

CHAPTER 7. TYPE II COMPETITIVE FUNDING COMPONENT

7-1 OVERVIEW. The Type II funding component was eliminated in 1989 with publication of the revised FHAP Regulation, 24 CFR Part 111, May 9, 1989. However, administration of awards made under that component will continue until all Type II awards expire in March, 1991. The GTR/G/CAO responsibility for all Type II awards is in Headquarters. Wherever the RGTM is indicated, those responsibilities rest in the region. This chapter describes post award procedures for administering Type II Cooperative Agreements. It also describes monitoring award performance.

7-2 AMENDMENTS TO THE COOPERATIVE AGREEMENT.

- A. General. Following the award of a Cooperative Agreement, it may become necessary to amend the terms or conditions of the Cooperative Agreement to add or revise requirements. In such cases, HUD must prepare and issue an amendment.
1. The G/CAO is the only person authorized to amend a Cooperative Agreement on behalf of HUD.
 2. Amendments which affect the rights and obligations of either party shall be signed by the recipient and G/CAO.
 3. The Recipient shall not transfer funds among line item budget categories without the approval of the G/CAO, unless the cumulative amount of such transfer is less than 10% (but only if the HUD share exceeds \$100,000) of the Cooperative Agreement amount. In such cases, the recipient must notify the GTR and the RGTM of the action requested. The Regional Director for the Office of FHEO of HUD where the recipient is located is the RGTM.
- B. Types of Amendments: An amendment is any written change to the Cooperative Agreement after execution.
1. Administrative Amendment. An administrative amendment is one which does not affect the substantive requirements and provisions of the award. It only alters the administrative details of the award. Examples are changes in the name of the Government Technical Representative (GTR), the paying office, the address or telephone number of the recipient, or the funding code.
 2. Technical Amendment. A technical amendment is any substantive change which affects the technical provisions and requirements of the work to be performed under an assistance award. Examples are changes to the Statement

of Work, period of performance, delivery of products or services promised, delivery point, budget, or expansion of original effort with unexpended funds.

If the Recipient determines that there will be funds unexpended upon completion of the original effort under the Cooperative Agreement, a cost and technical proposal to expand the original effort may be developed and submitted to the G/CAO at least sixty (60) days in advance of the target date of completion for his/her approval.

- C. Processing Amendments. Requests for changes under a Cooperative Agreement award may originate with the recipient or HUD. Recipients should submit requests for changes in writing to the G/CAO with a copy to the RGTM. It shall be signed by an official with authority to bind the Recipient. Any work done by the grantee prior to the grant officer's approval is at the grantee's own risk. Any proposal for additional effort which is received after the target date for completion will be disapproved.
1. Although the GTR/RGTM has control over the technical aspects of the work to be performed under assistance agreements, the G/CAO is the only person authorized to amend a Cooperative Agreement on behalf of HUD. Therefore, prior to making any formal recommendation, the GTR should discuss with the G/CAO any proposed changes which affect the technical monitoring aspects or performance of an award.
 2. The GTR evaluates a proposed technical change in consultation with the RGTM. The GTR reviews the Statement of Work and applicable agreement requirements to be sure that the proposed change constitutes an actual modification within the general scope of the Cooperative Agreement. If the GTR agrees with the proposed change, the GTR will so advise the G/CAO in writing of the merits of the proposed change and prepare a request recommending that the change be made. If the GTR disagrees with the recipient's proposed change, the G/CAO will be so informed in writing with the reason for the negative recommendation.
 3. The recipient and GTR/RGTM should advise G/CAO of the need for administrative changes as soon as they recognize the need for such amendments.

4. The GTR must forward all proposed amendments to the G/CAO (or his/her authorized representative) who will communicate HUD's determination regarding such amendment to the recipient in writing.

