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GRANTS MANAGEMENT AND OVERSIGHT DIVISION**

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CHAPTER 1: GENERAL INFORMATION

1-1: Purpose

The Grants Management Handbook (Handbook) implements requirements for the U.S. Department of Housing and Urban Development's (HUD's) administration of grants and cooperative agreements. This Handbook gives HUD Program and Administrative Offices a uniform set of requirements staff must follow to fully implement OMB directives, Federal statutes, and regulations throughout the grant life cycle. This Handbook revises HUD Grants Handbook 2210.17 REV 3.1 (February 2020) and updates it.

The policy and guidance contained in the Handbook are current as of February 22, 2021.

This handbook takes into consideration several significant pieces of legislation and other requirements affecting HUD's Administrations of Federal financial assistance. The Handbook will be reviewed, at least annually, to reflect the following requirements:

- Federal Financial Assistance Management Improvement Act of 1999 (Public Law 106-107);
- Federal Funding Accountability and Transparency Act of 2006 (Pub. L. No. 109-282) (FFATA);
- Digital Accountability and Transparency Act of 2014 (Pub. L. No. 113-101) (DATA Act);
- Grants Oversight and New Efficiency Act of 2016 (Pub. L. No. 114-117) (GONE Act);
- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR Part 200) – issued by the Office of Management and Budget (OMB) (most recently revised August 13, 2020, November 12, 2020, and February 22, 2021)¹;
- OMB Circular No. A-123, Management's Responsibility for Enterprise Risk Management and Internal Control (issued July 15, 2016); and
- Section 508 of the Rehabilitation Act of 1973 – Section 508 of the Rehabilitation Act of 1973, as amended, 29 U.S.C. § 794d (Section 508), requires Federal agencies to ensure that electronic and information technology they develop, procure, maintain, or use allows, regardless of the medium of the technology, individuals with disabilities to have ready access to and use of information and data that is comparable to the access to and use of the information and data by individuals without disabilities, unless doing so would result in an undue burden on the agency.

¹ 2 CFR Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards was revised on August 13, 2020 with most changes taking effect November 12, 2020. OMB published correcting amendments to these Uniform Requirements on February 22, 2021. Please review all referenced content to 2 CFR part 200 and all sub-parts for the most updated guidance and procedures. To assist, please utilize the [Consolidated 2 CFR Comparison Matrix Parts 25 170 183 and 200](#) change tracking document found on the GMO SharePoint. Refer to [Section 1-3](#) of this Handbook for a discussion of the applicability of the revised 2 CFR requirements apply to Federal awards.

The processes and procedures in this Handbook cover the functions associated with the management and stewardship of Federal financial assistance by HUD program staff. There are multiple grants management systems and program-specific processes currently used by HUD Program Offices. This Handbook addresses Department-level grants administration and management and does not delineate any program-specific grants management system(s). Additionally, the Office of Chief Financial Officer (OCFO), Assistant CFO for Systems, Grants Management and Oversight Division (GMO) will provide updated information and procedures to Program Offices by reviewing and updating this Handbook on, at least, an annual basis.

The Handbook's Pre-Award, Award, and Post-Award chapters reflect the steps in the grants management life cycle including:

- Receiving Congressional appropriations;
- Preparing a Notice of Funding Opportunity (NOFO)² for publication on Grants.gov or a Renewal notice in the Federal Register, HUD's website and/or the HUD Exchange, as appropriate;
- Conducting a merit review or other comparative evaluation of application submissions for adherence to program rules and requirements;
- Preparing award documents, notifying Congress of applicants selected to receive the awards (recipients) and announcing funding approvals;
- Issuing award documents to recipients with the terms and conditions of award; establishing payment accounts; and obligating funds;
- Monitoring program compliance and results; and
- Closing the award and recapturing unexpended funds.

1-2: Enterprise Risk Management

In response to new requirements in OMB Circular A-123, HUD requires the integrated management of risk at strategic, program, and operational levels. This requirement includes creating a holistic view of risks for HUD and incorporating internal controls as a subset of Enterprise Risk Management (ERM). Internal controls are tools to help manage risk and perform missions and operations. The Chief Risk Officer (CRO) and Risk Management Program is responsible for developing the strategy for HUD to meet the new requirements and further operationalize sustainable risk management processes across HUD. The CRO and Risk Management Program will assist HUD Program Offices to meet the OMB requirements by providing the tools, templates and methodologies to align risk management to the strategic objectives of the organization. The Risk Management Program is partnering with GMO to develop an enterprise view of risks around grants at HUD. The processes and procedures in this Handbook will evolve over time as the ERM processes of the department mature. For grants

² In the past HUD has used the term Notice of Funding Availability (NOFA) when labeling HUD's formal announcements of the availability of Federal funding through HUD's financial assistance programs. This revision of the Handbook changes that Departmental label from NOFA to Notice of Funding Opportunity (NOFO), to align with 2 CFR Part 200.1

management, the ERM program will work with stakeholders to further embed risk management into the daily business of HUD operations. Work will focus on helping Program Offices effectively identify, manage, and mitigate risks while integrating risk mitigation efforts across the department's grants programs. ERM is an ongoing and continuous effort which will be further developed and periodically reassessed with the input of the grant's stakeholder community.

1-3: Applicability

This Handbook establishes requirements for HUD Program Offices. It does not establish requirements for recipients. It applies to Program Offices administering Federal financial assistance programs. It will be updated as necessary to reflect changes in Department regulations or government-wide policy. This Handbook uses the terms *recipient* and *non-Federal entity* as they are used in 2 CFR part 200. *Recipient* means an entity, usually but not limited to non-Federal entities, that receives a Federal award directly from a Federal awarding agency. The term recipient does not include subrecipients or individuals that are beneficiaries of the award. *Non-Federal entity* means a state, local government, Indian tribe, Institution of Higher Education (IHE), or nonprofit organization that carries out a Federal award as a recipient or subrecipient.

This Handbook:

- Reflects requirements in the Code of Federal Regulations (CFR), including HUD's regulations at 24 CFR Part 5, OMB's regulations at 2 CFR part 200 (made applicable to recipients by the terms of the Federal award, 24 CFR Part 84.1 and 85.1 and the program regulations or NOFO and HUD's Office of the Chief Financial Officer's Administrative Control of Funds: Policies and Procedures Handbook 1830.2 REV 6 (For hereon to be referred to as Funds Control Handbook);
- May not be cited in awards or publicly available documents, including NOFOs as it is an internal management document; and
- Promotes consistent grants management practices across HUD.

2 CFR part 200 generally applies to Federal awards made on or after December 26, 2014, and Federal awards with terms stating the award will be subject to regulations as may be amended. 24 CFR part 84 and/or 24 CFR part 85 (2013 edition) may continue to be applicable to older grants and cooperative agreements. HUD Program Offices may elect to apply the requirements under 2 CFR part 200 to older awards if they receive additional funding and new terms and conditions are issued. The audit requirements are applicable to recipients for the first full fiscal year on or after December 26, 2014. For prior fiscal years, OMB Circular A-133 must be used for audit requirements.

Please note that OMB recently published revisions to 2 CFR part 200 that took effect on August 13, 2020, November 12, 2020, and February 22, 2021. There are a number of changes to the CFR that should be reviewed and understood to ensure compliance with Federal regulations. To

assist, please utilize the Consolidated 2 CFR Comparison Matrix Parts 25, 170, 183, and 200 to change the tracking document found on the GMO SharePoint.

Awards Made *After* the Effective Dates of the 2 CFR Revisions: The revised 2 CFR requirements apply to Federal awards made after their respective effective dates.

Awards Made *Before* the Effective Dates of the 2 CFR Revisions:

- The revised 2 CFR requirements apply prospectively from their effective dates to Federal awards that were made before the effective dates when the terms of the award state that the award will be subject to regulations as may be amended.
- When Federal awards made before the effective dates do not include a term stating that the award is subject to regulations as may be amended, the revised 2 CFR requirements become applicable when an incremental funding action on a previously made Federal award provides an opportunity to change award terms and conditions.
- Modifications to Federal awards that *do not* increase the funding amount (such as a no-cost extension, or more frequent reporting) will continue to be governed by the terms and conditions of the Federal award. As a result, the revised 2 CFR requirements will not apply to such awards unless there is another requirement that makes that part apply to them.
- For Federal agency incremental funding actions that are subject to the revised 2 CFR requirements, non-Federal entities are not obligated to segregate or otherwise track, both, funds that were awarded before the effective dates of the revisions and funds that were awarded after the effective dates of the revisions but may do so at their discretion. For example, a non-Federal entity may track the prior funds and continue to apply the Federal award flexibilities to the funding awarded under the revised 2 CFR requirements.
- For Federal awards made with modified award terms and conditions at the time of incremental funding actions, Federal awarding agencies may apply the revised 2 CFR requirements to the entire Federal award that is uncommitted or unobligated as of the Federal award date of the first increment received on or after their effective dates.

Program Offices should note that not all requirements in this Handbook are derived from 2 CFR part 200. Additionally, all of the 2 CFR part 200 requirements and other requirements in this Handbook may *not* apply to all grant programs. For example, all of 2 CFR part 200 does not apply to the State Community Development Block Grant (CDBG) program since it is a block grant award authorized by the Omnibus Budget Reconciliation Act of 1981 and is therefore exempt from much of 2 CFR part 200, unless otherwise adopted by the State grantee through separate program regulation. Exceptions to part 200 have been made by regulation in many programs, and such exceptions are identified or acknowledged in some, but not all instances. Appendix B of this document outlines major grant requirements by grant category and delineates

agency requirements in addition to Federal government-wide requirements to Federal financial assistance programs. The list is non-exhaustive.

If the Handbook conflicts with requirements from an applicable program statute or regulation issued by HUD or another Federal agency, then those requirements will take precedence over the Handbook. Program Offices should notify GMO of any such conflicts.

1-4: Federal Financial Assistance

The Handbook covers procedures and processes governing all HUD financial assistance programs. (Please note some HUD financial assistance programs may use different terminology, e.g., Annual Contributions Contract and HOME Investment Partnerships Agreement, but the award instrument for Federal financial assistance, is either a grant or cooperative agreement as required by the Federal Grant and Cooperative Agreement Act (31 U.S.C. §§ 6301-08).

The funding instrument used and the eligibility of recipients of grants, and cooperative agreements must be consistent with the authorizing statute, program regulations and this Handbook. The type of instrument must be specified in the funds control matrix for each program. HUD staff are urged to consult with their program counsel when determining the type of funding instrument to be used.

A. TYPES OF ASSISTANCE INSTRUMENTS (2 CFR 200.1)

1. Grant Agreements are a legal instrument of financial assistance between a Federal awarding agency or pass-through entity and a non-Federal entity that, consistent with 31 U.S.C. §§ 6302, 6304:
 - a. Is used to enter into a relationship the principal purpose of which is to transfer anything of value from the Federal awarding agency or passthrough entity to the non-Federal entity to carry out a public purpose authorized by a law of the United States (see 31 U.S.C. § 6101(3)); and not to acquire property or services for the Federal awarding agency or pass-through entity's direct benefit or use;
 - b. Is distinguished from a cooperative agreement in that it **does not provide for substantial involvement** of the Federal awarding agency or pass-through entity and the non-Federal entity in carrying out the activity contemplated by the Federal award.
 - c. Does not include an agreement that provides only:
 - i. Direct United States Government cash assistance to an individual;
 - ii. A subsidy;
 - iii. A loan;
 - iv. A loan guarantee; or
 - v. Insurance.

2. Cooperative Agreements are legal instruments of financial assistance between a Federal awarding agency and a recipient or a pass-through entity and a non-Federal entity subrecipient that, consistent with 31 U.S.C. §§ 6302-6305:
 - a. Is used to enter into a relationship the principal purpose of which is to transfer anything of value from the Federal awarding agency or pass-through entity to the non-Federal entity to carry out a public purpose authorized by a law of the United States (see 31 U.S.C. § 6101(3)); and not to acquire property or services for the Federal Government or pass-through entity's direct benefit or use; and
 - b. Is distinguished from a grant in that it **provides for substantial involvement** of the Federal awarding agency in carrying out the activity contemplated by the Federal award.
 - c. The term does not include:
 - i. A cooperative research and development agreement as defined in 15 U.S.C. 3710a; or
 - ii. An agreement that provides only:
 - a) Direct United States Government cash assistance to an individual;
 - b) A subsidy;
 - c) A loan;
 - d) A loan guarantee; or
 - e) Insurance.
 - d. Examples of substantial Federal involvement include:
 - i. Federal authority to halt activity if specifications or work statements are not met;
 - ii. Review and approval of work elements must be obtained from HUD prior to commencement of work;
 - iii. Review and prior approval of substantive provisions of proposed sub-grants or contracts must be obtained beyond what is required by existing statutes or regulations;
 - iv. Highly prescriptive HUD requirements limiting recipient discretion;
 - v. Review and approval of key personnel by the Program Office; and
 - vi. Substantial and direct HUD operational involvement or participation during the assistance activity.
3. Fixed amount awards are a type of grant or cooperative agreement under which the Federal awarding agency or pass-through entity provides a specific level of support without regard to actual costs incurred under the Federal award.

This type of Federal award reduces some of the administrative burden and record keeping requirements for both the non-Federal entity and Federal awarding agency or pass-through

entity. Accountability is based primarily on performance and results.

HUD may use fixed amount awards if the project scope is specific and if adequate cost, historical, or unit pricing data is available to establish a fixed amount award based on a reasonable estimate of actual cost. For more information on Fixed amount awards, see 2 CFR 200.201(b) and 200.332.

B. CATEGORIES OF AWARDS

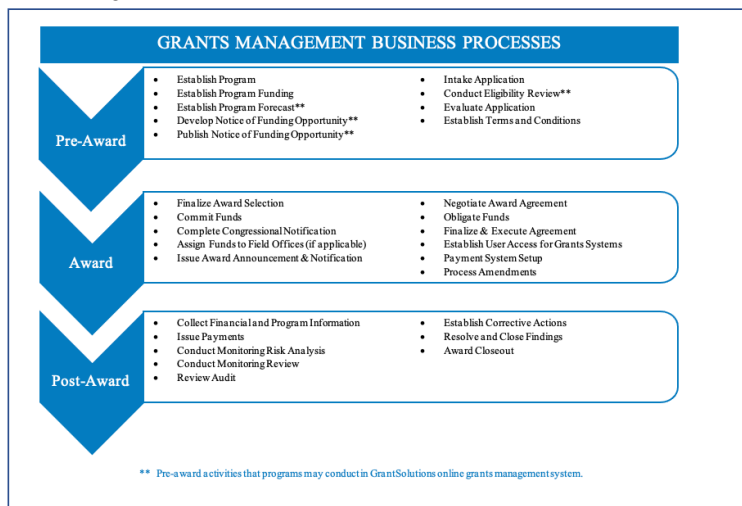
There are two major categories of funding for HUD financial assistance: (1) discretionary and (2) non-discretionary.

1. Discretionary awards allow HUD, in keeping with specific statutory authority that enables the Department to exercise judgment (“discretion”), selects the recipient and/or the amount of Federal funding awarded through a competitive process or based on merit of proposals. A discretionary award may be selected on a non-competitive basis, as appropriate.
2. Non-discretionary awards allow HUD to specify recipients in accordance with statutory, eligibility and compliance requirements, such that in keeping with specific statutory authority the agency has no ability to exercise judgement (“discretion”). A non-discretionary award amount could be determined specifically or by formula.

C. GRANT LIFE CYCLES: DISCRETIONARY AND NON-DISCRETIONARY AWARDS

The grant process follows a life cycle that typically includes creating the Notice of Funding Opportunity or renewal notice, processing applications, making award decisions, administering the awards, and closing out the awards. The specific actions in the life cycle are grouped in three main phases: Pre-Award, Award, and Post-Award. The life cycles for discretionary and non-discretionary awards are nearly identical, except in the Pre-Award phase, as depicted below in Figure 1.

Figure 1: Grants Management Process



1-5: Grants Management Roles and Responsibilities

This Section summarizes the Federal agencies and HUD offices impacting the management of HUD grant awards. It also explains the HUD grants workforce and the responsibilities involved in the administration of HUD awards.

