

DEPARTMENT OF HOMELAND SECURITY

GRANTS, COOPERATIVE AGREEMENTS,
AND OTHER TYPES OF ASSISTANCE

PROGRAMS



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**Department of Homeland Security
Mission**

DHS will lead the unified national effort to secure America through the.....

- Prevention and deterrence of terrorist attacks
- Protection against and response to threats and hazards to the nation
- Ensured safe and secure borders,
- Welcome of lawful immigrants and visitors
- Promotion of free-flow commerce



DHS ASSISTANCE PROGRAMS

- **PREPAREDNESS:** Programs designed to assist States, American Territories and Local and Indian Tribal Governments in an effort to be better prepared in their response to acts of terrorism or natural disasters.
- **PROTECTION:** Programs that provide resources to assist in the protection of our nation.
- **RESPONSE:** Programs that provide resources in response to terrorist attacks or events of natural disaster.
- **RECOVERY:** Programs that provide assistance in recovery efforts to States, American Territories and Local and Indian Tribal Governments in the aftermath of terrorist attacks or natural disasters.
- **MITIGATION:** Programs that provide assistance in the prevention and/or reduction of damage caused by disaster.
- **RESEARCH:** Programs that provide funding to conduct research, development, testing and evaluation of technologies related to the DHS mission.



PREPAREDNESS PROGRAMS

Programs designed to assist States, American Territories and Local and Indian Tribal Governments in an effort to be better prepared in their response to acts of terrorism or natural disasters.

- Planning
- Equipment
- Training
- Exercise
- Technical Assistance



PROTECTION PROGRAMS

PROTECTION: Programs that provide resources to assist in the protection of our nation.

- Equipment
- Property
- Funding to assist local government law enforcement agencies
- Training
- Technical Expertise



RESPONSE

Programs that provide resources in response to terrorist attacks or events of natural disaster.

- Emergency Food and Shelter
- Debris Removal
- Urban Search and Rescue
- Emergency Medical Supplies
- Crisis Counseling



RECOVERY

Programs that provide assistance in recovery efforts to States, American Territories and Local and Indian Tribal Governments in the aftermath of terrorist attacks or natural disasters.

- Individual Assistance

- Infrastructure Assistance to State, Local and Indian Tribal Governments



MITIGATION

Programs that provide assistance in the prevention and/or reduction of damage caused by disaster.

- Individual Assistance through Community Projects

- Infrastructure Assistance to State, Local and Indian Tribal Governments



RESEARCH

Programs that provide funding to conduct research, development, testing and evaluation of technologies related to the DHS mission.

- Research
- Technical Assistance
- Outreach and Education
- Evaluation, Testing, Demonstration
- Student Financial Assistance



TYPES OF ASSISTANCE AWARDS

FINANCIAL ASSISTANCE PROGRAMS

Formula (Mandatory) Awards: Allocations of money to States or their subdivisions in accordance with distribution formulas prescribed by law or administrative regulation. (Earmark Awards: Funding prescribed by law to a non-Federal recipient.)

Project Awards: The funding awarded for fixed or known periods of time for specific projects. Project grants can include fellowships, scholarships, research grants, training grants, traineeships, experimental and demonstration grants, evaluation grants, planning grants, technical assistance grants, survey grants, and construction grants.

- **Competitive Awards:** Funding provided to non-Federal recipient through a competitive application process.
- **Non-Competitive Awards:** Funding provided to non-Federal recipients by Federal agency selection.
- **Cooperative Agreements:** A grant award that includes substantial Federal involvement in the implementation of the project.
- **Reimbursable Awards:** Funding provided to a non-Federal recipient based on a scope-of-work that must be completed or costs that must occur prior to payment of the award.

Direct Assistance: Financial assistance provided directly to individuals to encourage or subsidize a particular activity.

Loans: Financial assistance provided through the lending of Federal monies for a specific period of time, with a reasonable expectation of repayment. Such loans may or may not require the payment of interest.

Insurance: Financial assistance provided to assure reimbursement for losses sustained under specified conditions. Coverage may be provided directly by the Federal government or through private carriers and may or may not involve the payment of premiums.



TYPES OF ASSISTANCE AWARDS

NON-FINANCIAL ASSISTANCE PROGRAMS

Property Grants: The sale, exchange, or donation of Federal real property, personal property, commodities, and other goods including land, buildings, equipment, food and drugs.