5. The GTR shall provide a copy of all approved amendments to the RGTM.

D. Handling Requests for Extending Period of Performance. While all Type II assistance awards are expected to be completed within the terms of the performance period stated in the Cooperative Agreement, the G/CAO may extend the period of performance if the recipient can demonstrate that the final product(s)/deliverable(s) cannot be completed on time due to factors beyond its control.

1. A delay is excused when it is caused by a factor which is beyond the recipient's control and is not the result of his/her fault or negligence. Examples of excusable causes include acts of God (fire, flood, etc.) and acts of the government, such as, government delays in the furnishing of a report or delays in the review and acceptance of a particular phase of work or product deliverable, which may be imposed as a condition precedent to commencing activity on the next phase of work.
2. A delay is not excused if it is caused by a factor within the recipient's control and is the result of his/her fault or the result of negligence. In such cases, the G/CAO may grant the extension and permit the recipient to continue performance beyond the scheduled expiration date in a delinquent status, but not beyond a given date. This means that allowable costs will be recognized through the delinquent period up to the total amount of the agreement. Extensions may be granted if:
 - a. special or unusual circumstances will delay completion of the project beyond the original period of performance;
 - b. the recipient submits a request for the extension to the G/CAO within forty-five (45) days of expiration of the Cooperative Agreement;
 - c. the recipient sets forth the reasons why it needs an extension;
 - d. the extension does not violate any statute or regulation;

- e. the extension does not involve the obligation of additional Federal funds;
- f. the extension is not being requested to use unexpended resources; and

- g. the extension is needed to complete the effort described in the Cooperative Agreement.

7-3. VOUCHER SUBMISSION AND PROCESSING.

- A. General. All Type II Cooperative Agreements are set up on a "Cost-reimbursable Amount/Not to Exceed" basis. Standard Form 270 "Request for Advance or Reimbursement" (Appendix 19) is the form recipient agencies use to voucher for costs incurred during the period of performance of an award.
- B. Voucher Payment Procedure - Regular Procedure. Under this procedure, payments to recipients are made without the signature of the GTR, RGTM or G/CAO except for the final voucher, which must be approved by the GTR and G/CAO, with the concurrence of the RGTM.
 - 1. Recipients submit an original and two copies of their vouchers directly to the Office of Finance and Accounting (OFA) voucher examiner for direct payment, with copies to the G/CAO, the GTR, and the RGTM, as soon as the recipient incurs reasonable and allowable expenses during any phase of post-award implementation. Vouchering under this system is limited to no more than once a month. Recipients should mail vouchers directly to the Office of Finance and Accounting (OFA), at the address identified in block 13 of the cover page of the Cooperative Agreement.
 - 2. OFA holds a voucher for no more than 30 days prior to submission to the Treasury Department for payment. The voucher is "held" so that the RGTM and the GTR, may review his/her copy of the voucher for propriety, allowability, and reasonableness of expenditures. If OFA receives no notification from the G/CAO, RGTM, or GTR to the contrary, the OFA voucher examiner processes the voucher directly as submitted, provided:
 - a. the voucher contains a breakdown of elements of cost along with back-up data;
 - b. the vouchers are mathematically accurate; and
 - c. sufficient funds are available for disbursement.
- C. Voucher Payment - Disapproval Procedure. In the event a recipient fails to perform in accordance with the terms/conditions and special provisions of a Cooperative Agreement, the following procedures apply:

1. the GTR/RGTM will notify the Office of Procurement and Contracts (OPC) regarding his/her intent to disapprove payments;
2. the OPC will contact the OFA (voucher examiner) regarding the proposed disapproval;
3. the OFA will then withhold or suspend the amount in dispute until such time as the recipient brings its performance into compliance with terms/conditions and special provisions of the agreement.

7-4. GTR/RGTM REVIEW AND ANALYSIS OF VOUCHERS.