In this Handbook, the term “HUD Program Offices” or “Program Offices” refers to the following major organizational units within HUD awarding and managing Federal financial assistance **and** their sub-offices (e.g., Special Needs Assistance Programs; Office of Affordable Housing Programs; Economic Opportunity Division) as depicted in Figure 2 below.

FIGURE 2: HUD PROGRAM OFFICES



While Program Offices have flexibility in the assignment of grants management responsibilities to staff, work assignments should be made in alignment with Federal grants management competency standards, grants management experience, Department standards and/or a Program Office’s Standard Operating Procedures (SOP), as appropriate. Program Offices should also consult with program counsel concerning the development of grants management directives and notices.

A. KEY GRANTS MANAGEMENT ROLES

1. Authorizing Official

- a. The Authorizing Official (AO) in a Program Office oversees the implementation of and adherence to HUD grants management requirements. The Authorizing Official must be appointed by the Secretary or his/her designee.
- b. The Authorizing Official has the authority to sign and issue Notices of Funding Opportunity (NOFOs) or Renewal funding notices and may delegate the authority to sign and issue NOFOs or Renewal Notices. Current delegations of authority may be found [here](#).

2. Allotment Holder

- a. The Allotment Holder is generally the Assistant Secretary or equivalent, who submits apportionment requests to the OCFO as needed to carry out responsibilities. Allotment Holders bear overall responsibility for the funds allotted to them. In many cases, the Authorizing Official and the Allotment Holder are the same person.
- b. Allotment Holders develop, submit, implement and enforce adequate funds controls and procedures. They also certify that the funds control matrices accurately reflect practices within the Program Office and assign the role of committing or obligating funds to Field Offices, where applicable. For additional information, see Chapter 1-6.2 of the Funds Control Handbook.

3. Grants Manager (also may be known as Grants Officer, Grants Specialist, Program Analyst, Program Official and/or Senior Program Staff member)³

- a. Authorizing Officials may assign staff to manage pre-award, award, and post-award activities and maximize the integrity of grant programs from a programmatic, financial management, and administrative perspective.
- b. Grants managers ensure the assigned grant activities conform to HUD grants policy and regulatory requirements. These grant life cycle activities may include:
 - i. Setting program goals and objectives;
 - ii. Drafting program regulations and NOFOs;
 - iii. Managing grant competitions;
 - iv. Advising on the scientific, technical and programmatic suitability of applications for funding; and
 - v. Administering the post-award activities of a program, which may include preparing, executing, and negotiating awards and terms and conditions.

- 4. The Program Office may assign additional responsibilities to staff members including those related to collaboration with program officials and others in development, implementation, and evaluation of program plans, strategies, regulations, announcements, guidelines, and procedures.

B. FEDERAL AGENCIES

The following is general information about the external organizations impacting the administration of HUD grants.

³ Not an all-inclusive list of all personnel that operate in the Grants Manager role.

1. **Office of Management and Budget (OMB) – Executive Office of the President**

Develops government-wide policy and issues guidance to Federal agencies to assure grants are managed properly and Federal dollars are spent under applicable laws and regulations. OMB works cooperatively with the grant-making agencies and the recipient community to create and maintain regulations and guidance. OMB also apportions appropriations to Federal agencies; reviews and approves regulations, NOFOs, and information collection requests.

2. **Department of the Treasury (Treasury)**

Establishes government-wide cash management policies, operates the system for processing of electronic payments, check payments, and certain transactions with states. Treasury also manages the USAspending.gov website and the [Do Not Pay \(DNP\)](#) Business Center to support Federal agencies. Treasury and OMB also lead the government-wide implementation of the DATA Act.

3. **Government Accountability Office (GAO)**

Under various statutory authorities, GAO examines the use of Federal funds; evaluates Federal programs and activities; provides information, analyses, options, recommendations, and other assistance to help Congress make effective policy, funding, and oversight decisions.

4. **General Services Administration (GSA)**

Maintains government-wide databases for identifying and tracking awards, including Assistance Listings (formerly Catalog of Federal Domestic Assistance (CDFA) and [System for Award Management \(SAM\)](#)).

C. HUD OFFICES

In addition to the Federal Agencies listed above, other HUD offices impact the administration of HUD grants, including:

1. **Office of the Secretary/Deputy Secretary** - Provides Departmental leadership through the management of HUD's programs and activities.

2. **Office of Chief Financial Officer (OCFO)** - The OCFO issues allotments and establishes and maintains records and accounts showing the status of allotments issued to Program Offices; establishes and maintains official commitment, obligation, and payment records; processes approved payment requests in a timely manner for payment through the HUD financial systems and other mechanisms for electronic payments; and advises on matters regarding budget development and execution, financial management and reporting, appropriations Act provisions, and appropriations law (as defined by Chapter 1 – 6.7 of the [Funds Control Handbook](#)).

OCFO houses the Department’s Chief Risk Officer and *Enterprise Risk Management* efforts which facilitate the identification, tracking, reporting, and monitoring of risks across the enterprise; and the Assistant CFO for Systems, which houses the *Grants Management and Oversight Division (GMO)*.

3. **Grants Management and Oversight (GMO) Division** - GMO provides oversight and policy responsibility for HUD’s grant programs. GMO:
 - a. Ensures HUD Program Offices fully know Federal statutes, regulations (including 2 CFR part 200) and Executive Orders governing the management of grant programs;
 - b. Advises Program Offices on grants management issues;
 - c. Establishes processes to ensure the timely obligation of funds and reporting on results achieved;
 - d. Promotes an enterprise-level view on grants management;
 - e. Enhances management integrity by separating the duties and responsibility of those establishing overall policy from those selecting recipients for funding;
 - f. Improves management efficiencies by streamlining and simplifying processes associated with grants management consistent with the Federal Financial Assistance Management Improvement Act of 1999 (P.L. 106-107) across HUD programs; and
 - g. Facilitates the implementation of best practices from other agencies.

4. **Office of the General Counsel (OGC)** - Advises GMO and the Program Offices on grant-related matters such as the applicability of statutory requirements, including annual appropriations Acts, and program/grant regulatory requirements.

5. **Office of Inspector General (OIG)** - The OIG:
 - a. Makes independent audits, evaluations and investigations of HUD programs, operations, and its recipients.
 - b. Conducts national evaluations to prevent fraud, waste, or abuse and promotes economy, efficiency, and effectiveness of departmental programs.
 - c. Reviews responses to audit reports and evaluation reports, and reports significant disagreements to the follow-up official.

1-6: Definitions

Definitions can be found in Appendix A in the Handbook. The appendix is not intended to be an all-inclusive listing but provides a single reference source for many definitions and abbreviations applicable to grants management used throughout the Handbook, including hyperlinks.

The definitions in this handbook do not supplant or modify the definitions in statutes and regulations that may govern any particular HUD grant program, including definitions in HUD regulations in title 24 of the Code of Federal Regulations (CFR) or in § 200.1 of the regulations at 2 CFR part 200.

1-7: Requirements and Systems for Grants Management

A. OVERVIEW

1. There are Federal government-wide, HUD-wide, and program-specific requirements governing the award. HUD must manage and administer Federal awards in a manner to ensure HUD funding is expended and programs are implemented in full accordance with applicable requirements.
2. HUD Program Offices must communicate these requirements to the recipient and must incorporate the requirements either directly or by reference in the grant agreement or cooperative agreement. (2 CFR 200.211 and 2 CFR 200.300)

B. STATUTORY AND NATIONAL PUBLIC POLICY REQUIREMENTS (2 CFR 200.300)

1. **Public (or national) policy requirements**, including but not limited to protecting free speech, religious liberty, public welfare, the environment, and prohibiting discrimination, apply both pre- and/or post-award. The requirements are usually applied government-wide, but may be HUD-specific, based on the activities or recipients. Generally, the requirements are set forth in HUD regulations. Examples are bulleted below. They include, but are not limited to:
 - a. Compliance with Non-Discrimination and Other Requirements:
 - Nondiscrimination and Equal Opportunity (24 CFR 5.105(a)(1)-(2));
 - Affirmatively Furthering Fair Housing;
 - Economic Opportunities for Low-and Very Low-income Persons (Section 3 of the Housing and Urban Development Act of 1968, 12 U.S.C. 1701u, 24 CFR part 75);
 - Improving Access to Services for Persons with Limited English Proficiency (LEP) (EO 13166) - https://www.hud.gov/program_offices/fair_housing_eq_opp/limited_english_proficiency_0;
 - Electronic Information and Accessible Technology (Section 508 of the Rehabilitation Act of 1973, 29 U.S.C. 794d);

- Equal Access to HUD-assisted or -insured housing Requirements (24 CFR 5.105(a)(2))
 - Contracting with small and minority businesses, women's business enterprises, and labor surplus area firms. (2 CFR 200.321);
 - Equal Participation of Faith-Based Organizations in HUD Programs and Activities. (24 CFR 5.109);
 - Uniform Relocation Act – Real Property Acquisition and Relocation Requirements;
 - Participation in HUD-Sponsored Program Evaluation (HUD Program Evaluation Policy-Policy Statement, 81 FR 87949, December 6, 2016;
 - Accessibility for Persons with Disabilities. (Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. 794, 24 CFR part 8);
 - Conducting Business in Accordance with Ethical Standards/Code of Conduct. (2 CFR 200.318(c)); and
 - Protections to free speech and religious liberty, public welfare, the environment, and prohibiting discrimination (2 CFR 200.300).
- b. Use of human subjects in research (24 CFR 60.101)
- Participation in HUD-Sponsored Program Evaluations
- c. Safety, health, and labor standards:
- Drug-Free Workplace (2 CFR part 2429 and the Drug-Free Workplace Act of 1998);
 - Handling of Hazardous and Biological Materials (Occupational Safety and Health Act of 1970, as amended); and
 - Labor Standards for Construction and Non-Construction (e.g., Fair Labor Standards Act, 29 USC § 207, as amended; Davis-Bacon Related Act provisions in HUD program statutes; HUD-determined prevailing wage rates for public housing maintenance workers; Contract Work Hours and Safety Standards Act, 40 U.S.C. § 3701)
- d. Privacy and dignity of individuals
- Safeguarding Resident/Client Files – Compliance with 2 CFR 200.338, and state and local laws concerning record disclosure;
 - The Privacy Act of 1974, as amended
 - The Trafficking Victims Protection Act of 2000, as amended; and

- Violence Against Women Act (VAWA) (Notices 81 FR 80724 (HUD regulations) and Notice PIH-2017-08 (HA) (guidance for public housing and housing choice voucher programs).
- e. The public's right to information
- Freedom of Information Act;
 - Federal Funding Accountability and Transparency Act of 2006 (2 CFR 200.212); and
 - Acknowledgment of Federal funding, publications and copyrights (2 CFR 200.315, 37 CFR part 401)
- f. Preserving natural or other resources and avoiding adverse impacts on the human environment (e.g., National Environmental Policy Act, National Historic Preservation Act, impact on human and animal communities)
- HUD regulations governing the environmental review process (24 CFR Parts 50 and 58 – and other environmental criteria and standards (24 CFR Part 51));
 - HUD regulations governing contamination (24 CFR 50.3(i) and 24 CFR 58.5(i)(2));
 - National Historic Preservation Act (54 U.S.C. § 300101) (24 CFR 50.4(a)(1) and 58.5)
 - Endangered Species Act (16 U.S.C. § 1531 et seq.) (24 CFR 50.4(a)(1) and 58.5(a)(1));
 - Flood Disaster Protection Act of 1973 (42 U.S.C. §§ 4001 – 4128) (24 CFR 50.4(b)(1) and 24 CFR 58.6(a)), National Flood Insurance Reform Act of 1994 (42 U.S.C. § 5154a) (24 CFR 58.6(b)), and Coastal Barrier Resources Act (16 U.S.C. § 3501 et seq.) (24 CFR 50.4(c) and 58.6(c));
 - E.O. 11988 on Floodplain Management; E.O. 11990 on Protection of Wetlands and HUD regulations on floodplain management and protection of wetlands (24 CFR Part 55); and
 - Other laws and authorities cited in 24 CFR 50.4 and 58.5.
- g. Ethics and business integrity
- Lobbying Restrictions (2 CFR 200.450);
 - Restrictions on political activities (The Hatch Act 5 USC §§1501 – 1508);
 - Suspension and Debarment (2 CFR Part 180, 2 CFR Part 2424, & 2 CFR 200.214)
 - Conflict of interest; and

- General procurement procedures, including Conflict of Interest (2 CFR 200.317 through 200.327 or applicable program regulations); and
- h. Limiting the burden on taxpayers or the public
- Paperwork Reduction Act of 1995.
2. Program Offices must communicate national requirements to recipients, including those in appropriations Acts, and incorporate the requirements in program regulations or NOFOs and in the terms and conditions of award (2 CFR 200.300(a)).

C. PROGRAM REQUIREMENTS

Program-specific requirements are established in the authorizing statute, annual appropriations, and implementing program regulations.

D. ADMINISTRATIVE REQUIREMENTS

Administrative requirements ensure accountability for the obligation and expenditure of Federal funds. They may come from several sources, including statutes (to include account language and general provisions as part of the annual appropriations bill), but the primary sources are Office of Management and Budget (OMB) regulations, circulars, and policy memoranda from OMB's Office of Federal Financial Management.

Another example is the OCFO's Funds Control Handbook. Administrative requirements are complementary to program requirements and are applicable to grant-related business and financial management performance. HUD makes the administrative requirements applicable to recipients in program regulations, NOFOs, renewal notices, and the award documents.

E. FEDERAL ELECTRONIC SYSTEMS AND PORTALS

1. HUD complies with policies on the transparency of Federal grant processes and provides accurate and reliable information to the public by using the Federal-wide electronic systems approved for this purpose. As noted in 2 CFR part 200, these electronic systems and portals are used throughout the Federal grant lifecycle.
2. Electronic systems and portals used in the *Pre-Award* phase of the grants lifecycle are:
 - a. **Assistance Listings (formerly Catalog of Federal Domestic Assistance, CFDA)** is a directory, within SAM.gov, of the various Federal listings, projects, services and activities offering financial and non-financial assistance and benefits to the American public. Each Assistance Listing is a unique five-digit number. The *Assistance Listings Number* is assigned to each program,

project, service or activity listed in the Catalog of Federal Domestic Assistance (*CFDA*). HUD must submit specified data to the GSA annually for programs awarding discretionary Federal awards, non-discretionary Federal awards, loans, insurance, or any other Federal financial assistance. (2 CFR 200.202).

- b. **Grants.gov** – The common governmentwide website HUD uses to post discretionary funding opportunities, and for applicants to find and apply for those opportunities. (as outlined in 2 CFR 200.204)
 - i. Grants.gov offers a system-to-system interface allowing HUD to post Notice of Funding Opportunities (NOFO) forecasts and associated application packages and receive applications. Grants.gov has reporting and information management functionality for Federal users.
 - ii. The Grants.gov system sends applicants automated email messages providing the status of the application and it assigns a tracking number.
3. Electronic systems and portals used in the *Award* phase of the grants life cycle are:
 - a. **System for Award Management (SAM)** consolidates nine government-wide acquisition and award support systems into one system, including the Central Contractor Registry (CCR), Excluded Parties List System (EPLS), Online Representations and Certifications Application (ORCA), Federal Awardee Performance and Integrity Information System (FAPIIS), FFATA Sub-Award Reporting System (FSRS), and Assistance Listings (formerly Catalog of Federal Domestic Assistance, CFDA).
 - i. Each applicant for a HUD award must register in SAM prior to submission of an application. To continue to be eligible for an award, recipients must maintain an active registration throughout the life of the award, including an annual renewal. (Appendix I to 2 CFR part 200).
 - ii. Program Offices must:
 - 1) Review the information in SAM before HUD obligates Federal funds under a grant or other form of financial assistance. The review must determine whether an organization or any of its principals is debarred, suspended, or voluntarily excluded from eligibility for Federal funding.
 - 2) Include SAM registration requirements for applicants in both discretionary (NOFOs) and non-discretionary award processes, including renewal procedures; and
 - 3) Include in an award’s terms and conditions the requirement that each recipient must maintain an active SAM

registration and the currency of its information (2 CFR 25.200 and 2 CFR part 25, Appendix A).