Property Loans: The loan of, use of, or access to Federal facilities or property. Loans may include real property, personal property, commodities, and other goods including land, buildings and equipment. The property will be returned to the Federal government.

Training: Instructional activities conducted directly by a Federal agency for individuals not employed by the Federal government.



DHS ASSISTANCE AWARD DISTRIBUTION

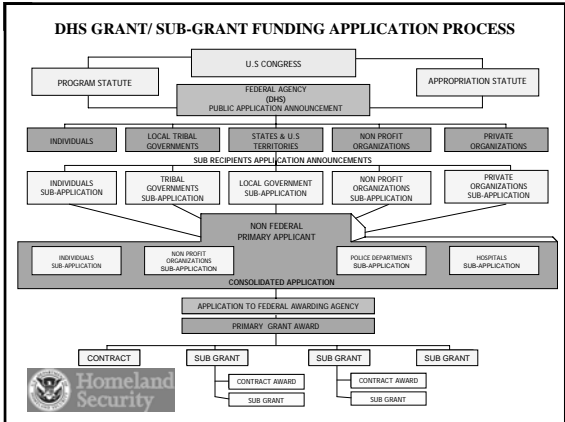
- **Direct Awards:** Awards made directly to non-Federal entities (e.g. States, Local and Indian Tribal Governments, Profit and Non-Profit Organizations and Individuals).

For example: DHS awards a Port Security Grant to the City of Los Angeles to install security lighting at a city dock.

- **Awards/Sub-Awards:** Awards made to non-Federal entities that award sub-grants to other non-Federal entities.


For example: DHS awards a Public Assistance Grant to Florida who in turns awards sub-grants to several counties to repair damage to city streets caused by a hurricane.






ASSISTANCE PROGRAMS REQUIREMENTS

- Federal Statute – Program, Appropriation, Other
- State and Local Statutes
- Regulations
- Federal OMB Circulars and Directives
- Terms and Conditions of the Award



FEDERAL GRANT AND COOPERATIVE AGREEMENT ACT
(P.L. 97-258 31 U.S.C. 6301)

- **Sec. 6303. Using Procurement Contracts**
 - An executive agency shall use a Procurement contract as the legal instrument reflecting a relationship between the United States Government and a State, a local government, or other recipient when
 - (1) The principal purpose of the instrument is to acquire (by purchase, lease, or barter) property or services for the direct benefit or use of the United States Government; or
 - (2) The agency decides in a specific instance that the use of a procurement contract is appropriate.



**FEDERAL GRANT AND COOPERATIVE
AGREEMENT ACT
(P.L. 97-258 31 U.S.C. 6301)**

> **Sec. 6304. Using Grant Agreements**

- An executive agency shall use a grant agreement as the legal instrument reflecting a relationship between the United States Government and a State, a local government, or other recipient when
 - (1) The principal purpose of the relationship is to transfer a thing of value to the State or local government or other recipient to carry out a public purpose of support or stimulation authorized by a law of the United States instead of acquiring (by purchase, lease, or barter) property or services for the direct benefit or use of the United States Government; and
 - (2) **Substantial involvement is not expected between the executive agency and the State, local government, or other recipient when carrying out the activity contemplated in the agreement**



**FEDERAL GRANT AND COOPERATIVE
AGREEMENT ACT
(P.L. 97-258 31 U.S.C. 6301)**

> **Sec. 6305. Using Cooperative Agreements**

- An executive agency shall use a cooperative agreement as the legal instrument reflecting a relationship between the United States Government and a State, a local government, or other recipient when
 - (1) The principal purpose of the relationship is to transfer a thing of value to the State, local government, or other recipient to carry out a public purpose of support or stimulation authorized by a law of the United States instead of acquiring (by purchase, lease, or barter) property or services for the direct benefit or use of the United States Government; and
 - (2) **Substantial involvement is expected between the executive agency and the State, local government, or other recipient when carrying out the activity contemplated in the agreement.**



DHS COMPLIANCE SUPPLEMENT PROGRAMS

PREPAREDNESS PROGRAMS:

97.008 URBAN AREA SECURITY INITIATIVE (FY 2005 incorporated into 97.067 Homeland Security Grant Program)

(16.007) 97.004 State Domestic Preparedness Equipment Support Program

FY 2003 consolidated into State Homeland Security Grant Program without a new CFDA number.