- A. General. The GTR/RGTM reviews and analyzes voucher submissions for timeliness, reasonableness, and propriety. While there is no requirement under the "fast pay" procedure that the GTR/RGTM approve interim vouchers, the recipient is required to submit a copy of the partial payment vouchers to the GTR, RGTM, and G/CAO simultaneously with the submission to OFA. Each voucher must be reviewed by the GTR/RGTM upon receipt. As the RGTM has been delegated the responsibility to monitor and approve interim reports and product deliverables, the RGTM has primary responsibility to review partial payment vouchers. Payments to recipients are made without signature of the GTR, RGTM or G/CAO except for the final voucher. The GTR and G/CAO must approve the final voucher with concurrence of the RGTM.
- B. Timeliness. While there is no requirement or schedule governing the timeliness of Type II voucher submissions under the fast payment system, the GTR/RGTM should monitor open Type II agreements from the date of the last Type II voucher. This is done to ensure that recipient agencies are vouchering throughout the award, during any month in which project related expenditures are occurring, or within a reasonable period after a recipient incurs an allowable expense under the assistance award. Type II vouchers should not be submitted more frequently than monthly. Generally, it is expected that a recipient will submit a voucher at least once every three (3) months.

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- C. Propriety. The GTR/RGTM should ensure that the voucher submission is:
 1. a request for reimbursement, not an advance;
 2. based on actual expenditures, not estimated outlays;
 3. accompanied by a break-out of expenditures incurred to date; and

4. correctly prepared. Major errors that are mathematical calculations should immediately be brought to the attention of the OFA voucher examiner and corrected by the agency and resubmitted.

D. Reasonableness of Voucher Submission. The GTR/RGTM must review the vouchers to ensure that expenditures claimed for reimbursement are reasonable and consistent with progress to date. If upon examination, the voucher reveals that an expenditure is unreasonable the GTR/RGTM will confer with the G/CAO prior to recommending that appropriate action be taken. In assessing whether requests for reimbursements are reasonable and consistent with project progress, the GTR/RGTM will determine what expenditures are being claimed for reimbursement, compare the voucher submission with the recipients' original budget, and analyze specific or line item expenditures.

The GTR/RGTM should request additional information from the recipient if:

1. information submitted with a voucher (elements of cost, break-out data), appears to have no connection with the project;
2. the information is not sufficient to support the claim for reimbursement;
3. expenditures appear to be unnecessary (based on the GTR/RGTM knowledge of the project itself) relative to completion of proposed tasks; or
4. costs appear to be out of proportion with progress to date;
5. costs appear to be out of proportion with the negotiated budget elements of cost.

E. Disapproving Vouchers. The GTR/RGTM is responsible for identifying any impropriety of costs claimed.

1. The GTR/RGTM may recommend disapproval of a voucher to the G/CAO in whole or in part, but only the G/CAO may disapprove payment, where:
 - a. costs do not appear to be reasonable and proper; and
 - b. documentation is insufficient or costs that do not appear to have any connection with the project are the basis for disapproval of all or part of the voucher.

2. The GTR/RGTM must inform the recipient, of his/her intent to disapprove payment. The GTR will contact OPC and OFA regarding the proposed disapproval. OFA will then suspend the amount in dispute until the issues are resolved. In most instances, authorization to pay will go from the GTR to G/CAO. OPC will instruct OFA not to pay. The GTR/RGTM shall forward a copy of any changes relevant to the disapproval of payment to the recipient.

7-5 MONITORING AND EVALUATING RECIPIENT PERFORMANCE.