- a) This includes information on the recipient's immediate and highest-level owner and subsidiaries, as well as on all of the recipient's predecessors that have been awarded a Federal contract or Federal financial assistance within the last three years, if applicable.
 - b) The subrecipients **must** obtain a Unique Entity Identifier (UEI), but do not need to obtain an active SAM registration.
 - c) Both the registration and information must be kept up to date throughout the period of performance and until the recipient submits either the final financial report or receives the final payment, whichever is later.
- b. **Unique Entity Identifier (UEI)** - A Unique Entity Identifier (UEI) means the identifier assigned by SAM to uniquely identify business entities. It is a unique number assigned to all entities (public and private companies, individuals, institutions, or organizations) who register to do business with the federal government.

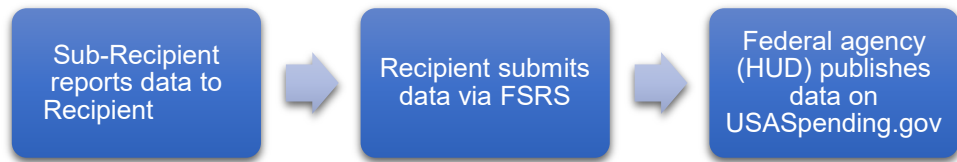
The Dun and Bradstreet Data Universal Numbering System Number⁴ (commonly known as DUNS number) is the UEI required for SAM registration for entities conducting business with the Federal government.

- i. Applicants for Federal grants, except for individuals other than sole proprietors, must include a UEI as part of the application for Federal assistance. The program description must include the reference to the relevant Assistance Listings, in addition to indicators, targets, baseline data and data collection. (Appendix I to 2 CFR part 200)
- ii. Program Offices must include the requirements for recipients to ensure applicants for sub-awards have a UEI number in the obligating document.

FATA Sub-Award Reporting System (FSRS). The FSRS is the reporting tool Federal award recipients are required to use to capture and report sub-award and executive compensation data regarding their first-tier sub-awards under FFATA reporting requirements.

- i. Recipients must enter information in FSRS to report sub-award obligations. The sub-award information entered in FSRS is made available on USAspending.gov.

⁴ By April of 2022, the federal government plans to stop using the DUNS number to uniquely identify entities registered in the System for Award Management (SAM). At that point, entities doing business with the federal government will use a unique entity identifier (UEI) created in SAM.gov.



Program Offices must include language from 2 CFR part 170, Appendix A, in the terms and conditions of Federal awards that authorize sub-awards. The award term specifies responsibilities for recipients related to reporting in FSRS. *The Federal agency is only required to include this term if the total funding is anticipated to equal or exceed \$30,000.*

- ii. As part of post-award monitoring, Program Offices must assess recipient compliance with the requirements for sub-award reporting and reporting of executive compensation.
5. Electronic systems and portals used in the *Post-Award* phase of the lifecycle are:
- a. The Federal Awardee Performance and Integrity Information System (FAPIIS) is an electronic data system that provides specific information related to the integrity and performance of non-Federal entities. HUD must report information to FAPIIS and review FAPIIS data prior to making Federal awards where the Federal share is expected to exceed the simplified acquisition threshold, defined in 41 U.S.C. 134, over the period of performance. (2 CFR 200.206).
 - i. FAPIIS includes information on Terminations for Cause or Default,
 - ii. Defective Cost and Pricing Data,
 - iii. Determinations of Non-Responsibility,
 - iv. Terminations for Material Failure to Comply (financial assistance),
 - v. Recipient Not Qualified Determinations (financial assistance) and Administrative Agreements.

As of November 12, 2020:

- 2 CFR 200.206 requires Federal agencies to review FAPIIS (including information in the non-public segment) as part of the pre-award risk assessment. A framework for evaluating risks can be found at 2 CFR 200.206 (b) to include new items HUD may consider in a risk-based approach.
- 2 CFR 200.213 requires agency reporting in certain circumstances when a financial assistance applicant has been determined to be “not qualified” for a Federal award.
- 2 CFR 200.214 contains information regarding suspension and debarment.

- 2 CFR 200.340 and 2 CFR 200.341 requires agency reporting of award terminations in FAPIIS. *Note, changes to 2 CFR 200.340 were effective August 13, 2020.*
 - 2 CFR part 200 Appendix XII contains the award terms and conditions requiring recipient integrity and performance reporting.
- b. SAM.gov also includes information regarding entities or their principals who have been debarred, suspended, proposed for debarment, excluded or disqualified from receiving Federal contracts, certain sub-contracts, and certain Federal assistance and benefits under either the non-procurement common rule (2 CFR part 180), or the Federal Acquisition Regulation (FAR).

Chapter 2: PRE-AWARD

2-1: Program Purpose and Instrument Selection

As outlined in 2 CFR 200.201, HUD uses three types of instruments: contracts, grants, and cooperative agreements for procurement and assistance relationships to achieve its mission. The Federal Grant and Cooperative Agreement Act (FGCA) (31 U.S.C. 6301-08) distinguishes procurement relationships from assistance relationships with non-Federal entities.

A. OVERVIEW

1. Grant agreements and cooperative agreements are the legal instruments used for HUD's financial assistance relationships. The main difference between a grant and a cooperative agreement is the degree of Federal participation or involvement during the performance of work activities. A grant agreement is the appropriate instrument when HUD anticipates no substantial involvement. When HUD expects substantial involvement with the recipient, a cooperative agreement is appropriate.
2. When selecting the award instrument to be used, the Program Office must first look to the specific authorizing statute or appropriation Act to determine if there is specific guidance on the funding instrument. (Note the authorizing statute may use different terminology, e.g., Annual Contributions Contract, but the instrument must be either a grant or a cooperative agreement.) Program Offices are advised to discuss this with their program counsel to ensure the proper funding instrument is selected. In making the selection of the funding instrument, Program Offices should consider:
 - a. The program purpose;
 - b. The purpose of the individual transaction; and
 - c. The purpose of the relationship between the award recipient and HUD. Does HUD intend to have substantial involvement or is substantial involvement not anticipated?
3. For more information on Grants and Cooperative Agreements, see Section 1 – 4 of this Handbook, Federal Financial Assistance.

B. BASIS FOR AWARD

1. HUD Authorizing Officials must make awards based on one of the following:
 - a. Plans submitted in response to a notice as is the case with non-discretionary awards and Congressionally directed awards;
 - b. Applications received resulting from a NOFO for discretionary funding or notice; or

- c. An unsolicited proposal, if permitted under program requirements. For more information, see Section 2 – 11 of this Handbook, Unsolicited Proposals.
2. Unless otherwise stated in appropriation Acts, HUD Authorizing Officials must always attempt to solicit applications for discretionary funds on a competitive basis, in accordance with the HUD Reform Act, and in concert with program requirements.

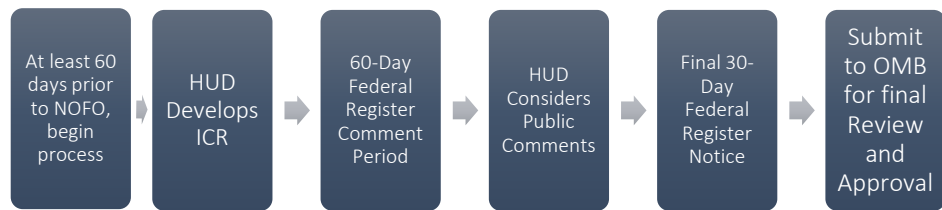
2-2: Paperwork Reduction Act and Assistance Listings

A. PAPERWORK REDUCTION ACT (PRA) of 1995 REQUIREMENTS

1. The PRA requires HUD to obtain OMB approval before requesting most types of information from the public. These “information collections” include forms, surveys, interviews and recordkeeping requirements.
2. Program Offices must adhere to HUD PRA policy requirements and use the PRA approval process to obtain OMB approval for Federally sponsored data, or information collection requests (ICR). (2 CFR 200.207) HUD’s Office of the Chief Information Officer (OCIO) oversees the PRA process for HUD.

B. PRA PROCESS FOR INFORMATION COLLECTIONS INCLUDED IN NOFOs AND AWARD RENEWALS

1. NOFOs submitted for Departmental Clearance must include OMB-approved forms, sample formats, or other information collection requests to be submitted by the applicant. ***Note: It is required that all submitted NOFOs meet the accessibility standards set forth by Section 508 of the Rehabilitation Act of 1973.**
2. Only NOFOs with a current OMB approval number for information collection requests can be published on Grants.gov. In addition, to publish on HUD’s website, the Program Office cannot issue a notice for award renewals, unless the information collection request has a current OMB approval number.
3. Program Offices should submit their PRA requests to OMB at least 60 calendar days prior to the proposed publication date of the NOFO to ensure adequate time for OMB clearance. Program Offices are also reminded to include time for Departmental clearance, the 60-day public comment period, comment review and package revisions, and the final 30-day notice period.



4. The process for obtaining an OMB approval number includes publishing the requested information collection instrument or form and the estimated burden hours in the Federal Register for a 60-day public review and comment period after Departmental clearance. At the end of the comment period, comments must be addressed prior to publication of a 30-day Notice, OMB review and final approval.
5. OCIO (PRA Office) will advise and provide guidance to Program Offices on how to complete the required OMB form 83-I, the Supporting Statement. The Supporting Statement explains the request and the required Federal Register Notice. OCIO (PRA Office) will also help coordinate the placement of approved program forms for NOFOs on the HUD Client and Information Policy System (HUDCLIPS) web page.
6. Program offices may use the following PRA resource tools:
 - a. <http://hudatwork.hud.gov/HUD/gc/doc/praogcquickguidetopracompliance33623.pdf>- PRA Compliance Guide
 - b. <https://www.reginfo.gov> - Track the status of pending and current PRAs.

C. ASSISTANCE LISTINGS (FORMERLY CATALOG OF FEDERAL DOMESTIC ASSISTANCE, CFDA) (2 CFR 200.203)

1. The Assistance Listings is a government-wide compilation of Federal programs, projects, services and activities assisting or benefiting the public. The Assistance Listings aids the public with obtaining general information on Federal assistance programs.
2. OMB provides oversight of the collection of Federal domestic assistance program data. GSA operates and maintains the listings on the SAM.gov website under the sub-heading Federal Assistance.
3. To comply with HUD requirements, Program Offices must update program information on the Assistance Listings Workspace at least annually. Program Offices must:
 - a. Designate an *Assistance Listings Liaison* to work with the Assistance Listings Coordinator who is assigned by the OCFO Budget Office;
 - b. Obtain a unique Assistance Listing number for new programs via the Assistance Listings Coordinator, provide a completed Assistance

Listing template, and submit to the OCFO Budget Office for HUD internal review and approval;

- c. Provide the updated program information to the Assistance Listings Coordinator who submits it to the Assistance Listings portal for clearance by GSA and OMB;
 - d. Update program information annually in the Assistance Listings Workspace on SAM.gov; and
 - e. Discontinue or archive programs not funded for more than two fiscal years unless a continuing resolution delayed or was otherwise prohibitive in funding the program.
4. Program Offices must include the Assistance Listing Number and Title in the Grants.gov synopsis, NOFO and the grant or cooperative agreement. (2 CFR 200.211(b)(13)).

2-3: Annual Milestone Plan

A. ANNUAL MILESTONE PLAN FROM PROGRAM OFFICES

1. Program Offices must conduct an annual planning process for financial assistance programs and transactions to ensure decisions and time frames for awarding financial assistance. The annual planning process should address activities for which the Program Office has discretion regarding the timing of the announcement, receipt of applications, and/or whether to award. This includes activities relating to competing and non-competing continuation of on-going awards. This information must be recorded in the Annual Milestone Plan template and submitted to GMO.
2. Program Offices must submit the Annual Milestone Plan for discretionary programs for the next fiscal year. The Milestone Plan should detail clearance timelines, publication, application deadline, award, and obligation dates for discretionary programs. The Milestone Plan must also indicate the estimated funding for the next fiscal year as well as any estimated carryover funding from previous fiscal years. It should also include only estimated award dates for mandatory programs.
3. Proposed funding amounts in the plan should be based upon actual appropriations, or if the program does not yet have an enacted full-year appropriation for the fiscal year (because HUD is operating under a Continuing Resolution), the best information available for proposed funding amounts plus any estimated carryover of funds from prior years available for obligation. Final dollar amount adjustments to the plan must be provided to GMO, as they are known.
4. Program Offices are expected to work closely with their program counsel and Budget Officers when developing their Milestone Plan. Attention should be

paid to the identification of any new programs or program components during a fiscal year and the proposed NOFO publishing date.

5. Program Offices must ensure programs for Federal financial assistance have a valid Assistance Listings Number and OMB Approval Number.

B. ANNUAL AWARD CALENDAR AND NOFO DASHBOARD

1. GMO will host an annual meeting with Program Offices to review milestone plans, annual award calendar and NOFO Dashboard, note any changes from the previous fiscal year, and adjust for the next fiscal year.
2. Based on plan information submitted, GMO will develop the Department's annual Award Calendar. The Award Calendar will be housed on GMO's SharePoint site, [GMOHOME](#).
3. The NOFO Dashboard provides a visual assessment of whether the Department is achieving its NOFO publishing goals in a timely manner.
4. Progress on the Award Calendar will be tracked by GMO and reported to Program Offices and Departmental leadership on a regular basis through the NOFO Dashboard and HUD's Consolidated Management Calendar.

C. GMO PORTFOLIO MANAGER ROLE

1. GMO Portfolio Managers support Program Offices throughout the grant lifecycle. Portfolio Managers are trained grants management staff in GMO assigned to support Program Offices on the development and publication of NOFOs.
2. Throughout the grant lifecycle, GMO Portfolio Managers consult with Program Offices on grants management issues; help strengthen internal controls; and propose enterprise-level solutions to streamline and/or simplify HUD's grants management processes.
3. GMO Portfolio Managers host a monthly meeting for HUD's grants management professionals, produce a quarterly newsletter update and maintain a SharePoint site, [GMOHOME](#), with updated grants information, including training, resources and access to other Federal grants-related websites.

D. HUD FORECAST

1. The Program Office must designate a staff member to develop/draft a Forecast for planned grant opportunities. NOFO Drafters complete the forecast information to include estimated dates, funding, a NOFO description, and statutory authority.
2. The Forecast should contain actual or estimated funding levels for awards the Program Office intends to make during the fiscal year, subject to Congressional appropriations.
3. A Forecast is subject to change and may be modified by the Program Office.

4. If using the GrantSolutions online grants management system, the forecast is the mandatory first stage of the NOFO publication workflow in the Announcement Module (AM).

E. NOFO TIMELINESS POLICIES

1. Milestone Plan - Program offices must create a NOFO Awarding Schedule that aligns with the following action steps:
 - a. **Forecast** - Program Offices must submit a forecast date to [Grants.gov](https://www.grants.gov), identifying when the grant will be published;
 - b. **Draft** - Program Offices must identify a draft timeline and when the NOFO will be submitted to Departmental Clearance;
 - c. **Departmental Clearance** - Program Offices must identify date NOFO will be submitted for Departmental Clearance. This includes OMB review and approval.
 - d. **Publishing** - Program Offices must submit the anticipated date for publishing the NOFO to Grants.gov.
 - e. **Awarding/Obligating Funds** - Program Offices must identify an anticipated date of the award and date award funds will be obligated to grantees.

