and year, HUD's agency name as the awarding agency;
_____	5. Has an accounting record system that contain information on HUD grant awards, authorizations, obligations, unobligated balances, assets, liabilities, expenditures, program income, and interest;
_____	6. Enters an encumbrance/obligation in its accounting records when contracts are executed, purchase orders issued;
_____	7. Identifies expenditures in its accounting records according to eligible activity classifications specified in the statute, regulations, or grant agreement that clearly identify the use of program funds for eligible activities;
_____	8. Has a history of and will continue to maintain adequate control over all funds, property, and other assets to ensure they are used solely for authorized purposes;
_____	9. Follows written procurement procedures and standards that comply with 2 CFR 200.317-.326;
_____	10. Will not use HUD funds as payment to this entity or to subcontractors or consultants for any increment above cost. No fee or profit will be paid by HUD under this award.
_____	11. Will not receive HOME funds in excess of 20% of its operating budget for any one-year period under the subject cooperative agreement, if applicable;

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12. Pays compensation for employees who are engaged in work on federal awards at rates that are no more than the rates for similar work on non-federal activities;
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13. Will incur and bill travel costs under these cooperative agreement awards at rates and costs that are no higher than the rates and costs that are normally allowed in this organization's regular operations for non-federally sponsored activities and that these rates are no higher than the FTR prescribed by GSA, except as pre-authorized by HUD in writing and acknowledges that only coach rates are allowable;
-
14. Has an internal control system with clearly articulated lines of responsibility for HUD awards that written in policy / organization charts and that has duties and responsibilities segregated (to the extent practicable) so that no one individual has complete authority over a financial transaction (see 2 CFR 200.303);
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15. Has no outstanding delinquent federal debts;
-
16. Will comply with the Drug-Free Workplace Act of 1988;
-
17. Will comply with requirements of the Privacy Act of 1974;
-
18. Has submitted all forms, certifications, and assurances that are listed in the NOFA;
-
19. Has obtained evidence of proposed subcontractors' past pattern of compensation. This evidence includes the proposed subcontractors' customary rates, including rates on non-government contracts or cooperative agreements;
-
20. Has obtained evidence of the qualifications of the individuals or organizations rendering the services;
-
21. Has determined from the evidence that the individual or organization has a recent history and pattern of actually having been paid at the proposed rate by their clients, including for-profit organizations, non-profit organizations, and governments, excluding HUD;
-
22. Has determined that the rates the organization has negotiated are consistent with the best/lowest customary rates that were negotiated by the proposed individual or organization's prior clients;
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23. Has obtained a certification from each proposed individual or organization that states that their compensation rates for work on federal work is the same as that paid for similar work on non-federal activities; and
-
24. Has taken reasonable measures to safeguard protected personally identifiable information (PII) and other information that HUD or a pass-through entity designates as sensitive, or the recipient considers sensitive, consistent with applicable Federal, state, local, and tribal laws regarding privacy and obligations of confidentiality.
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Certified by:

Signature of Authorized Representative or Designee

Print Name of Authorized Representative or
Designee

Organization Name

Date

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Appendix B. Administrative and Financial Information References

1. Electronic Code of Federal Regulations (eCFR) is available at www.ecfr.com.
2. The 2018/2019 Community Compass NOFA:
https://www.hud.gov/sites/dfiles/SPM/documents/FR-6200-N-06-CCTA_CBP.pdf
3. Administrative Requirements
 - For all entities including commercial/for-profits, non-profits, and institutions of higher learning:
 - 2 CFR Part 200 (Subpart A, B, C, D)
4. Cost Principles
 - 2 CFR Part 200 Subpart E
 - Federal Acquisition Regulations (FAR), 48 CFR Part 31.2, Cost Principles for Commercial Organizations
5. Audits
 - For all entities including commercial/for-profits, non-profits, and institutions of higher learning:
 - 2 CFR Part 200 Subpart F
6. Travel
 - Applicable Federal Travel Regulations (FTR), prescribed by the General Services Administration, can be found at 41 CFR chapters 300-301.