- A. Purpose. The primary purpose of monitoring and evaluating a recipient's performance during any period of an assistance agreement is to ensure that the recipient adheres to the Statement of Work. All work done must be in accordance with the administrative requirements stated in OMB Circular A-102 and 24 CFR Part 85. It also is intended to ensure that Type II award recipients perform the work called for under the assistance document in a manner most beneficial to the Government, and in accordance with the terms, and conditions of the Cooperative Agreement award.
- B. Responsibility. Pursuant to the Assistant Secretary for FHEO's delegated authority, the GTR and the RGTM have the authority to act on behalf of the Assistant Secretary. All activities involving the programmatic and technical aspects of the work to be performed must be done in cooperation with the G/CAO. The RGTM located in the Regional Office is an advisor to the GTR. As the RGTM is the Regional FHEO Director she/he may assign, but not redelegate, to subordinate employees, any of the following RGTM duties and functions. The RGTM, among other things, is responsible for:
 1. Monitoring the technical aspects and requirements of the instrument, (e.g., the Statement of Work, recipient performance and the technical acceptability of the product or services);

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2. Reviewing technical reports of progress in order to detect omissions and deviations from the Statement of Work or other terms and conditions of the agreement;

The RGTM shall consult with the GTR prior to taking actions described in functions (3) thru (6) ;

3. Notifying the G/CAO in writing if progress reports, technical reports, or other products and deliverables are to be rejected and stating basis for rejection;
4. Notifying the G/CAO in writing in cases of unsatisfactory performance, and noncompliance with

the terms and conditions of the instrument, and recommending appropriate remedial action(s);

5. Notifying the recipient proposed changes in the Scope of Work must be submitted in writing to the G/CAO. The RGTM will be required to review the proposed changes and advise the G/CAO of his/her recommendations on the proposed change;
6. Recommending, in writing, to the G/CAO whenever the Statement of Work, period of performance, or other technical provisions of the instruments, (e.g. including acceptance and delivery of products or services) may have to be changed, modified or amended. Such changes can only be authorized by the G/CAO through modification of the instrument;
7. Issuing oral or written instructions to the Recipient to provide clarification and interpretive guidance with respect to the technical aspect of the instrument;
8. Making site visits, when appropriate, to the project or facility to check on:
 - a. actual performance versus scheduled and reported performance;
 - b. changes in technical performance which may affect financial status, personnel, period of performance, etc.;
 - c. key staff assigned to implement project to validate performance of work under the instrument; and,
 - d. compliance with special terms and conditions imposed with an award in order to identify potential problem areas;

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9. Receiving, inspecting and accepting product deliverables. The final product, shall be inspected and accepted by the GTR, with the concurrence of the RGTM;
10. Advising a recipient in writing if progress reports, technical reports, or other deliverables are not acceptable. Provide the basis for rejection and what is required to correct the deficiency or omission;
11. Reviewing recipient payment requests and financial reports for reasonableness; and

12. Providing a final written evaluation of the quality of products delivered or services rendered.

C. Review of Official Products of Work

1. The RGTM has the responsibility for Government review, correction, and acceptance of the Official Products of Work of this instrument, except for the final product. Such review(s) shall be carried out promptly by the RGTM, so as not to impede the work of the recipient. The Products of Work are deemed accepted as submitted if the RGTM has not issued written comments and/or required corrections within thirty (30) days from date of RGTM's receipt of such product from Recipient.
2. The recipient shall carry out the required corrections, if any, provided by the RGTM and shall promptly return a revised copy of the product to the GTR.
3. The RGTM's review, correction, and acceptance of Official Products of Work shall be limited to the following:
 - a. To corrections of omissions or errors of fact, methodology, or analysis;
 - b. To deletion of irrelevant materials and
 - c. To improvements in style and readability; and
 - d. Disagreements between the Recipient and the RGTM as to any correction, or the methodology or analyses on which any conclusion based, the RGTM, may require the Recipient to insert a Government disclaimer(s) in the appropriate place(s). The inclusion of such disclaimer(s), in an otherwise acceptable Official Product of Work which is returned to the RGTM, shall

satisfy the requirements for acceptance under this clause. The RGTM should always consult with the GTR prior to taking such action.