2-4: Development of a Notice of Funding Opportunity (NOFO)

A. CONTENT (2 CFR 200.204)

1. NOFOs are HUD's equivalent to Funding Opportunity Announcements (FOAs) used throughout the Federal government to make awards.
2. NOFOs must be made available to potential applicants through Grants.gov. In addition, Program Offices may use supplementary means of sharing NOFOs, i.e., distribution through a constituency organization, transmittal through a targeted mailing, or electronic notification directed to the known universe of eligible applicants. Any supplementary notice cannot pre-date the publication of the NOFO at Grants.gov.
3. NOFOs follow a standardized format and order of content. However, each Program NOFO will have a unique title, Funding Opportunity Number (FON), text and instructions specific to the program.
4. NOFOs must include applicable terms and conditions for awards, including any exceptions to the terms.
5. HUD's standard format for the NOFO Table of Contents is below (Appendix I to 2 CFR Part 200):

[Funding Opportunity Title]
[Funding Opportunity Number]
TABLE OF CONTENTS

Executive Summary

I. Funding Opportunity Description

- A. Program Description
- B. Authority
- C. Program Goal and Objectives
- D. Relevant Assistance Listings

II. Federal Award Information

- A. Available Funds
- B. Number of Awards
- C. Minimum/Maximum Award Information
- D. Period of Performance
- E. Type of Funding Instrument
- F. Supplementation

III. Eligibility Information

- A. Eligible Applicants
- B. Ineligible Applicants
- C. Cost Sharing or Matching
- D. Eligible Activities
- E. Threshold Eligibility Requirements
- F. Statutory and Regulatory Requirements Affecting Eligibility
- G. Program Specific Requirements Affecting Eligibility
- H. Criteria for Beneficiaries

IV. Application Preparation and Submission Information

- A. Obtaining an Application Package
- B. Content and Form of Application Submission
- C. Unique Entity Identifier and SAM Registration
- D. Application Submission Dates and Times
- E. Intergovernmental Review
- F. Funding Restrictions
- G. Other Submission Requirements

V. Application Review Information

- A. Review Criteria
- B. Reviews and Selection Process
- C. Anticipated Announcement and Award Dates

VI. Federal Award Administration Information

- A. Award Notices
- B. Administrative, National and Departmental Policy Requirements
- C. Reporting

VII. Federal Awarding Agency Contact(s)

VIII. Other Information

6. NOFOs must contain detailed instructions explaining requirements, the funding opportunity and application submission procedures. See 2 CFR 200.204 and Appendix I to 2 CFR part 200 for additional details about the contents of a NOFO.
7. The NOFO must also comply with the Plain Writing Act of 2010 (Public Law 111-274). To help Program Offices develop clearly written NOFOs, GMO has created the *Writing Effective NOFOs and Developing Sound Rating Criteria* course. It is available to all HUD staff on HUD Virtual University (HVU) via InCompass. The course includes 3 modules: *Plain Writing*, *NOFO Development* and *Rating Factors and Evaluator Instructions*. Staff completing the course will earn 2.15 hours of training credit.
8. A Program Office may not give potential applicants advance notification of planned or pending funding opportunities nor may Program Offices tailor NOFOs for selected projects informally discussed with a potential applicant in another forum. (Section 103 of the HUD Reform Act, in HUD regulations in 24 CFR part 4, subpart B.)

B. NOFO SUBMISSION REQUIREMENTS AND EXCEPTIONS (2 CFR 200.204)

1. NOFOs must include submission requirements and an application deadline. A Program Office must post all funding opportunities for at least 60 calendar days.
2. The Program Office may determine a NOFO to have a less than 60 calendar day availability period, but no NOFO should be available for less than 30 calendar days, unless exigent circumstances require as determined by the Federal awarding agency head or delegate.
3. There are three reasons for which an exception may be granted to the required 60 calendar day posting policy. They are:
 - a. Delayed appropriations beyond the first quarter of the fiscal year, where publishing for less than 60 days is necessary to avoid hardship on the applicants (such an exception request will only be approved if the Program Office was ready to publish before the Appropriations Act was passed);
 - b. The competition was published in two phases, the NOFO for first phase was published for 60 days and the applicants invited to apply in phase two are only updating or expanding upon the application information provided in phase 1; and
 - c. Programmatic delay that results in a potential negative impact on the program or its intended recipients.

Note: Requests to have NOFOs available for application less than 60 calendar days must include specific details regarding the exigent circumstances that

require a shorter availability period. The Deputy Secretary may grant exceptions for a shortened application period based on review of the timelines outlined by the Program Office submitted in its Milestone Plan.

4. HUD further requires that grant funds are awarded in a timely and consistent manner.

C. NOFO DEADLINES AND APPLICATION SUBMISSION

1. HUD may extend a published application deadline when justified by circumstances such as a Presidentially declared disaster (e.g., floods or hurricanes); widespread disruptions of mail service or other services; or technical issues at [Grants.gov](https://www.grants.gov). If circumstances affect a defined geographical area, the Program Office may extend the deadline to applicants in the affected area. Application deadline extensions must be announced on [Grants.gov](https://www.grants.gov).
2. Applications not meeting the deadline specified in a NOFO are late and shall not be accepted for competition under the NOFO. To be timely, an application must be received by [Grants.gov](https://www.grants.gov) by the deadline date and time specified in the NOFO.
3. Under [24 CFR 5.1005](https://www.ecfr.gov/current/title-24/chapter-I/subchapter-B/part-1005), applicants may request a waiver of the requirement for electronic submission and HUD will waive the electronic submission requirement on the basis of good cause. Lack of SAM registration or valid Assistance Listings number is not good cause. Applicants seeking a waiver of the electronic grant submission requirements must submit a written request, following the instructions provided in the NOFO. Waivers will not be granted if the request is not received at least 15 days before the application deadline and if the applicant does not demonstrate good cause.
4. A Program Office may not require an applicant to submit more than an original and two copies of a paper application unless OMB has approved a different number of copies as part of PRA clearance of an application form or format.
5. If a Program Office permits submission of a paper application, the applicant must send the application in enough time to be received before the deadline date (with documented proof of mailing). A Program Office may not accept hand-delivered applications.

D. CERTIFICATIONS AND ASSURANCES ([2 CFR 200.209](https://www.ecfr.gov/current/title-24/chapter-I/subchapter-B/part-200.209))

1. NOFOs must include the required certifications and assurances for the program. The certifications and assurances are material representations of the facts HUD relies upon when making an award. This includes but is not limited to the [SF-424 Family of forms](#).
2. If a later determination shows the applicant has knowingly made a false certification or assurance, or the signatory did not have the authority to make a legally binding commitment for the applicant, the applicant may be subject to the

False Claims Act. HUD may then terminate the award or pursue other available remedies.

3. Each applicant is responsible for including the correct certifications and assurances with its application submission. Applicants must submit all required forms in the SF-424 Family of forms, including SF-424B (Assurances of Non-construction Programs) or SF-424D (Assurances for Construction Programs). Applications receiving funds for both non-construction and construction programs must submit both the SF-424B and SF-424D.

2-5 Additional NOFO Requirements

A. OVERVIEW

1. Unless otherwise specified, the following requirements apply to recipients of HUD funding under a NOFO. HUD has implemented these requirements in 24 CFR part 5. Many of the national public policy requirements (see Section 1–7 of this Handbook) have been incorporated into the NOFO template.
2. Program NOFOs must clearly refer to these requirements and where applicable, indicate any variation or additions. There may be slight variations in requirements among HUD programs.
3. These requirements are also applicable for recipients of award renewals. Renewal notices must clearly refer to these requirements and where applicable, indicate any variation or additions. More information about renewals may be found in Section 2 – 10 of this Handbook.
4. HUD is not required to make an award to a recipient, even if it has submitted a meritorious application, as determined by the merit review. HUD reserves the right to:
 - a. Deny funding, or with a renewal or continuing award, consider suspension or termination of an award immediately for cause,
 - b. Require removal of any key individual from association with management or implementation of the award, and
 - c. Make provisions or revisions regarding method of payment or financial reporting requirements.

B. FISCAL AND ORGANIZATIONAL REQUIREMENTS

1. Uniform Administrative Requirements, Cost Principles and Audit Requirements. Unless excepted under HUD program regulations (24 CFR, Subtitle B, chapters I through IX), the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards in 2 CFR part 200 apply to Federal awards made by HUD. For older HUD grants and for

PHAs where the basis for an exception or waiver is 24 CFR parts 84 and 85 (2013 edition), the non-Federal entity may apply 24 CFR 84.1(b) and 85.1(b).

2. Compliance with the Federal Funding Accountability and Transparency Act of 2006 (Pub. L.109-282), as amended. Recipients of HUD’s financial assistance must report certain sub-awards in the Federal Sub-Award Reporting System (FSRS) or its successor system for prime awards.
3. Codes of Conduct. 2 CFR 200.112 requires HUD to have a conflict-of-interest policy for Federal awards. Before executing a grant or cooperative agreement with HUD, recipients must ensure an up-to-date copy of the organization’s code of conduct, dated and signed by the Executive Director, Chair, or equivalent official, of the governing body of the organization has been submitted to HUD, or if required by program regulations, be maintained and available to HUD.
 - a. Non-Federal entities must comply with program specific conflict of interest requirements.
 - b. For procurement transactions only: Non-Federal entities subject to 2 CFR 200.318 must have documented procurement procedures that include standards of conduct consistent with 2 CFR 200.318(c) and prohibit real and apparent conflicts of interest arising among officers, employees, or agents in the selection, award, and administration of procurement contracts. The standards must prohibit the solicitation and acceptance of gifts or gratuities over minimal value by officers, employees, or agents for their personal benefit; and outline administrative and disciplinary actions available to remedy violations of such standards
 - c. In accordance with 2 CFR 200.318(c), if the recipient has a parent, affiliate, or subsidiary organization, that is not a state, local government, or Indian Tribe, the recipient must also maintain written standards of conduct covering organizational conflicts of interest in procurements. “Organizational conflicts of interest” means due to relationships with a parent, affiliate, or subsidiary organization, the recipient is unable, or appears to be unable, to be impartial in conducting a procurement action involving the related organization.
4. Participation in a HUD-Sponsored Program Evaluation. As a condition of receiving funding under a NOFO, recipients must agree to cooperate with HUD staff, contractors, or designated recipients performing research or evaluation studies.
5. Ensuring the Participation of Small and Minority Businesses, and Women-Owned Businesses, and Labor Surplus Area Firms. Under 2 CFR 200.321, recipients, their sub-recipients and contractors must take all necessary affirmative steps to assure small and minority businesses, women's business enterprises, and labor surplus area firms are used when possible.

6. Prohibition Against Lobbying Activities. Applicants are subject to Section 319 of Public Law 101-121, 31 U.S.C. 1352, (the Byrd Amendment) and 24 CFR part 87, prohibiting recipients of Federal contracts, grants, cooperative agreements, or loans from using appropriated funds for lobbying the executive or legislative branches of the Federal government for a specific contract, grant, loan, or cooperative agreement.

All applicants must submit a Certification of Lobbying form signed by the authorized representative using language in Appendix A of 24 CFR Part 87.

7. Applicants must also disclose, using Standard Form LLL (SF-LLL), “Disclosure of Lobbying Activities,” any funds, other than Federally appropriated funds, used to influence Federal employees, members of Congress, or congressional staff regarding specific grants, cooperative agreements, or contracts. Federally recognized Indian tribes and tribally designated housing entities (TDHEs) established by Federally recognized Indian tribes are excluded, but State-recognized Indian tribes and TDHEs must comply.

C. REPORTING REQUIREMENTS

1. Reporting Requirements and Frequency of Reporting. The NOFO and grant or cooperative agreement must specify the reporting requirements, including content, method of data collection, and reporting frequency. If the total Federal share of a recipient’s Federal award is more than \$500,000 over the period of performance, the recipient may be subject to post-award reporting requirements reflected in Appendix XII to 2 CFR Part 200--Award Term and Condition for Recipient Integrity and Performance Matters.
2. Race, Ethnicity and Other Data Reporting. Unless there is an explicit exemption, HUD requires recipients providing HUD-funded program benefits to individuals or families to report data on the race, color, religion, sex, national origin, age, handicap (disability), and family characteristics of persons and households who are applicants for, participants in, or beneficiaries or potential beneficiaries of HUD programs in order to meet the Department’s responsibilities under the Fair Housing Act, Executive Order 11063, Title VI of the Civil Rights Act of 1964, and Section 562 of the Housing and Community Development Act of 1987. NOFOs may specify the data collection and reporting requirements. Many programs use the Race and Ethnic Data Reporting Form HUD-27061 (U.S. Department of Housing; OMB Approval No. 2535-0113).
3. Performance Reporting. HUD-funded programs require recipients to submit, not less than annually, a report on achievement of outcomes under the program in the grant or cooperative agreement.

D. OTHER REQUIREMENTS (This list is non-exhaustive)

1. Environmental Requirements. The HUD regulations governing the environmental review process can be found at 24 CFR Parts 50 and 58. This

covers both the National Environmental Policy Act (NEPA) and related laws and authorities and incorporates NEPA and Council on Environmental Quality (CEQ) regulations in 40 CFR Parts 1500 through 1508.

- a. The environmental review process must be completed prior to approval of an application or issuance of an award unless the NOFO, grant agreement, or cooperative agreement includes a special condition providing for environmental review after approval of the application or issuance of the award.
 - b. The NOFO must include applicable environmental requirements in the NOFO or state if the funded activities are excluded from environmental review. Unless a categorical exclusion applies, each NOFO must also reference a Finding of No Significant Impact (FONSI) establishing that the issuance of the NOFO itself will not have a significant environmental impact or indicate that an environmental impact statement has been prepared if the NOFO does have a significant environmental impact. FONSI documents are available for public inspection on HUD’s website for applicable NOFOs.
 - c. The Program Environmental Clearance Officer for the appropriate office should be consulted for specific information on what the applicant must address.
2. Eminent Domain. Annual HUD appropriation Acts have prohibited the use of funds to support any Federal, state, or local project seeking to use the power of eminent domain, unless eminent domain is employed only for a public use. Public use shall not be construed to include economic development that primarily benefits private entities. This requirement must be included in the NOFO if the fiscal year appropriation Act contains this provision.
3. Consistency with the Consolidated Plan. Certain competitive programs require applications to contain a certification of consistency with a HUD-approved Consolidated Plan. This certification means the jurisdiction’s consolidated plan shows need, the proposed activities are consistent with the strategic plan and the location of the proposed activities is consistent with the geographic areas in the jurisdiction’s Consolidated Plan. HUD will not select and award funding for applications which do not contain certifications of consistency with the Consolidated Plan when certification is required under the NOFO.
4. Economic Opportunities for Low- and Very Low-income Persons. Certain programs require recipients to comply with Section 3 of the Housing and Urban Development Act of 1968 (Section 3), 12 U.S.C. 1701u, and the HUD regulations at 24 CFR part 75. *For NOFOs where Section 3 and 24 CFR part 75 apply, applicants must include information regarding how Section 3 activities will be considered in rating the application, the evaluation criteria utilized, and the rating points assigned.*

5. Real Property Acquisition and Relocation. Except as otherwise provided by Federal statute, programs or projects assisted with HUD grant funds are subject to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA)(42 U.S.C. 4601-4655), and the government-wide implementing regulations issued by the Federal Highway Administration at 49 CFR part 24.
 - a. Real property acquisition satisfying the requirements of 49 CFR 24.101(b)(1) through (5) is not subject to the requirements of 49 CFR 24, subpart B. These acquisitions, commonly referred to as “voluntary acquisitions,” include those conducted without the threat or use of eminent domain. Records demonstrating compliance with these requirements must be maintained by the recipient. The URA's assistance provisions remain applicable to any tenants that must move as a result of an acquisition described in 49 CFR 24.101(b) (1) through (5).
 - b. The relocation requirements of the URA, and its implementing regulations at 49 CFR part 24, cover any person who moves from real property or moves personal property from real property because of acquisition, rehabilitation, or demolition for a program or project receiving Federal financial assistance. While there are no URA statutory provisions for “temporary relocation,” the URA regulations recognize sometimes, a person will not be permanently displaced but may need to relocate for a short period. Under the URA regulations any tenant temporarily relocated for a period beyond one year must be contacted by the displacing agency and offered URA permanent relocation assistance (See Appendix A to 49 CFR 24.2(a)(9)(ii)(D)). The URA does not apply to displacements resulting from the demolition or disposition of public housing covered by Section 18 of the United States Housing Act of 1937.
 - c. However, if subsequent acquisition, rehabilitation, or demolition carried out with HUD funds or carried out with other HUD-funded activities causes residents to relocate, the URA may apply to those relocations. Additionally, if CDBG or HOME funds are used in the demolition or with conversion of lower-income dwelling units to a use other than lower-income dwelling units, the project may be subject to section 104(d) of the Housing and Community Development Act of 1974, including relocation assistance and one-for-one replacement provisions under 24 CFR part 42 subpart C.(PIH Notice 2021-07)
6. Accessible Electronic and Information Technology. Section 508 of the Rehabilitation Act (Section 508) requires HUD to ensure access to electronic information and data to persons with disabilities comparably to those without disabilities unless an undue burden would result to the Federal agency. HUD

encourages its recipients to adopt the goals and objectives of Section 508 by ensuring comparable access whenever electronic and information technology is used.