97.067 Homeland Security Grant Program

FY 2005 Established as a consolidated grant for preparedness programs:

97.004 State Domestic Preparedness Equipment Support Program = 97.073 State Homeland Security Program

97.008 Urban Area Security Initiative

97.042 Emergency Management Performance Grants (FY 2005 only)

97.053 Citizen Corps

97.073 State Homeland Security Program

97.074 Law Enforcement Terrorism Prevention Program

97.071 Metropolitan Medical Response System

DISASTER PROGRAMS:

97.036 Public Assistance (Presidentially Declared Disasters)

97.039 Hazard Mitigation Grant Program

97.109 Disaster Housing Assistance Program

IN-SOURCE PROGRAM:

11.555 Public Safety Interoperable Communication Grant Program

DOC owns the program/DHS/FEMA is the awarding office



DHS CHALLENGES

- Cost-share/Match is not identified
- Tracking funding to funding source by CFDA and/or Disaster number
- Commingling funds by project
- Property received within the fiscal year
- Sub-recipient monitoring
- Audit Extensions





Auditing HUD Programs
September 16, 2008

Wendell Conner, CPA
Housing and Urban Development (HUD)
Director, Quality Assurance Subsystem

Today's Topics

- Asset Management Reporting Model
- Revisions to PHAS
- Transition year submissions
- Section 8 only FASS submissions
- Single Audit Quality

Asset Management

- Published in Federal Register on Sept. 19, 2005
- Amends 24 CFR Part 990
- Provides new formula for distributing operating subsidy to PHAs
- Requires PHAs to convert to asset management

Asset Management

Year 1 Project-Based Budgeting and Accounting	
PHA FYE	Compliance Date
June	Jul 1, 2007 – Jun 30, 2008
September	Oct 1, 2007 – Sep 30, 2008
December	Jan 1, 2008 – Dec 31, 2008
March	Apr 1, 2008 – Mar 31, 2009

Audit Requirements

- Requirements set by the Single Audit Act and OMB Circular A-133 still apply
- Only entity-wide audit required
- Auditors need only provide an “in relation to” opinion on the supplemental FDS schedule
- Further auditor requirements will be developed in the A-133 Compliance Supplement

New Reporting Requirements

- PIH Notice 2007-9 – *“Changes in Financial Management and Reporting for Public Housing Agencies Under the New Operating Fund Rule”*
- HUD Asset Management website:
<http://www.hud.gov/offices/pih/programs/ph/am/>

Reporting Requirements

- Basic financial statements still required
- Follow GAAP reporting model
- Reporting requirements are set by UFRS regulations at 24 CFR Part 5, Subpart H
- Basic financial statements are PHA management's responsibility

Financial Data Schedule (FDS)

- Form developed to compute PHAS financial indicator score
- Not a financial statement - designed to capture supplemental financial data
- FDS must be consistent with data reported in the basic financial statements



Purpose of Revised FDS

- Provide supplemental financial data at the project level
- Used to assess the financial health of PHAs
- Provide management with operations data necessary to conduct asset and project management

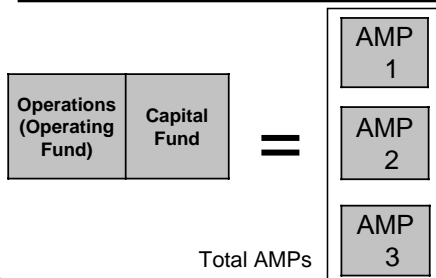
Historical FDS Reporting Model

Financial Statement	Funds					Entity Wide Total
	Operating Fund	Capital Fund	HCV	Rural Housing	Business Activity	
Balance Sheet						
Assets						
Liabilities & Net Assets/Total Equity						
Income Statement						
Revenue						
Expenses						

Revised FDS

- One column for each AMP
- Statement of net assets and statement of revenues and expense
- Operating Fund and Capital Fund data consolidated by AMP
- All other programs reported by separate columns

AMP Reporting Model



SN1 This is not quite clear to me. If you think this is obvious to the audience, then plz ignore my comment.
Subhrangshu Nandi, 1/16/2007

AMP Grid - Income Statement

Asset Management Projects			
AMP 1	AMP 2	AMP 3 (Mixed Finance)	Other AMP

Financial Statement	Total AMP 1	Operating	Capital Fund
Income Statement	= A + B	A	B
Revenue			
Expenses			