D. Methods of Monitoring Recipient Performance.

1. Desk Audit. Review of a recipients submissions, official products of work, performance, and financial reports are the primary tools for recipient monitoring.
2. On-Site Monitoring. GTR/RGTM may make site visits for monitoring recipient performance and for providing technical assistance. The GTR/RGTM shall:

- a. interview key personnel of the recipient and any subcontractors;
- b. review records documenting activities taken under the Cooperative Agreement;
- c. document visits by a memorandum to the G/CAO. The memorandum should include any technical assistance provided; and
- d. Send a follow-up letter to the recipient.

E. Monitoring Tools.

1. The Statement of Work. The Statement of Work sets forth the tasks in terms of milestones expected to be accomplished, the products to be delivered, and the due date(s) and their delivery points. It is a tool for measuring project progress and a guide for ensuring that the recipient performs the work called for in accordance with its application.
2. Progress Reports. Each Type II award requires the recipient to submit several types of written reports during and after the performance period of each award. Such reports can alert the RGTM to problems, such as recipient and subcontractor delays in performance, which may be corrected before a delinquency occurs.

These reports are in addition to any "Official Products of Work" produced under assistance agreements, and are usually required to be submitted on a quarterly basis as set forth in the Cooperative Agreement. The narrative report of progress is required to be submitted to the appropriate HUD Regional Office of Fair Housing and Equal

Opportunity ninety (90) days after the effective date of the agreement and quarterly thereafter. The recipient must also submit two copies of the report to the GTR in Headquarters and a copy to the G/CAO in OPC.

The RGTM is responsible for ensuring compliance with the reporting requirement of the agreement. Reporting requirements are set forth in the Statement of Work and Cooperative Agreement. If a recipient fails to report in accordance with the reporting requirements of the assistance agreement, or if reports are late, the GTR/RGTM shall notify the recipient and request immediate submission. If, after notification and a reasonable opportunity to respond, the recipient fails to report, the GTR/RGTM shall inform the G/CAO and recommend that

appropriate action be taken. Additional guidance for handling performance problems is found in Paragraph 7-12.

Each narrative report of project activities shall contain:

- a. the name of recipient, the project HA-number, and the period covered by the report;
- b. a comparison of actual progress with the approved work program schedule. If any major phases of the work program are behind schedule, the reasons for delay shall be explained, and, if appropriate, a revised work program shall be submitted for HUD review and approval;
- c. a brief description or outline of project activities carried out since submission of the previous quarterly report;
- d. any changes contemplated in the professional staff responsible for project execution. Applicable qualifications (i.e., general and specialized education and/or experience) shall be submitted for any new professional staff members;
- e. a brief description of significant findings or unique solutions to problems encountered in execution of the project; and
- f. a narrative justification for any significant budgetary overruns incurred or estimated.

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This report is in addition to any interim deliverables or products due pursuant to the Statement of Work.

3. Official Products of Work.
 - a. The GTR/RGTM and the G/CAO ensures appropriate programmatic and fiscal management. As such, they are responsible for Government review, correction and acceptance of the Official Products of Work produced directly under the Statement of Work of an assistance agreement. Such reviews shall be carried out promptly by the GTR/RGTM, so as not to impede the work of the recipient. The Products of Work shall be deemed accepted as submitted if the GTR/RGTM shall not have issued written comments and/or required correction within thirty (30) days from the date of the receipt of such product(s) from the recipient.

- b. In products where the GTR/RGTM lacks technical expertise necessary to effectively evaluate a product, he/she should immediately secure technical assistance, (e.g. a computer project may require computer expertise).

The RGTM should identify all products where additional expertise may be necessary and identify sources of technical assistance prior to the receipt of the deliverable.

- c. All interim and final reports, information, data, analyses, special methodology, findings and their related documents and work products, including reports, worksheets, survey instruments, computer copies and other physical materials and products produced directly under the Statement of Work of the Cooperative Agreement, are deemed "Official Products of Work" and held for the benefit of the public.