7. Prohibition of the purchase of certain telecommunications equipment. Under Section 889 of the National Defense Authorization Act of 2019 (Pub. L. No. 115-232) and 2 CFR 200.216, HUD loan and grant funds cannot be used to procure or obtain or extend or renew a contract to procure or obtain; or to enter a contract to procure covered telecommunications equipment as described in subsection (a) of Section 889. 2 CFR 200.216(b) also provides that heads of executive agencies administering loan, grant, or subsidy programs shall prioritize available funding and technical support to assist affected businesses, institutions and organizations as is reasonably necessary for those affected entities to transition from covered communications equipment and services, to procure replacement equipment and services, and to ensure that communications service to users and customers is sustained.
8. Executive Order on Ensuring the Future Is Made in All of America by All of America's Workers (E.O. 14005). In alignment with E.O. 14005, HUD should, consistent with applicable law, use terms and conditions of Federal financial assistance awards and Federal procurements to maximize the use of goods, products, and materials produced in, and services offered in, the United States. HUD should, whenever possible, procure goods, products, materials, and services from sources that will help American businesses compete in strategic industries and help America's workers thrive. Additionally, to promote an accountable and transparent procurement policy, HUD should vest waiver issuance authority in senior agency leadership, where appropriate and consistent with applicable law.

2-6: NOFO Clearance

A. INTERNAL CLEARANCE

1. This section outlines the specific process for NOFO clearance and procedures.
2. Originating Program Offices must prepare an original and redlined version of their prior year's NOFO to start the clearance process. Assigned counsel for each Program Office must review the proposed NOFO for legal sufficiency. **Note: All documents must be in an accessible format in accordance with Section 508 compliance requirements.**
3. Review by program counsel includes coordination with OGC's Office of Legislation and Regulations. If the program counsel was not included in the pre-clearance process and the NOFO is new or contains significant changes from the prior year's NOFO, then program counsel will have 28 days to review and comment. Once the NOFOA is approved by the Program Office, the Certifying Official can submit it into Departmental Clearance.

B. DEPARTMENTAL CLEARANCE

1. The NOFO Departmental Clearance process allows 10 Business Days for Program Offices and Support Offices (e.g., OGC, OCFO) to review and comment on a NOFO from the originating Program Office. The options for commenting on the NOFO: *No Position* (i.e., no need to review the NOFO); *Concur without Comment*; *Concur with Comment*; or *Non-Concur with Comment*. For definitions of these terms, see the HUD Directives Handbook.
2. Default Concurrence of NOFOs - Default Concurrence means concurrence is automatically assumed when Program Offices do not send their NOFO review and concurrence status by the deadline.

NOFOs will be in Departmental Clearance for 10 business days. After 10 business days, all non-respondent offices, except OGC, will be considered to have Default Concurrence.

3. To expedite OGC’s concurrence, GMO will schedule a meeting with the NOFO Drafter and OGC at the beginning of the clearance period.
4. Non-concurring comments must include proposed language clearing the non-concurrence or explain why the commenter is unable to propose language. Additionally, non-concurring comments from OGC must have a basis in statute or regulation. Comments from reviewing Program Offices must have a basis in statute, regulations, or HUD policy. Originating offices should make good faith efforts to consider and incorporate clearance comments, including concurring comments.
5. Once Departmental Clearance is complete, the following steps take place:
 - a. The NOFO is submitted to OMB. OMB has an initial 10 business days to review, approve, and return the NOFO to HUD with any comments or concerns.
 - b. The Department then works to resolve those comments or concerns and sends the NOFO back to OMB. OMB is then allowed an additional 10 business days for a final review.
 - c. Once approved by OMB and returned to HUD, OGC has 5 business days to complete a final review. When OGC concurs on the NOFO for publication and concurs with the NOFO’s FONSI, if applicable, it is sent to GMO for publishing. This task is a part of the AM workflow in the GrantSolutions system.
 - d. After final approval by OGC, GMO Portfolio Managers will submit an email notification to the Office of the Secretary (OSEC). The notification will contain a brief synopsis of the NOFO, and a .pdf version of the final approved NOFO to review.

OSEC will have 7 business days to submit their respective reviews. **After 7 business days, these offices will be considered in Default Concurrence.**

- e. Upon final approval or concurrence from OSEC, GMO will publish the NOFO within 2-3 business days unless the Program Office requests the NOFO be published on a specific date or other circumstances require a delay in publication.
6. GMO will work with Program Offices to ensure no more than four (4) NOFOs are in Departmental Clearance in any given week.

NOFO Clearance Steps	General Timeframes
NOFO Drafted	Milestone Plan Timeline
Cleared internally by originating office (including pre-review by program attorney in OGC)	5-10 business days
Departmental Review and clearance by other HUD offices	10 business days
Originating office revises NOFO based on comments and resolves non-concurrences	10 business days
OMB reviews and approves NOFO. Originating office revises NOFO based on OMB comments.	Up to 20 business days
OGC completes final review and concurrence on publication	5 business days
Publication to Grants.gov by GMO	2 - 3 business days

C. EXECUTING THE HUD-22, DEPARTMENTAL CLEARANCE APPROVAL PROCEDURES

- 1. When an electronic grants management system is used to draft, clear, and publish NOFOs, a HUD-22 from the originating Program Office is not needed to put the NOFO into Departmental Clearance. The digital signature by the Certifying Official indicates approval to put the NOFO into Departmental Clearance.

2. Program Offices reviewing a NOFO have 10 business days from the date the NOFO entered Departmental Clearance to submit a signed HUD-22 with or without comments.
3. Except for the offices listed in #4 below, Program Offices failing to submit a signed HUD-22 within 10 business days will be deemed to have “No Position” by the originating Program Office when the clearance period has expired.
4. GMO, OGC, and OCFO must upload a concurring HUD-22 before a NOFO can go to OMB.
5. Portfolio Managers must give the GMO Director a HUD-22 to sign – either paper copy or electronic copy (via email formatted for digital signature).

D. ORIGINATING PROGRAM OFFICE RESPONSIBILITIES

1. Originating Program Offices must address all non-concurring comments and should consider concurring comments received on a NOFO during the Departmental Clearance process.
2. When necessary, the originating Program Office can extend the review period beyond the 10 business days standard when requested by a reviewing office. Extensions granted should not be so long as to significantly delay the Departmental Clearance process.
3. Originating Program Offices should complete NOFO revisions based on comments received during Departmental Clearance within 14 days.

E. NOFO PUBLICATION ON GRANTS.GOV

1. Once OGC has given final concurrence, GMO staff will publish the NOFO to Grants.gov.
2. NOFOs posted on Grants.gov are the official documents to solicit applications. If there is a discrepancy between a NOFO posted on Grants.gov and other information provided in any other copy, version, or supporting documentation, the Program NOFO published on Grants.gov will prevail.

F. NOFO AMENDMENTS AND TECHNICAL CORRECTIONS

1. If, after NOFO publication, a Program Office determines a correction or change is needed, HUD can publish a revised version to Grants.gov. The two types of corrections or changes allowed are technical corrections and amendments.
2. A technical correction is a minor change not altering the program intent, purpose, rating factors, or policy intent of the NOFO (e.g., funding amount change, deadline date, or minor typographical error).
 - a. To initiate a technical correction, a Program Office must seek approval from the Authorizing Official and work with GMO to update the NOFO publication on Grants.gov.

- b. The minor nature of technical corrections does not change the application deadline date.
3. A significant change altering the program intent, purpose, rating factors, or policy (e.g., Program Office discovers an error in a rating factor or eligibility criteria changes) is an amendment.
 - a. To initiate an amendment, a Program Office must seek approval from the Authorizing Official and consult with GMO on the correction and its implications.
 - b. Amendments require review and concurrence of the revised NOFO by OGC before GMO can publish the updated version to Grants.gov. If the need for an amendment is identified less than 30 days before the published application deadline, the application deadline must be moved to ensure potential applicants have at least 30 days to apply.

2-7: Application Receipt and Review Procedures for Competitive Awards

A. APPLICATION RECEIPT

1. After submission, applications undergo initial screening by the Program Office, often referred to as threshold or intake, to ensure they meet minimum eligibility requirements in the NOFO requirements. Applications failing to meet initial screening requirements will not be evaluated further.
2. Applications passing the initial screening process will be evaluated based on the rating criteria outlined in the NOFO.
3. Eligibility requirements must be identified in the NOFO.
4. Unless there is an exception in Appropriations language or the Program Office grants a waiver, HUD does not accept faxed or hand-delivered applications or supporting documents.

B. CORRECTIONS TO DEFICIENT APPLICATIONS

1. HUD will not consider information applicants want to provide after the application deadline. HUD will not seek or consider clarification of application items or responses improving the substantive quality of an application or correct deficiencies in whole or part of a rating factor, including items impacting preference points.
2. HUD may contact the applicant to clarify other items in its application, consistent with 24 CFR 4.26(b). To not unreasonably exclude applications from being rated and ranked where there are curable deficiencies, HUD will uniformly notify applicants of technical deficiencies.

- a. A technical deficiency is an error or oversight that, if corrected, would not alter, in a positive or negative fashion, the review and rating of the application. Examples of curable (correctable) technical deficiencies include inconsistencies in the funding request, failure to submit the proper certifications, failure to submit an otherwise sufficient application under the correct Assistance Listings number or Funding Opportunity Number in Grants.gov, and/or failure to submit an application containing a signature by an official able to make a legally binding commitment on behalf of the applicant. These examples are non-exhaustive.
 - b. When HUD identifies a curable technical deficiency, HUD will notify the applicant's authorized representative. Official email notification must be sent from HUD with confirmation of delivery receipt requested. Applicants must provide an accurate email address for receipt of the notification.
 - c. Applicants must email corrections of technical deficiencies to applicationsupport@hud.gov within the time limits specified in the notification. The time allowed to correct deficiencies will not exceed 14 calendar days or be less than 48 hours from the email notification.
 - d. The start of the cure period will be the date stamp on the email HUD sends to the applicant. If the deficiency cure deadline date falls on a Saturday, Sunday, Federal holiday, or other day when HUD's Headquarters offices in Washington, DC, are closed, then the applicant's correction must be received on the next business day HUD Headquarters offices in Washington, DC are open.
3. Corrections to a paper application should be sent to the address stated in the Notice of Deficiency. Paper applications with incorrect Assistance Listings Numbers submitted under a waiver may correct the Assistance Listings Number as a technical deficiency. Applicants failing to correct the deficiency and submit an Assistance Listings number association with an active SAM registration on the submission deadline date will be ineligible for funding.
 4. The applicant must cure technical deficiencies before HUD can announce and award funding to the applicant.

2-8: Application Merit Review

A. REVIEW DESIGN AND CRITERIA (2 CFR 200.205)

1. For discretionary Federal awards HUD Program Offices must design and execute a merit review process for applications, with the objective of selecting recipients most likely to be successful in delivering results based on the program objectives outlined in section 2 CFR 200.202. A merit review is an objective process of evaluating Federal award applications in accordance with

written standards set forth by HUD. The process and criteria must be described in the NOFO. Merit review processes typically include intake or threshold screening reviews, reviewing and rating applications using HUD's standard rating factors and program-specific rating factors, and ranking applications by final scores. Alternative methods, such as funding by lottery, may be used if approved during the NOFO clearance process. HUD must also periodically review its merit review process.

2. Under Section 103 of the HUD Reform Act, in HUD regulations in 24 CFR part 4, subpart B, HUD's employees reviewing applications and making funding decisions are prohibited from providing advance information to any person (other than an authorized HUD employee) concerning funding decisions or from otherwise giving any applicant an unfair competitive advantage. Applicants for assistance must confine their inquiries to the areas HUD's employees may answer under 24 CFR part 4. This prohibition is lifted after award announcements are made.
3. For discretionary award renewals and non-discretionary award programs, applications may be subject to a review by at least one reviewer who is professionally and technically qualified to conduct the review. This review is limited to technical and/or cost matters.
4. Scientific or technical aspects of the grant application are evaluated through the merit review process. Competing grant applications must undergo objective review. The evaluation during objective review is based on merits of the application in response to the published criteria.
5. Criteria used to evaluate applications during the merit review must be included within a NOFO.

B. APPLICATION EVALUATION

1. HUD has established five (5) standard award funding factors in the NOFO template Program Offices may use. HUD may modify the factors for a specific funding opportunity to reflect statutory and regulatory limitations or program needs. The factors are:
 - a. Capacity of the Applicant and Relevant Organizational Staff
 - b. Need/Extent of the Problem
 - c. Soundness of Approach
 - d. Leveraging Resources
 - e. Achieving Results and Program Evaluation
2. NOFOs may award up to 100 points for the standard rating factors. Additional preference points may be given for Secretarial initiatives such as Opportunity Zones, Promise Zones, and Historically Black Colleges and Universities (HBCUs). GMO working with other offices will provide annual guidance on NOFO preference points, including any appropriations Act

provision regarding Promise Zones. Applicants must submit HUD Form 50153, signed by the Promise Zone authorized official to receive the points.

3. In evaluating applications for funding, HUD will consider an applicant's past performance in managing previous grants under the program or from HUD. Items HUD may consider include, but are not limited to:
 - a. Accounting for funds appropriately;
 - b. Using funds received from HUD in a timely manner;
 - c. Producing timely and high-quality reports submitted to HUD;
 - d. Meeting program requirements;
 - e. The use of quantitative data to establish performance targets;
 - f. Meeting performance targets as established in the grant agreement, with a focus on outcomes rather than output measures; a timeline outlining data collection strategies and annual reporting mechanisms;
 - g. The applicant's organizational capacity, including staffing structures and capabilities;
 - h. Timelines for completion of activities and receipt of promised matching or leveraged funds; and
 - i. The number of persons to be served or targeted for assistance.

4. Outstanding civil rights matters must be resolved before the application deadline. Applicants who, after review, are confirmed to have civil rights matters unresolved at the application deadline will be deemed ineligible. Their applications will receive no further review, will not be rated and ranked, and they will not receive funding.
 - a. Applicants having any of the charges, cause determinations, lawsuits, or letters of findings referenced in subparagraphs (1) – (5) that have not been resolved to HUD's satisfaction before or on the application deadline date are ineligible for funding. Such matters include:
 - i. Charges from HUD concerning a systemic violation of the Fair Housing Act or receipt of a cause determination from a substantially equivalent state or local fair housing agency concerning a systemic violation of a substantially equivalent state or local fair housing law proscribing discrimination because of race, color, religion, sex, national origin, disability or familial status;
 - ii. Status as a defendant in a Fair Housing Act lawsuit filed by the Department of Justice alleging a pattern or practice of discrimination or denial of rights to a group of persons raising an issue of general public importance under 42 U.S.C. 3614(a);
 - iii. Status as a defendant in any other lawsuit filed or joined by the Department of Justice, or in which the Department of Justice has intervened, or filed an amicus brief or statement of interest,

alleging a pattern or practice or systemic violation of Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Section 109 of the Housing and Community Development Act of 1974, the Americans with Disabilities Act or a claim under the False Claims Act related to fair housing, non-discrimination, or civil rights generally including an alleged failure to affirmatively further fair housing;

- iv. Receipt of a letter of findings identifying systemic non-compliance with Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Section 109 of the Housing and Community Development Act of 1974, or the Americans with Disabilities Act;
- v. Receipt of a cause determination from a substantially equivalent state or local fair housing agency concerning a systemic violation of provisions of a state or local law prohibiting discrimination in housing based on sexual orientation, gender identity, or lawful source of income.

b. HUD will determine if actions to resolve the charge, cause determination, lawsuit, or letter of findings taken before the application deadline date will resolve the matter. Examples of actions that may be sufficient to resolve the matter include, but are not limited to:

- i. Current compliance with a voluntary compliance agreement signed by all the parties;
- ii. Current compliance with a HUD-approved conciliation agreement signed by all the parties;
- iii. Current compliance with a conciliation agreement signed by all the parties and approved by the state governmental or local administrative agency with jurisdiction over the matter;
- iv. Current compliance with a consent order or consent decree;
- v. Current compliance with a final judicial ruling or administrative ruling or decision; or
- vi. Dismissal of charges.