Total AMPs Column

Total AMPs =
A+B+C+D

Financial Statement	AMP 1	AMP 2	AMP 3 (Mixed Finance)	Other AMP
Balance Sheet	A	B	C	D
Assets				
Liability & Equity				
Income Statement				
Revenue				
Expenses				

Revised Reporting Model

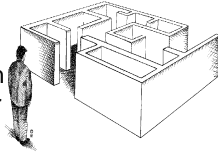
Financial Statement	Funds					Entity Wide Total
	Total AMPs	HCV	Rural Housing	COCC	Elimination	
Balance Sheet	A	B	C	D	E	= A+B+C+D+E
Assets						
Liabilities & Net Assets/Total Equity						
Income Statement	A	B	C	D	E	= A+B+C+D+E
Revenue						
Expenses						

COCC Grid – Income Statement

Funds					Entity Wide Total
Total AMPs	HCV	Rural Housing	COCC	Eliminations	
Financial Statement	COCC Total	COCC Operations	Capital Fund		
Income Statement	= A + B	A	B		
Revenue					
Expenses					

Elimination Column

- The Elimination column will be used to remove internal transactions between the COCC and either AMPs or programs.



Revisions to PHAS

- Proposed rule issued on Aug 21, 2008 (73 FR 5094-P01)
- Proposes changes to PHAS scoring and substantial default determination
- Comment period ends October 20, 2008
- Revised to emphasize new asset management focus

Current vs. Proposed Indicators

Current PHAS	Proposed PHAS
1. Physical	1. Physical
2. Financial	2. Financial
3. Management Operations	3. Management Operations
4. Resident Service and Satisfaction	4. Capital Fund

Scoring

Current PHAS		Proposed PHAS	
Indicator	Points	Indicator	Points
Physical	30	Physical	30
Financial	30	Financial	20
Management Operations	30	Management Operations	40
Resident Service and Satisfaction	10	Capital Fund	10
Total	100	Total	100

Scoring

- Appendices published with proposed rule
- Physical, financial and management operations scores based on unit-weighted average of project scores
- Capital Fund score is based on PHA-wide performance
- Scores for management reviews, like physical inspections, are carried over when no review is conducted during subject year

Classifications

24 CFR 902.11

- **High Performing:** PHA overall score of 90% or greater
- **Standard:** PHA overall score of at least 60% and at least 60% for each of the four PHAS indicators
- **Substandard:** PHA overall score of at least 60% and a score of less than 60% under one or more of the physical, financial or management operations indicators
- **Troubled:** PHA overall score of less than 60% or fail the Capital Fund indicator

Classifications (con't)

- Substandard is no longer troubled
- No "overall" PHAS score for each project, only separate indicator scores for physical, financial, and management operations
- No "troubled" projects

Physical Indicator

- No change in the protocol for independent inspections
- No change in the frequency of inspections; projects (not PHAs) that score 80 would be inspected every other year
- Inspections performed based on projects

Financial Indicator

- Measures financial condition of projects
 - Quick Ratio (QR)
 - Months Expendable Net Assets Ratio (MENAR)
 - Debt Service Coverage Ratio (DSCR)

Financial Indicator

- No entity-wide scoring (LR and Cap Fund only)
- No peer ratios
- Accounts receivable, rent collection, and expense management moved to management operations indicator

Transition Year Submissions

- Software ready Oct 2008
- No PHAS score during transition year
- Goal is to issue scores in the second year
- Physical inspection will continue in transition year
- MASS certification not required in transition year



Transition Year Submissions

- Financial submissions still required
- No financial score will be issued
- Revised version of FDS will be used during transition year
- Submissions due 3 months from when software is released
- Unaudited submission due within 3 months after FYE

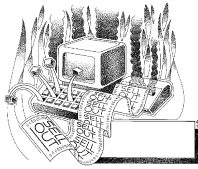
Implementation of New PHAS

PHA FYE	Pre Transition Year PHAS Scoring – Last PHAS score	Implement Project Based Accounting and Budgeting (Transition Year)	Implementation of New Scoring
6/30	7/1/06 - 6/30/07	7/1/07 - 6/30/08	7/1/08 - 6/30/09
9/30	10/1/06 – 9/30/07	10/1/07 – 9/30/08	10/1/08 – 9/30/09
12/31	1/1/07 – 12/31/07	1/1/08 – 12/31/08	1/1/09 – 12/31/09
3/31	4/1/07 – 3/30/08	4/1/08 – 3/30/09	4/1/09 – 3/30/10