4. Financial Status Reports (Standard Form 269).

The Standard Form 269 is the required form by which recipients must report to HUD. Reporting is done on a quarterly basis, itemizing all income/expenditures, and using the accrual method of accounting, in connection with an assistance award (Appendix 22). It is also used to track and monitor a recipient's financial status on a quarterly basis and is a requirement of each Type II award.

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5. Requests for Payment (Standard Form 270 : Request for Advance or Reimbursement). This is the form by which recipient requests an advance or seeks reimbursement for costs which have been incurred under cost-reimbursement assistance awards. (Appendix 19) Examination of a recipient's voucher(s) (SF-270), is another method of monitoring and evaluating a recipient's performance. As previously described in paragraph 7-3 and 7-4, the GTR/RGTM is responsible for reviewing such vouchers for their timeliness, reasonableness, and propriety. Through reviews, the GTR/RGTM can detect evidence of performance problems, (e.g., untimely performance, failure to deliver products of work) in accordance with the Statement of Work. However, vouchers in and of themselves do not always provide sufficient information for tracking progress. They should be reviewed in conjunction with financial status reports and quarterly reports of progress. (The recipient will be furnished a copy HUD Handbook 1900.17 Rev-1, Requisitioning Procedures for Grants and Cooperative Agreements Recipient Organization.)

6. Areas for Monitoring Performance.

- a. Monitoring Expenditures. Evidence of poor performance under cost reimbursement assistance agreements can often be obtained through the review and examination of the SF-270 (voucher).

If it appears that expenses billed are more than is reasonably necessary to accomplish a certain task or tasks, the monitor should determine if:

- (1) The rate of expenditures is unreasonably high or expenses out of proportion to project progress to date;
 - (2) The charges billed are reasonable and allowable; and
 - (3) Back-up data submitted with voucher substantiates costs incurred.
- b. If the review reveals evidence of possible performance problems, the GTR/RGTM should:
- (1) Contact the recipient for additional information for an explanation of costs claimed; and

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- (2) Contact the recipient for more information to determine whether charges billed are reasonable and allowable.
- c. If the additional information fails to substantiate that the recipient is proceeding in the most efficient and economical manner:
- (1) Discuss the situation with the recipient to ensure that there is not an equally effective way available to accomplish the task at a lower cost; and
 - (2) If this cannot be accomplished, consult with the G/CAO. In this way, HUD can protect the recipient from a cost overrun.
- d. Monitoring Key Personnel Assignments. The GTR/RGTM is responsible for monitoring the recipient's key personnel assignments. This monitoring is done to ensure that the work called for under the assistance award is performed by personnel with the experience and qualifications needed to accomplish the work in

a satisfactory manner.

- (1) Where qualifications of key personnel are inadequate to ensure a satisfactory quality of the work the GTR/RGTM must take the appropriate steps to ensure that the required work is performed by qualified personnel.
 - (2) The level of effort of personnel working on a project can be monitored through the review of charges billed on the recipient's invoices or vouchers and cost back-up data of cost incurred. Review of the recipient's expenditures or charges billed on the recipient's vouchers may disclose use of inexperienced or unqualified personnel. Such staff could reduce the agency's level of effort.
- e. Monitoring for Section 504. The monitoring tools include the UFAS, the Section 504 regulations at 24 CFR Part 8, information on TDD's and information on the acceptable forms of media for those with disabilities.
7. Final Report. Upon completion of this Agreement, the recipient is required to submit a written final report.

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The report should detail the results of the project, significant problems encountered in implementation of the project, how the resulting benefits/outcomes of the projects are being integrated into the agency's overall fair housing enforcement program. Where applicable, a description of how the project may be successfully replicated in other agencies' fair housing programs should be included. This report should accompany any final products identified in the Statement of Work.

7-6. PUBLICATION OF OFFICIAL PRODUCTS OF WORK.