- 5. HUD may deduct points from the rating score or establish threshold levels as specified under the Factors for Award in the program NOFOs. Program NOFOs will specify how past performance will be rated or otherwise used in determining award amounts.
- 6. HUD may give funding priority to applicants who demonstrate effective use of evidence in identifying needs to be addressed and selecting the practices, strategies or remedies proposed in the application, where practicable.
- 7. **Environmental Justice.** HUD may consider environmental justice in evaluating applications. Under E.O. 12898, each Federal agency is directed to

identify and address disproportionately high and adverse human health or environmental effects of its programs, policies, and activities on minority populations and low-income populations. If your NOFO will consider environmental justice, you must specify how it will be evaluated.

8. **Intergovernmental Reviews.** Executive Order (EO) 12372, Intergovernmental Review of Federal Programs, as implemented by 24 CFR part 52, is intended to foster an intergovernmental partnership and a strengthened Federalism by relying on state, areawide, regional, and local coordination and review of proposed Federal financial assistance and direct Federal development. NOFOs must indicate if the program is subject to EO 12372. If subject to EO 12372, a Program Office must review comments received from the State Single Point of Contact (SSPOC) and make efforts to accommodate intergovernmental concerns as per the procedures outlined in 24 CFR part 52.

C. INDEPENDENCE OF APPLICATION REVIEWERS

1. The Program Office must use objective reviewers knowledgeable in the field of endeavor or subject under review, be sufficiently independent of the entity applying for assistance, and able to render an objective and unbiased evaluation. This includes Federal employees, including HUD staff. Any circumstance introducing a conflict of interest, or appearance thereof, prejudices, biases, or predispositions into the process must be avoided.
2. Federal employees, including consultants and technical experts, who assist HUD in rating and ranking applications for funding under NOFOs are subject to 18 U.S.C. 208, the Federal criminal conflict-of-interest statute, and the Standards of Ethical Conduct for Employees of the Executive Branch regulation published at 5 CFR part 2635. Consultants and technical experts who assist applicants with preparing applications for Program NOFOs may not serve on a selection panel and may not serve as a technical advisor to HUD.
3. Employment of outside experts and peer reviewers under the consultant appointment authority subjects them to the restrictions under Section 103 of the HUD Reform Act when consultants/experts review competitive applications. Program Offices must ensure inherently governmental functions, such as award selections and recommendations, are not performed by experts or consultants.
4. Anyone involved in rating and ranking Program NOFO applications, including departmental staff, experts, and consultants, must avoid conflicts of interest or the appearance of such conflicts. These individuals must also disclose to HUD's OGC Ethics Law Division the following information, if applicable:

- a. How the selection or non-selection of any applicant under a Program NOFO will affect the individual's financial interests, as provided in 18 U.S.C. 208, and;
 - b. How the application process involves a party with whom the individual has a covered relationship under 5 CFR 2635.502 (b)(1).
5. The consultant or technical expert assisting HUD must disclose the information in 4.a. or 4.b. above before participating in any matter regarding a NOFO.

D. CONDUCT OF MERIT REVIEW

1. The merit review must be performed:
 - a. After the application submission deadline; or
 - b. After the Program Office accepts an unsolicited request for funding for review.
2. Applications must be evaluated against the Eligibility, Threshold Requirements and Rating Factors in the NOFO. At a minimum, evaluations of applications from eligible applicants must include a full reading of the application, scoring of the application on the evaluation criterion, and indicate the strengths and weaknesses of the overall response.
3. If stated in the NOFO, HUD may consider geographic distribution, diverse types and sizes of applicant entities, diversity of methods or approaches or a limitation on the number of awards a single applicant may receive when selecting applicants for funding.

E. RANKING AND SELECTION OF APPLICANTS

1. After applications are scored, the Program Office must rank the applications unless only one application is received.
2. The results of the application review process and selection recommendations are then provided to the Allotment Holder. Selections are made based on the evaluation, published factors for award and other factors as indicated under D.3. above, and comments if any, under EO 12372.
3. Approval of the ranking and selections by the Allotment Holder or his/her designee indicates all requirements in the NOFO have been met for successful applicants.
4. Applicants disapproved (including those not meeting eligibility threshold requirements), must be notified in writing after the Allotment Holder approves the selected applicants list. (See Section 2 – 5 A.4, above, for applications not accepted for review.)

F. DOCUMENTATION OF THE MERIT REVIEW PROCESS

1. Documentation of the decision to approve, disapprove, or otherwise not fund an application, as required by this Section, must be maintained by the Program Office in its files or in the official electronic award file.
2. Documentation must be handled in a manner that protects the confidentiality of the reviewers' identities and their comments and does not reveal their assessments or scores to the public. This information must be documented for approved applications:
 - a. The numerical position of the application in the ranking list;
 - b. When applications are not approved in rank order, adequate justification and description of the items or reasons influencing the selection of applicants for funding;
 - c. The amount recommended for funding and, if different from the amount requested in the application, an explanation or rationale for the difference between the requested amount and the award amount;
 - d. Information on strengths and weaknesses of the application; and
 - e. Any conditions imposed on the approved application, whether resulting from the objective review or pre-award risk assessment.
3. HUD must ensure documentation states the rationale for approval or denial. The application, including any letters of support, may be subject to public disclosure as provided under the Freedom of Information Act (FOIA) (5 U.S.C. 552) and HUD's implementing regulations at 24 CFR Part 15.
4. Pursuant to FOIA, HUD may proactively disclose awarded applications accessible on the Department's Web site at <http://www.hud.gov/FOIA>.
5. Applicant/Recipient Disclosure/Update Reports (currently Form HUD-2880) submitted must be available to the public for five (5) years. Updated reports must be available with the initial applicant disclosure reports for at least three (3) years.

2-9: Non-Discretionary Awards

An award made by HUD to specific recipients in accordance with statutory, eligibility and compliance requirements, such that in keeping with specific statutory authority the agency has no ability to exercise judgement ("discretion"). A non-discretionary award amount could be determined specifically or by formula.

A. OVERVIEW

1. This section describes procedures applicable to programs that provide non-discretionary awards.

2. It is HUD policy to recognize the unique statutory and regulatory requirements applicable to non-discretionary awards while maintaining a systematic approach to their award and administration.
3. Program Offices may monitor non-discretionary awards either on-site or remotely. The review must include requirements related to eligible activities, allowable costs, any limits on types of costs (such as administrative costs), beneficiary eligibility determinations, matching funds, collection and reporting of program data, and collection and use of program income.

B. SUBMISSION PROCESS FOR NON-DISCRETIONARY AWARDS

1. In most cases, HUD will notify recipients of their non-discretionary award allocation within 60 days of funding appropriation as required by many funding provisions in the annual appropriations Act.
2. Recipients must submit a plan (e.g., Consolidated Plan, Five-Year Public Housing Agency Plan or Annual [Public Housing] Plan) reviewed and approved by HUD in accordance with 24 CFR parts 91 and 903.

HUD review of plan submissions are set forth in the relevant program regulations.

2-10: Award Renewals

A. TYPES OF AWARD RENEWALS

1. Another important kind of discretionary grant-making at HUD is renewal awards. There are three types of renewal awards: continuation, competitive, and non-competitive. Whether a grant can be continued or renewed and whether they may be awarded non-competitively depends on authorizing acts, appropriations acts and program regulations.
2. A grant continuation is an extension or renewal of an existing expiring program funding for one or more additional budget period(s). Continuation grants are typically available to existing recipients of discretionary, multi-year grants.
3. A competitive award renewal is an extension of program funding for one or more additional budget period (s) based on a competition with other eligible renewal recipients. Funding is announced via a NOFO on Grants.gov and selection is based on criteria detailed in the NOFO.
4. A non-competitive award renewal is an extension of program funding for one or more additional budget period(s) based on availability of funds, project performance and/or compliance with progress and financial reporting requirements. Recipients may have originally competed for selection or were selected based on Congressional direction or an appropriations act.

B. RENEWAL APPLICATION REQUIREMENTS

1. Program Offices must provide recipients and/or applicants with specific instructions for completing and submitting applications for renewal awards.
2. At minimum, the renewal award instructions must specify:
 - a. Required means of submission;
 - b. Required forms and documentation to be submitted, including instructions;
 - c. Due date for submission and consequences of a late submission;
 - d. Approved funding level for the upcoming budget period;
 - e. Requirements to request any budget or project revisions; and
 - f. The recipient must provide its estimated unobligated balance at end of performance period and explain why an unobligated balance exists.
3. If applicable, selection and award of competitive renewals must comply with requirements for discretionary grant competitions, including NOFO development and merit review.

C. RENEWAL APPLICATION REVIEW

1. The Program Office must review the renewal application/submission and provide a recommendation for continuing or discontinuing the award. The review must be documented and included in the official grant file.
2. Subject to the requirements of the authorizing acts, appropriations acts and program regulations, grant continuations and non-competitive renewals need not undergo a merit review process. However, HUD must determine that the grant being renewed complies with program requirements.
3. As a prerequisite to continued funding, the appropriate grants official, must:
 - a. Determine whether the recipient has submitted applicable certifications and assurances (2 CFR 200.209);
 - b. Review the required OMB-designated repositories of government-wide data such as the SAM and the FAPIIS and make award decisions accordingly (Appendix I to 2 CFR part 200); and
 - c. Review the application budget and the most recent Federal Financial Report (FFR) and other available information.
4. For multi-year project periods, the Program Office may opt to provide future funding in the approved amount(s) unless:
 - a. The recipient is not making adequate progress;

- b. The recipient has not complied with the terms and conditions of previous budget; or
 - c. The amount available for funding has been reduced or eliminated.
5. The Program Office may reject an application for a renewal award if any of these situations occur, subject to any appeal rights available to the recipient in statute or regulation.

2-11: Unsolicited Proposals

A. OVERVIEW

1. Unsolicited proposals are those received without benefit of full and open competition. The determination to fund a grant or cooperative agreement without competition must be authorized by law (including the competition provision in the annual appropriations Act) and supported by a written justification approved by the responsible Authorizing Official.
2. Program Offices may only fund an unsolicited proposal where it has been determined the applicant has offered a unique idea or concept and it is not feasible to pursue the project competitively without disclosing the applicant's proprietary ideas.

B. UNSOLICITED PROPOSALS INVOLVING RESEARCH

1. If a proposed unsolicited project, not exempt under 24 CFR Part 60.101, involves research using human subjects, then a certification must be included indicating an Institutional Review Board (IRB) has approved the research design. The certification must be accompanied by a description of the procedures and membership of the IRB and shows it has been registered under the Department of Health and Human Services' (HHS) Policy for Protection of Human Research Subjects, 45 CFR Part 46, Subpart E. Unsolicited proposals involving research should be forwarded to the HUD Office of the Assistant Secretary for Policy Development and Research (PDR).
2. Unsolicited proposals sent to HUD should be treated uniformly from receipt through evaluation in accordance with 48 CFR Part 15, Subpart 15.6. Title V of the Housing and Community Development Act of 1970, as amended, authorizes the Secretary to undertake programs of research, studies, testing and demonstrations, relating to the mission and programs of the Department.
3. To assure effective results of these activities, the Secretary is also authorized to disseminate significant reports, data and information to Departments and agencies of Federal, state, and local governments, private organizations, and the public. Research conducted by HUD must undergo peer review procedures in HUD's Guidelines for Information Quality and Integrity prior to issuance to the public.

2-12: Research Involving Human Subjects

A. OVERSIGHT AND APPLICABILITY

1. The Office of Policy Development and Research (PDR) is the HUD office with Department-wide responsibility for research involving human subjects.
2. The regulations for protecting human subjects in 45 CFR part 46, Federal Policy for the Protection of Human Subjects, apply to HUD grants for research involving human subjects. Subpart A of Part 46 was adopted by HUD in 24 CFR 60.101 and by other Federal agencies, as a uniform “Common Rule.”
3. HUD amended its human subject protection regulations on January 19, 2017 (82 Federal Register 7149 – 7274). The effective date for the amended regulations is January 19, 2018, except the effective date is January 20, 2020 for research conducted at more than one institution, called “cooperative research.”

B. NOFO REQUIREMENTS

1. Program Offices must ensure NOFOs for research clearly state the requirements associated with protection of human subjects and specify the information and assurances required from the applicant prior to the issuance of award.
2. Recipients and sub-recipients must safeguard the rights and welfare of human subjects in HUD-supported research activities in compliance with the Common Rule (45 CFR part 46, subpart A). This includes obtaining IRB approval and obtaining informed consent. As a matter of grants policy, recipients must ensure sub-recipients comply with these requirements.

2-13: Pre-Award Risk Assessment (2 CFR 200.206)

A. ENTERPRISE RISK MANAGEMENT RELATIONSHIP

1. Prior to making a Federal award, HUD is required by the Payment Integrity Information Act of 2019, 31 U.S.C. § 3354, and 41 U.S.C. 2313 to review information available through any OMB-designated repositories of governmentwide eligibility qualification or financial integrity information as appropriate. See also suspension and debarment requirements at 2 CFR part 180 as well as individual Federal agency suspension and debarment regulations in title 2 of the Code of Federal Regulations.

2. An objective of HUD’s Risk Management Program is to facilitate the completion of risk assessments at the program level which inform, and are informed by, the enterprise risks. These pre-award risk assessments of recipients provide input into the development of the Department’s view of risk. They also promote an understanding of HUD’s enterprise risks. HUD must have a framework in place for evaluating the risks posed by applicants before they receive Federal awards.
3. The Risk Management Program’s standard set of methodologies, tools, templates and processes for managing risk activities can be used by the Program Offices to develop or enhance pre-award risk assessment procedures. As enterprise-level risk management processes over grants are reviewed and matured by the Department, GMO will work with the Risk Management Program to provide updated information and tools to Program Offices.

B. PROGRAM OFFICE RISK FRAMEWORK

1. Program Offices must establish a process to identify and mitigate potential risks posed by potential recipients before selection. (2 CFR 200.206) Before selecting applicants for award, Program Offices must conduct a pre-award evaluation of each applicant; determine if the applicant poses risk; and decide whether to impose award conditions and additional performance requirements to mitigate and monitor risk or not select the applicant for funding based on the risk evaluation.
2. Regulations on reviewing and evaluating risk are in 2 CFR 200.206. Prior to making a Federal award, HUD must consider all of the information available through FAPIIS with regard to the applicant and any immediate highest level owner, predecessor (i.e.; a non-Federal entity that is replaced by a successor), or subsidiary, identified for that applicant in FAPIIS, if applicable.

At a minimum, the information in the system for a prior Federal award recipient must demonstrate a satisfactory record of executing programs or activities under Federal grants, cooperative agreements, or procurement awards; and integrity and business ethics.

3. Each Program Office’s financial management staff is charged with helping the Program Office determine whether an applicant is sufficiently responsible to receive Federal financial assistance under requirements established in 2 CFR part 200. If the review of the application shows risk using the indicators in sub-section C below, the Program Office must determine whether the risks can be handled with special terms and conditions (2 CFR 200.208).

C. RISK INDICATORS (2 CFR 200.206) – In evaluating risks posed by applicants, HUD may use a risk-based approach and may consider items such as the following:

1. Financial Instability. Indicators of financial instability include lack of timely payment to sub-recipients, contractors, and staff; tax liens/failure to pay Federal taxes; or a filing of bankruptcy or insolvency. Please note a decision not to make an award based on bankruptcy or insolvency alone may violate 11

USC 525(a) prohibiting discrimination against organizations filing such actions.