Sec 8 Only FASS Submissions

- Notice PIH 2006-03, Jan 2006
- Reminded HCV program participants of requirement to file under UFRS
- Provided for imposition of penalties for failure to submit financial information
- Eliminate year-end settlement form

Sec 8 Only FASS Submissions



- Created reporting issues for certain entities that administered HCV programs
- FASS designed for "entity-wide" reporting
- Notice PIH 2008-9 (Jan 2008) issued to clarify reporting requirements

Sec 8 Only FASS Submissions

- Stand alone reporting entity (primary government)
- Component unit (own audit)
- Program administered by a nonprofit agency (HCV = < 50% of activities)
- Program administered by a state or local government

Sec 8 Only FASS Submissions

- HCV not a major fund
- HCV not a major program
- Single Audit may not meet HUD's programmatic needs
- HUD may request an AUP engagement (paid by HUD)
- Not sure email: PIH_Financial_Management_Division@hud.gov



Sec 8 Only FASS Submissions

Submission Type	Column 1 A-133	Column 2 A-133	Column 3 A-133
Component Unit *	No	Yes - without PHA separate audit	Yes - with PHA separate audit
Acct Method	Post GASB 34	Post GASB 34	Post GASB 34
Notes	Mandatory	Mandatory	Mandatory
Audit Information (Opinion)	Mandatory	Mandatory	Mandatory
Audit Information (Attachment)	Not Applicable	Not Applicable	Mandatory
Audit Findings	Mandatory	Mandatory	Mandatory
Action Plan **	Optional	Optional	Mandatory
NDRA*	Not Applicable	Not Applicable	Mandatory
Financial Statements ***	Not Applicable	Not Applicable	Mandatory

PCIE "Stat Sample" Report

- 24% of Stratum I "unacceptable"
- 36% of Stratum II "unacceptable"
- 52% of all audits were either "unacceptable" or had "significant deficiencies"
- Tests did not include financial statement audits only compliance

PCIE "Stat Sample" Report

Stratum	ACCEPTABLE		LIMITED RELIABILITY		UNACCEPTABLE		In Sample	In Universe
	In Sample	Point Estimate*	In Sample	Point Estimate*	In Sample	Point Estimate*		
I - Large	61	63.5%	12	12.5%	23	24.0%	96	85.2
II - All Other	54	48.2%	18	16.1%	48	35.7%	112	37.671
Total**	115	48.6%	30	16.0%	63	35.5%	208	36.523

* At the 90% confidence level, the margins of error range between ±3.3 and 7.8 percentage points.
 ** The Point Estimates for the Total were computed with formulas for a stratified random sample, which give more weight to Stratum II because it represents a much larger proportion of the universe.
 Due to rounding, these percentages do not add to exactly 100%.

Large = \$50 million or more in Federal Awards expended
 All Other = \$500,000 to \$50 million

PCIE "Stat Sample" Report

- HUD audits 24% of Stratum I
- HUD audits 27% of Stratum II
- HUD audits 25% of total sample
- HUD audits fared worse than population as a whole
- 62% either "unacceptable" or had "significant deficiencies"

PCIE "Stat Sample" Report

- Stratum I HUD – 48% acceptable
- Stratum I HUD – 13% significant deficiencies
- Stratum I HUD – 39% unacceptable
- Without HUD audits – 68% of Stratum I were acceptable

PCIE "Stat Sample" Report

- Stratum II HUD – 30% acceptable
- Stratum II HUD – 33% significant deficiencies
- Stratum II HUD – 37% unacceptable
- Without HUD audits in Stratum II – 55% were acceptable

PCIE "Stat Sample" Report

- 70% of HUD Stratum II audits either unacceptable or had significant deficiencies
- Total population had 52% either unacceptable or significant deficiencies



Statistical Estimates of Audit Quality

- Stratum II no HUD – 55% acceptable
- Stratum II no HUD – 10% significant deficiencies
- Stratum II no HUD – 35% unacceptable
- Without HUD audits in total population 61% were acceptable

Auditing HUD Programs