- A. Pursuant to the Official Products of Work clause of the Cooperative Agreement, news releases, quotations and other public announcements may not disclose interim findings, quote, or paraphrase any part of any official product of work without the approval of the GTR. This nondisclosure requirement is in effect for a period of sixty days after acceptance of the product by the GTR. Thereafter, the recipient shall be free to publish without HUD approval.
- B. Communication Review Board. Official Products and/or materials produced which are intended for public dissemination, must be submitted to the Office of Assistant

Secretary for Public Affairs for review prior to becoming final unless the materials are:

1. Locally developed and limited exclusively for local use; and or
2. Highly technical fair housing manuals and other "how to" materials.

7-7 HANDLING PERFORMANCE PROBLEMS.

- A. General. The major responsibility of the GTR/RGTM is to ensure successful completion of the project. All affirmative corrective efforts should be exhausted prior to the execution of those options which would result in termination or suspension of the Cooperative Agreement. When there is reason to believe that a recipient is not complying with the terms and conditions of an assistance award, appropriate action is required to enforce such requirements. The GTR/RGTM and the G/CAO are responsible for ensuring that the recipient complies or is notified of its noncompliance.
- B. Identification of Performance Problems. Performance problems include but are not limited to:

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1. Failure to submit performance progress, financial or other reports on time;
 2. Failure to report progress in accordance with the Statement of Work;
 3. Late submission of product deliverable;
 4. Unacceptable product deliverable;
 5. Failure to make progress in accordance with the Statement of work; and
 6. Failure to follow the Statement of Work.
- C. Notification of Grant/Cooperative Agreement Officer.
1. If a recipient is not complying with a specific requirement of the assistance agreement, the GTR/RGTM shall take the following steps:
 - a. the RGTM must consult with the GTR and provide necessary information to support the allegation relative to the noncompliance of the recipient.
 - b. The GTR should:

- (1) Notify the G/CAO and the recipient of the problem in writing;
 - (2) Advise the recipient of the need for corrective action; and
 - (3) Establish a deadline for the corrective plan of action.
2. After the GTR/RGTM has taken the steps identified above, he/she should await the recipient's response. The recipient must acknowledge an attempt to come into compliance. The GTR/RGTM may provide the recipient with assistance as to how to come into compliance. The GTR/RGTM should keep in mind that he/she is not authorized to change the funding amount, the period of performance of the award, or anything outside of the scope of the award that will affect the Statement of work, product deliverables, or otherwise alter the terms or conditions of the award agreement.

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- a. If the recipient, after notification by the GTR/RGTM, comes into compliance with the Statement of Work, the GTR/RGTM may allow the recipient to continue activities as originally set out. The RGTM will continue to monitor such activities very closely and provide whatever assistance that may be necessary in order to keep the recipient in compliance.
 - b. If the recipient after notification by the GTR/RGTM, is still in non compliance with award compliance procedures the GTR/RGTM shall inform the G/CAO setting out the following information:
 - (1) The basis for noncompliance;
 - (2) The corrective action required to bring the recipient into compliance;
 - (3) The date by which corrective action is required; and
 - (4) Recommend action the G/CAO should take if the recipient does not take the corrective action.
- D. Action by the G/CAO. If the recipient does not achieve compliance or take appropriate action so as to provide satisfactory evidence that compliance will be achieved, the GTR will recommend that the G/CAO institute disciplinary actions. The G/CAO may:

1. Authorize the Office of Finance and Accounting (OFA) to withhold payment by having the recipient removed from the "fast pay" system, thereby ensuring that the GTR/RGTM will have sign off authority, prior to the release of funds under the instrument. The G/CAO may also convert the payment method from advances to reimbursement;
2. Recover misspent/misused funds by withholding payment on subsequent vouchers as appropriate; and
3. Suspend or terminate the award agreement. The G/CAO is the only person authorized to suspend or terminate an agreement. Joint planning and close coordination between the GTR and RGTM is necessary in all suspension and termination actions. The G/CAO will notify the GTR of whatever corrective action that is being taken.