2. Quality of Management Systems and Ability to Meet Management Standards. HUD will not award or disburse funds to applicants not having a financial management system meeting Federal standards as described at 2 CFR 200.302. HUD may arrange for a financial capability system review for recipients who have not previously received Federal financial assistance. This may occur when HUD has reason to question whether a financial management system meets Federal standards, or for applicants considered high-risk based on past performance or financial management findings.
3. History of Performance. Unsatisfactory performance on another Federal award, may include, but is not limited to, material violations of award terms and conditions, present debarment, suspension or voluntary exclusion from Federal programs on the Limited Denials of Participation list, termination of a previous award for cause or unsatisfactory or incomplete reporting or performance under a prior or current award.
4. Debarments and/or Suspensions. Under 2 CFR part 180, no award of Federal funds may be made to debarred or suspended applicants, or those proposed to be debarred or suspended from doing business with the Federal government.
5. Reports and Findings from Audits performed under Subpart F.
6. The Applicant's Ability to Effectively Implement Statutory, Regulatory, or Other Requirements Imposed on Non-Federal Entities.
7. Exceptions. Federal awarding agencies may request exceptions in support of innovative program designs that apply a risk-based, data-driven framework to alleviate select compliance requirements and hold recipients accountable for good performance. 2 CFR Part 200.102(d)

D. RISK EVALUATION (2 CFR 200.206)

1. Pre-award risk evaluation must include a review of the applicant's history in available systems, including OMB-designated repositories of government-wide eligibility and financial integrity and other sources of historical information. These systems include, but are not limited to:
 - a. FAPIIS (www.fapiis.gov), including past performance on Federal contracts as per Duncan Hunter National Defense Authorization Act of 2009. HUD must consider all of the information available through FAPIIS;
 - b. Dun and Bradstreet;
 - c. Do Not Pay list; and
 - d. System for Award Management (SAM).

3. Before making an award expected to exceed the simplified acquisition threshold (\$250,000), HUD must determine whether a non-Federal entity is qualified to receive an award by considering any information about the entity in FAPIIS.
4. HUD is not required to make an award to a recipient, even if it has submitted a meritorious application, as determined by the merit review. HUD reserves the right to:
 - a. Deny funding, or with a renewal or continuing award, consider suspension or termination of an award immediately for cause,
 - b. Require removal of any key individual from association with management or implementation of the award, and
 - c. Make provisions or revisions regarding method of payment or financial reporting requirements.
5. A financial capability review may be required for newly established organizations, organizations not receiving an award from a Federal agency within the preceding 36 months, and organizations experiencing financial difficulty as evidenced by financial reports. In these instances, the Program Office shall evaluate the organization's financial statements and verify that the organization's financial stability can support its operations without using Federal funds for non-authorized purposes.
6. The Program Office makes the final decision to fund an application based on the reviews. This could include special restrictive conditions as provided in 2 CFR 200.208 upon written notification of the conditions; the reason(s) for imposing them; and the corrective action necessary to remove them.

2-14: Funds Commitment and Obligation Prior to Award

1. Program Offices must have an OCFO-approved Funds Control Matrix for their programs. The Matrix covers key information with respect to the assignment, commitment, obligation, and disbursement of funds for each program activity, including the verification of the availability of funds. OCFO's Funds Control Handbook has chapters on each of these areas. This process significantly reduces HUD's risk of an Anti-Deficiency Act violation. For additional information, see Chapter 3 -1 of this handbook.
2. Allotment Holders are the HUD primary organization heads, such as Assistant Secretaries or equivalent positions. No official or employee of HUD shall be designated as an Allotment Holder unless OCFO has determined he/she has implemented an adequate funds control system and has received training in funds control procedures. For additional information, see Chapter 1 – 5 A.2. of this handbook.
3. Before Congressional notification and public announcement, Program Offices prepare funding commitments for selected recipients and submit to the

Allotment Holder for approval. Once approved, the Congressional Notification can be generated for Congressional and Intergovernmental Relations (CIR) and the OCFO. Whenever possible, an electronic file is prepared for upload into HUD's accounting system to record the commitment by the Program Office or OCFO systems staff. CIR provides the date awards can be announced only when the notification has been submitted to Congress and the required embargo period has been satisfied.

4. After selection, some Program Offices may negotiate specific terms of the funding agreement and budget with selected applicants, if permitted by the NOFO. If HUD and a selected applicant do not successfully conclude negotiations in a timely manner, or a selected applicant fails to provide requested information, the applicant will not be awarded. HUD may select another eligible applicant in accord with the NOFO selection requirements.
5. To ensure the fair distribution of funds and enable the purposes or requirements of a specific program to be met in the NOFO, HUD reserves the right to fund less than the amount requested in an application. Program Offices that choose to award more than amount requested must use their respective statutory or regulatory authority to justify an increased award.
6. If an applicant turns down an award offer, or if HUD and an applicant do not successfully complete grant negotiations, HUD may fund another eligible application in accordance with the NOFO.
7. If, after announcing awards, additional funds become available either through the fiscal year appropriations bill, a supplemental appropriation, other appropriations or recapture of funds, HUD may use the additional funds to provide additional funding to an applicant awarded less than the requested funds to make the full award, and/or to fund additional applicants (in accord with the NOFO selection requirements) eligible to receive an award where no funds were available.

2-15: Award Notification

A. PREPARE AWARD ANNOUNCEMENT AND POST IN THE FEDERAL REGISTER

1. HUD publishes a quarterly Federal Register Notice listing awards including (1) assistance subject to Section 102(a) of the HUD Reform Act and (2) assistance provided through grants or cooperative agreements on a discretionary, non-competitive basis (see 24 CFR part 4).
2. To implement this requirement, Program Offices must prepare and submit the Award Federal Register Notice Information Sheet to GMO within 30 days of awards being publicly announced. GMO will prepare the Award Federal Register Notice for HUD and facilitate its posting. OGC reviews the Federal Register Notice before it is published.

B. CONGRESSIONAL NOTIFICATION REQUIREMENT

1. To ensure members of Congress receive prompt advance notification of grant awards not less than three (3) full business days before any award is announced, Program Offices must notify CIR of:
 - a. New or renewal awards for discretionary funds, whether awarded on a competitive or non-competitive basis;
 - b. Supplemental awards under discretionary grant programs, based on dollar amount or a change in scope, that have undergone objective review; and,
 - c. Allocations under non-discretionary award programs.
2. The CIR notification requirement does not apply to the de-obligation of HUD funds.

C. NOTIFICATION PROCESS

1. The notification must be provided by the responsible Program Office to CIR in an Excel file five business days before the Office would like to announce awards. The notification format may be subject to change. If changed, Program Offices will be provided with an update from GMO and CIR.
2. The current notification format must include:
 - a. Name of the recipient;
 - b. Congressional district(s) of the recipient and place of performance (if different);
 - c. Award type (e.g., new, renewal, supplemental);
 - d. Award amount; and
 - e. Contact Name and phone number.
3. CIR must provide the notice to OCFO for review.
4. After review, CIR provides the notice to Congressional members. OCFO provides the notice to House and Senate Appropriations Committees.
5. Program Offices must email the Congressional Notification report to AskGMO@hud.gov after it is submitted to CIR. They should also email the URL link to the press release issued by the Office of Public Affairs, if applicable, to AskGMO@hud.gov as soon as possible after publication.
6. GMO will update HUD's Funds Available web page to reflect awards made during a fiscal year.

2-16: Program Office Responsibilities After Award Notification

A. PREPARE AWARD ANNOUNCEMENT AND POST IN THE FEDERAL REGISTER

1. On a regular basis, HUD publishes a Federal Register Notice listing awards including
 - i. Assistance subject to Section 102(a) of the HUD Reform Act and;
 - ii. Assistance provided through grants or cooperative agreements on a discretionary, non-competitive basis (see 24 CFR part 4).
2. To implement this requirement, Program Offices must prepare and submit the draft Federal Register Notice to the OGC Regulations Division. OGC reviews the Federal Register Notice before it is published.
3. GMO will periodically check to ensure award lists are published in the Federal Register.

B. CODES OF CONDUCT (2 CFR 200.318)

1. To ensure compliance with 2 CFR 200.318(c)'s conflict of interest requirements for procurements, Program Offices must ensure proposed award recipients have a Code of Conduct in the HUD Code of Conduct e-library. The Code of Conduct must include compliant conflict of interest language that is consistent with the prohibited conflicts listed in 2 CFR 200.318(c). Please note no funds can be awarded to an applicant without a Code of Conduct statement, including compliant conflict of interest language, on file. The Program Office must review the language to determine it meets requirements.
2. If the Code of Conduct is on file, including compliant conflict of interest language, no further action is required.
3. If **not** on file, but the Program Office has a copy of the Code of Conduct, it shall use the Code of Conduct Checklist to review each Code of Conduct for compliance with 2 CFR 200.318(c). Items on the checklist must be answered in the affirmative for compliance.
4. The Program Office should email the Code of Conduct and the signed, completed checklist and the following information to AskGMO@hud.gov.
 - a. Assistance Listings Number
 - b. Organization name
 - c. Mailing address
 - d. Name, title, phone number and email address of Authorized Representative or person with executive authority
5. If **not** on file, and the applicant does not submit a Code of Conduct statement with the application, the Program Office shall request a copy as a curable

deficiency. The applicant must meet threshold requirements and be selected for an award. As stated above, the selection of the application cannot be announced and funded if deficiencies have not been cured.

C. DEBRIEFING

1. Most of HUD's discretionary funding competitions do not have appeal processes. However, application debriefing is available. For a period of at least 90 days, following the public announcement of awards under a NOFO, HUD will provide an application debriefing to requesting applicants.
2. A debriefing request must be made in writing or by email by the applicant's authorized official whose signature appears on the SF-424 or by his or her successor in office and be submitted to the Agency Contact(s) in the NOFO.
3. Information provided during a debriefing may include the final score the applicant received for rating factors, final evaluator comments for rating factors, and the final assessment indicating the basis assistance was provided or denied.

Chapter 3: AWARD

3-1: Issuing an Award

A. FUNDS CONTROL POLICY

1. Program Offices must follow the Funds Control Handbook issued by the OCFO, including Chapter 4 on commitments and Chapter 5 on obligations. The following information in this section briefly describes certain aspects of commitments and obligations and contains references for additional information.
2. Program Offices, as per the Funds Control Handbook, must have a two-step funds control process requiring verification of fund availability prior to making any internal commitment of funds and to incurring any legal obligation to expend funds.

B. GRANT AWARD NUMBERING

1. For funding control, a unique identification number must be assigned to commitments and this identification number must be associated with any subsequent funding action.
2. Unless exempted by the OCIO, the commitment coding structure must conform to the HUDCAPS, its subsidiary system (e.g., the PAS), or a successor system issued by the OCFO and in concurrence with GMO. For additional information, see Chapter 4 – 11 of the Funds Control Handbook.

C. FUND COMMITMENT

1. Key points in the commitment process are identified in the OCFO-approved Funds Control Matrix for each program and guidance and requirements for commitments are included in Chapter 4 of the Funds Control Handbook.
2. Program Offices should use an electronic approval process for approving a fund commitment whenever possible, if it is approved in their matrix and meets the requirements of Chapter 1 – 13 of the Funds Control Handbook. If a Program Office does not have an electronic approval process, then the HUD-718 (dated May 2004 or a later current version) or another OCFO-approved form or document may be used. Both the electronic and paper-based processes must certify the availability of funds. Both processes must also include the funding source; budget fiscal year; budget organization code; PAS code; Budget object code; and the unique numbered identifier for commitments. For additional information, see Chapter 4 -7 of the Funds Control Handbook.
3. The funding commitment must also include the recipient's Assistance Listing number to allow for reporting to OMB and ensuring awardees expending

\$750,000 in Federal funds in a single year are subject to the Federal funds management audit requirements. If funds control commitments are processed electronically, the electronic system must include the DUNS data element.

D. FUND OBLIGATION

1. Key points in the obligation process are identified in the OCFO-approved Funds Control Matrix for each program and guidance and requirements for obligations are included in Chapter 5 of the Funds Control Handbook.
2. An obligation of funds is a legally binding agreement requiring an outlay or expenditure of funds immediately or in the future. An obligation may not be authorized before enactment of an applicable appropriation and issuing an allotment, unless otherwise provided by law.
3. Obligations should be recorded in the appropriate accounts as incurred, in the appropriate source year accounts. Obligations must never exceed available funds and should reference, and be verified against, a prior commitment of funds to assure sufficient funds are available, unless exempted from the funds commitment process by the OCFO.
4. Care must be taken to properly establish the point of obligation taking into account the guidance provided in Chapter 2 – 14 of this Handbook and Chapters 5 – 5 and 5 – 7 of the Funds Control Handbook.
5. Program counsel should be asked to review the form and content of any notification of selection or announcement letters prior to signing an award agreement, to ensure such communications will not prematurely obligate the government before terms and conditions have been agreed to by HUD and the proposed funding recipient.
6. Program Offices are cautioned to avoid any communication improperly implying an obligation of funds prior to the intended point of obligation. For additional information, see Chapter 5 – 6 of the Funds Control Handbook.
7. A recipient indicates acceptance of a HUD award and its associated terms and conditions by signing the grant agreement or cooperative agreement or if no agreement is required, by drawing down or requesting award funds from the designated HUD payment system or office.

Note that 2 CFR 200.211 requires Federal agencies to include a period of performance start and end date as well as the budget period start and end date on the Federal award (e.g., grant agreement). The Program Office must ensure that the dates are recorded in the designated storage system (e.g., LOCCS).

3-2: Indirect Costs (2 CFR 200.414)

A. BACKGROUND

1. Indirect Costs:

- a. Indirect costs are costs that are incurred for a common or joint purpose benefitting more than one cost objective and cannot be readily assigned to a final cost objective without effort disproportionate to the results achieved.
- b. Indirect costs allocable to a HUD award may be recovered by using the de minimis rate of 10% of modified total direct costs, as provided at 2 CFR 200.414(f) (except for those non-Federal entities described in appendix VII of 2 CFR 200 paragraph D.1.b), or by using an indirect cost rate developed in accordance with the requirements in 2 CFR part 200, where sections related to indirect costs were updated as of November 12, 2020. De minimis rates may only be used if the non-Federal entity does not have a current negotiated (including provisional) rate that is publicly available on an OMB-designated website.
- c. As described in 2 CFR 200.403, costs must be consistently charged as either indirect or direct costs but may not be double charged or inconsistently charged as both.
- d. OMB has designated USAspending.gov as the Federal website to make the Federally negotiated indirect rate, distribution base, and rate type for non-Federal entities (except for the Indian tribes or tribal organizations, as defined in the Indian Self Determination and Education Assistance Act, 25 U.S.C. 5304(e)) publicly available.
- e. A governmental department or agency unit that receives more than \$35 million in direct Federal funding must submit its indirect cost rate proposal to its cognizant agency for indirect costs. (Appendix VII of 2 CFR 200 paragraph D.1.b)

2. **Indirect Cost Rate Proposal (ICRP):** If a recipient is not allowed or chooses not to use the de minimis rate under 2 CFR 200.414(f), the recipient must develop an ICRP to recover its indirect costs under Federal awards. The ICRP must be developed in accordance with the applicable appendix under 2 CFR 200.414(e) and submitted to the Cognizant Agency for Indirect Costs for negotiation and approval of the rate.

EXCEPTION: If a state- or local-government department or agency unit receives no more than \$35 million in direct Federal funding each year and develops and maintains an ICRP and supporting documentation in accordance with Appendix VII to Part 200, that government department or agency unit is NOT required to submit its

proposal for negotiation unless specifically requested by its Cognizant Agency for Indirect Costs.

3. **Cognizant Agency for Indirect Costs:** Cognizant Agency for Indirect Costs means the Federal agency responsible for reviewing, negotiating, and approving central service cost allocation plans or indirect cost rate proposals developed under 2 CFR part 200 on behalf of all Federal agencies. For assignments of cognizant agencies see the following:
 - a. For Institutions of Higher Education: Appendix III to Part 200--Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Institutions of Higher Education (IHEs), paragraph C.11.
 - b. For nonprofit organizations: Appendix IV to Part 200--Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Nonprofit Organizations, paragraph C.2.a.
 - c. For state and local governments: Appendix V to Part 200--State/Local Governmentwide Central Service Cost Allocation Plans, paragraph F.1.
 - d. For Indian tribes: Appendix VII to Part 200--States and Local Government and Indian Tribe Indirect Cost Proposal, paragraph D.1.
4. **HUD-HHS IAA:** In the past, HUD entered into an Inter-Agency Agreement (IAA) with the Department of Health and Human Services (HHS) to review Indirect Cost Rate Proposals (ICRPs) on behalf of the Department.