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After suspension or termination proceedings have been initiated, the GTR or RGTM shall have no further discussion with the recipient regarding that particular agreement.

- a. Termination for Convenience. The G/CAO, after appropriate consultation with the GTR, may terminate the agreement in whole or in part when both Parties agree that the continuation of the project would not produce beneficial results commensurate with the further expenditure of funds. The two parties (HUD and recipient) shall, agree on the termination conditions. The recipient will not incur any new obligations under the agreement, or in the case of partial termination, the recipient will not incur any obligations under the terminated portion of the agreement. Full credit will be allowed for all noncancelable obligations properly incurred.
- b. Termination for Cause. The G/CAO, after appropriate consultation with the GTR and written notice to the recipient, may terminate the agreement in whole or in part at anytime before the date of completion whenever it is determined that the recipient has failed to comply with the terms and conditions of the agreement. Payments made to the recipient or recoveries by HUD shall be in accordance with the legal rights of the parties.
- c. Suspension. The G/CAO, after consultation with the GTR, and reasonable notice to the recipient, may suspend the agreement and withhold further payments, or prohibit the recipient from incurring additional obligation of funds, pending corrective actions by

the recipient. The G/CAO shall allow all necessary and proper costs that the recipient could not reasonably avoid during the period of suspension, provided they meet the provisions of applicable Federal Regulations.

d. A suspension or termination for cause may not be taken until at least ten (10) calendar days after the G/CAO provides written notice to the recipient, of HUD's intent to suspend or terminate for cause. This ten (10) day calendar period will be maintained unless the G/CAO determines that:

(1) Serious mismanagement or misuse of funds exists;

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(2) The recipient has ceased to exist or becomes incapable of fulfilling its award responsibilities;

(3) There is evidence the award was fraudulently obtained; or

(4) Immediate termination is otherwise determined necessary in the best interest of the Government.

7-8. CLOSEOUT PROCEDURES.

A. General. Closeout is the process by which HUD determines that all applicable administrative and programmatic project agreement requirements have been met and completed by a recipient. Subsequent to reconciling all vouchers, the GTR completes a closeout form, provided by the G/CAO, along with the recipients final invoice. Final vouchers are not approved for payment until the GTR certifies to the G/CAO in writing that the agency has performed the project in an acceptable fashion in accordance with its proposal. In conjunction with technical comments from the RGTM, the GTR reviews and inspects the overall and final work products due under the agreement. The GTR then completes and forwards the closeout form to OPC for its administrative closeout.

B. Assessment of Performance. The GTR in coordination with the RGTM shall prepare a final assessment of the recipient's performance (Appendix 17). The assessment shall indicate:

1. Whether the recipient has completed all performance requirements identified in the Cooperative Agreement;

2. Whether the GTR accepted all work performed by the recipient;

3. Whether any patentable items resulted from the Cooperative Agreement;
4. Whether all Government furnished materials have been returned; (i.e., whether property was furnished to or acquired by the recipient);
5. A qualitative rating of recipient's performance. This rating should address recipient's ability to keep actual costs and completion times in accord with those originally estimated, and other aspects bearing on the recipient's ability to fulfill all agreement

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requirements. A narrative summary shall support the qualitative rating given.

- C. Administrative Actions. Upon receipt of the GTR's assessment of a recipient's performance, the G/CAO initiates appropriate action to administratively close the award. The first action is to secure a completed Recipient Close Out Form (Appendix 23). After the receipt of that form, the G/CAO completes a closeout form. This involves audit resolution, financial resolution, payment approval of final invoice, deobligation of unexpended balances, property disposition, and execution of closeout documents.
- D. Recipient Notification. Upon completion of all administrative actions for closeout by the G/CAO, the recipient shall be notified by letter or an amendment of the award.

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