As of March 1, 2020, Program Offices will need to enter into separate independent agreements with HHS, in order to have their respective Indirect Cost Proposals reviewed.

At a minimum, Program Offices will need to:

- a) Designate their own Contracting Officer Representative (COR) to manage the agreement with HHS;
- b) Initialize their own separate IAA and Contract Service Agreement (CSA) with HHS;
- c) Fund their independent Intra-Governmental Payment and Collections IPACs;
- d) Add these actions to their Annual Procurement Plan (APP) for each fiscal year.

Contact your Program's contract office for specific policy and procedures on reviewing ICRPs.

B. HUD ACCEPTANCE OF FEDERALLY NEGOTIATED RATES

1. All Program Offices must accept Federally negotiated Indirect Cost Rate Agreements (ICRAs). A program may impose a different rate for a class of awards or single award only when:

- a. Required by Federal statute or regulation; or
 - b. Approved by the Secretary or designee with delegated authority based on documented justification as described in paragraph 3 below.
2. HUD must inform OMB of any deviations from the Federally negotiated indirect cost rate agreements.
 3. HUD must implement, and make publicly available, the policies, procedures, and decision-making criteria that its programs will follow to justify deviations from negotiated rates. A NOFO or Renewal Instructions must indicate if a rate other than the negotiated indirect cost rates will apply to a certain grant program.
 4. GMO will work with Program Offices to help develop Department-wide requirements, procedures, and/or general decision-making criteria relative to deviations or changes from negotiated rates.

C. WHEN HUD IS THE COGNIZANT AGENCY FOR INDIRECT COSTS

1. **Submission of Indirect Cost Rate Proposals:** When HUD is the Cognizant Agency for Indirect Costs for a recipient and that recipient is required to submit its Indirect Cost Rate Proposal (ICRP) for negotiation, the recipient must submit the proposal to the designated Program Office POC for Indirect Cost Rates (usually the Budget Officer). This Program Office POC for Indirect Cost Rates will then forward the proposal to the Contract Officer Representative (COR) responsible for managing the ICR IAA with HHS.
2. **HHS Review of ICRP:** ICRP status will be maintained in a centralized clearinghouse. HHS will provide the grantee with a negotiated provisional or final rate. The normal turn-around time for ICRPs is 120 days, provided that the proposal is complete.
3. **Grantee Updates Program Office:** The grantee must provide a copy of the negotiated provisional and/or final negotiated Indirect Cost Rate Agreement (ICRA) to the Program Office POC for Indirect Cost Rates.

Program Office Updates Grant Record: The Program Office is responsible for updating records and using the new rate in future reimbursement or grant actions. See HHS Program Support Center guidance:
https://rates.psc.gov/fms/dca/np_exall2.html .

4. **HHS Program Support Center Guidance:** Further information and technical guidance on the development of indirect cost rates is available at <https://rates.psc.gov/>.

3-3: Information Contained in Federal Award (2 CFR 200.211)

A. REQUIREMENTS

1. A Federal award must include the following information:
 - a. Federal award performance goals (§200.202 and 200.301)
 - b. General Federal Award Information;
 - c. General Terms and Conditions;
 - d. Program specific terms and conditions;
 - e. Any other information required by HUD.
2. In accordance with statutory requirements for Federal spending transparency (e.g., FFATA) for applicable awards, HUD must announce all Federal awards publicly and publish the required information on a publicly available OMB-designated Federal website.

B. FEDERAL AWARD PERFORMANCE GOALS

1. Performance goals, indicators, targets, and baseline data must be included in the Federal award, where applicable. The Federal awarding agency must also specify how performance will be assessed in the terms and conditions of the Federal award, including the timing and scope of expected performance.
2. See §§200.202 and 200.301 for more information on Federal award performance goals.

C. GENERAL FEDERAL AWARD INFORMATION

1. Program Offices must include the following general information in each grant or cooperative agreement:
 - i) Recipient name (which must match the name associated with its unique entity identifier as defined at 2 CFR 25.315);
 - ii) Recipient's unique entity identifier;
 - iii) Unique Federal Award Identification Number (FAIN);
 - iv) Federal Award Date (see Federal award date in 2 CFR 200.201);
 - v) Period of Performance Start and End Date;
 - vi) Budget Period Start and End Date;
 - vii) Amount of Federal Funds Obligated by this action;
 - viii) Total Amount of Federal Funds Obligated;
 - ix) Total Approved Cost Sharing, or Matching, where applicable;

- x) Total Amount of the Federal Award including approved Cost Sharing or Matching;
- xi) Budget Approved by HUD;
- xii) Federal Award Description (to comply with statutory requirements (e.g., FFATA);
- xiii) Name of Federal Awarding Agency and Contact Information for awarding official;
- xiv) Assistance Listings Number and Title;
- xv) Identification of whether the award is Research and Development (R&D); and
- xvi) Indirect cost rate for the Federal award (including if the de minimis rate is charged per §200.414 Indirect (F&A) costs).

D. GENERAL TERMS AND CONDITIONS

1. HUD must incorporate general terms and conditions either in the Federal award or by reference, as applicable.
2. HUD's general terms and conditions may be found on the Grants Information page at <https://www.hud.gov>.
3. The requirements for all HUD's competitive grant programs have been incorporated directly into the agency's Notice of Funding Opportunity (NOFO) template.
4. The general terms and conditions must include:
 - a. Administrative requirements in 2 CFR part 200 as implemented by HUD;
 - b. National policy requirements, including statutory, executive order, other Presidential directive or regulatory requirements that apply by specific reference and are not program-specific which are made applicable to recipients (i.e., Program Offices should include specific conditions relating to the recipient's compliance with Section 508 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794d), if the recipient will be using the award in connection with the provision of electronic information and information technology);
 - c. Recipient integrity and performance matters; if the total Federal share of the award may include more than \$500,000 over the period of performance, HUD must include the term and condition available in Appendix XII of 2 CFR part 200 – Award Term and Conditions for Recipient Integrity and Performance Matters. See also 2 CFR 200.113 Mandatory disclosures;

- d. Future budget periods; if it is anticipated that the period of performance will include multiple budget periods, HUD must indicate that subsequent budget periods are subject to the availability of funds, program authority, satisfactory performance, and compliance with the terms and conditions of the Federal award.
- e. Termination provisions; HUD must make recipients aware, in a clear and unambiguous manner, of the termination provisions in §200.340, including the applicable termination provisions in the HUD's regulations or in each Federal award. See Section 4-5 of this Handbook for details on terminating awards.
- f. A statement requiring applicable requirements on sub-recipients and contractors under grants or sub-awards;
- g. How any program income earned under the award must be used; and
- h. An indication whether the Federal award amount is subject to adjustment based on total allowable costs incurred and the value of third-party in-kind contributions (i.e., if there are disallowed costs or contributions).
- i. The Federal award must incorporate, by reference, all general terms and conditions of the award, which must be maintained on the agency's website.

E. PROGRAM-SPECIFIC TERMS AND CONDITIONS (2 CFR 200.211(d))

- 1. Program Offices must include any program-specific terms and conditions (i.e., program requirements) into the award agreement necessary to communicate requirements that are in addition to the requirements outlined in HUD's general terms and conditions.
- 2. These may include, for example, time requirements for project commitments, development and occupancy. They may also include additional reporting requirements after the period of performance as required by statute or regulations.
- 3. Whenever practicable, these program-specific terms and conditions should be shared on a public Web site and in NOFOs, in addition to being included in the grant agreement or cooperative agreement.

F. AWARD SPECIFIC TERMS AND CONDITIONS (2 CFR 200.208)

- 1. HUD is responsible for ensuring that specific Federal award conditions are consistent with the program design reflected in 2 CFR 200.202 and include clear performance expectations of recipients as required in 2 CFR 200.301.
- 2. HUD may adjust specific Federal award conditions for awards by HUD Program Offices as needed, as described in 2 CFR 200.208.

3. Based on the risk posed by applicants as determined through the pre-award risk assessment, Program Offices may require specific award conditions either at the time of a new or renewal award. Program Offices may also impose specific award conditions based on non-compliance during the administration of the award under 2 CFR 200.208 and 200.339. Specific terms and conditions might be imposed based on the analysis of the following factors:
 - a. Based on the criteria set forth in section 200.206;
 - b. The recipient's history of compliance with the general or specific terms and conditions of the Federal award;
 - c. The recipient's ability to meet expected performance goals as described in 2 CFR 200.211; or
 - d. A responsibility determination of a recipient.
4. These additional Federal award conditions may include items such as the ones depicted in the graphic below:
 - a. Requiring payments as reimbursements rather than advance payments;
 - b. Withholding authority to proceed to the next phase until receipt of evidence of acceptable performance within a given performance period;
 - c. Requiring additional, more detailed financial reports;
 - d. Requiring additional project monitoring;
 - e. Requiring the recipient to obtain technical or management assistance; or
 - f. Establishing prior approvals.
5. If a Program Office is imposing additional requirements, the Program Office must notify the applicant or recipient as to:
 - a. The nature of the additional requirements;
 - b. The reason why the additional requirements are being imposed;
 - c. The nature of the action needed to remove the additional requirements, if applicable;
 - d. The time allowed for completing the actions, if applicable; and
 - e. The method for requesting reconsideration of the additional requirements imposed.
6. Any additional requirements must be promptly removed once the conditions that prompted them have been satisfied.

3-4: Transmission of Award

1. The grant agreement or cooperative agreement must be signed (or its electronic equivalent under the Electronic Signatures in Global and National Commerce Act – P.L. 106-229) by an authorized grants management official with the delegated authority to obligate the Federal funds.
2. The award package sent by U.S. Mail or electronically to the recipient must include the grant agreement or cooperative agreement, and/or requisite financial forms needed to draw down funds. The award letter for the package will provide specific instructions to the recipient and providing a date certain and method for the return to HUD.
3. If a recipient fails to properly respond (i.e., sign and return the agreement) and HUD has tried to obtain the required response from the recipient, HUD may withdraw the offer.
4. As HUD continually moves toward implementation of electronic transmittal, it is anticipated that paper documents will not have to be sent to recipients. It is envisioned that transmission, return and receipt of documents will occur electronically, and documents can be viewed and managed online.

Chapter 4: POST-AWARD

4-1: Monitoring

A. OVERVIEW

1. Program Offices must perform post-award monitoring for both discretionary and non-discretionary awards to ensure the successful performance and administration of the award. Post-award monitoring extends through the period of performance and closeout. Monitoring includes day-to-day activities, activities performed at specified intervals, such as site visits, and periodic evaluations of recipient performance required by statute or policy.
2. Monitoring provides systematic, structured, timely, and dynamic data to help management make informed decisions about program effectiveness and efficiency. It helps identify fraud risks and design and implement controls to prevent, detect, and respond to fraud, including improper payments.
3. HUD-wide regulations on financial, performance and property monitoring, and reporting requirements are found in the program regulations and 2 CFR part 200. Program Offices must monitor for conformity with program statutory and regulatory requirements and the terms and conditions of the award.
4. Examples of monitoring program guidelines/regulations/policies for some Program Offices may be found at:
 - a. Community and Planning Development
 - b. Fair Housing and Equal Opportunity
 - c. Lead Hazard Control and Healthy Homes
 - d. Public and Indian Housing (ONAP Grants Eval Handbook)

B. OVERSIGHT ROLE AND MONITORING REQUIREMENTS

1. Program Offices must conduct the appropriate post-award monitoring for grants and cooperative agreements regularly. Using a cooperative agreement, instead of a grant, does not relieve HUD from its monitoring responsibilities. Monitoring responsibilities are separate from the Federal collaborative role in a cooperative agreement.
2. HUD, as steward of Federal financial assistance, must monitor recipients for compliance with the program statute, regulations, and terms and conditions of the award. The information obtained through monitoring is used to determine performance and whether additional actions are needed to increase the potential for successful performance or to protect Federal interests.
3. Post-award monitoring should determine if the recipient is:

- a. Making progress in achieving the objectives of the Federal award, consistent with performance goals or milestones in the Federal award, general activities at a level of effort, and/or specific project activities;
- b. Minimizing the time elapsing between the drawdown of funds for advances and the disbursement for program purposes in accordance with cash management requirements;
- c. Providing required matching or cost sharing consistent with its programmatic performance, if required;
- d. Maintaining adequate administrative and financial systems;
- e. Using and accounting for Federal or grant-generated resources, such as program income, or property under the terms and conditions of award;
- f. Communicating developments having a significant impact on timeframes for completing activities and meeting performance goals of the Federal award; and
- g. Complying with other terms and conditions of award – e.g., undertaking proposed activities within allowable costs, meeting public policy objectives, and complying with government-wide and Departmental requirements, such as research integrity, appropriate treatment of human subjects, nondiscrimination, and environmental protection.”

C. RISK ANALYSIS AND MITIGATION THROUGH MONITORING (2 CFR 200.206)

1. Monitoring must be documented by the Program Office. The Program Office must document the adequacy of recipient program and fiscal performance and compliance at least annually during the period of performance.
2. Site visit or desk review results, including findings, must be documented in writing after completion of the review and require development of a corrective action plan by the recipient for any findings of non-compliance.
3. An annual risk analysis and risk mitigation strategy must be developed and implemented by the Program Office. Prior to making an award HUD is required to review the nonpublic segment of the OMB-designated integrity and performance system accessible through SAM (currently the Federal Awardee Performance and Integrity Information System (FAPIIS)). HUD must consider all of the information available through FAPIIS with regard to the applicant and any immediate highest-level owner, predecessor, or subsidiary, identified for that applicant in FAPIIS, if applicable. In evaluating risks posed by applicants, HUD may use a risk-based approach and may consider any items such as the following:

- a. *Financial stability*, Financial stability;
- b. *Management systems and standards*. Quality of management systems and ability to meet the management standards prescribed in this part;
- c. *History of performance*. The applicant's record in managing Federal awards, if it is a prior recipient of Federal awards, including timeliness of compliance with applicable reporting requirements, conformance to the terms and conditions of previous Federal awards, and if applicable, the extent to which any previously awarded amounts will be expended prior to future awards;
- d. *Ability to effectively implement requirements*. The applicant's ability to effectively implement statutory, regulatory, or other requirements imposed on non-Federal entities.

At minimum, the analysis and strategy should quickly and clearly identify:

- i. The program and/or recipients with the most significant risk exposure to the Department;
- ii. The number of program recipients to be monitored during a fiscal year in order of priority;
- iii. Types of technical assistance and other support that can be provided to address weaknesses;
- iv. Short- and long-term monitoring approaches (e.g., on-site, remote, desk, focused, limited or comprehensive) to be used;
- v. Timeline, including specific tasks and timeframe for monitoring or technical assistance to be conducted; and
- vi. Financial/staff resources, systems, and standards to be used to support the monitoring strategy.
- vii. The recipients' record of executing programs or activities satisfactorily under Federal grants, cooperative agreements, or procurement awards; and integrity and business ethics in accordance with their record in FAPIIS.
- viii. The recipients' ability to effectively implement requirements (i.e., statutory, regulatory, or HUD imposed requirements).

D. RECIPIENT MONITORING

1. Monitoring is a responsibility of HUD's Program Offices. Monitoring is performed by both Headquarters and Field Office staff, depending on the program.
2. The monitoring approach should be determined prior to award and is subject to adjustment after award based on recipient performance and compliance. A monitoring approach includes techniques on how to measure progress towards

performance goals and frequency of reporting. The approach should consider the:

- a. Type of program (e.g., service, research, demonstration);
- b. Governing statutory and regulatory requirements;
- c. Type of award instrument;
- d. Type of recipient(s); and
- e. Risk-based criteria specific to a program or award.

E. PERFORMANCE MEASUREMENT (2 CFR 200.301)

1. HUD must measure the recipient’s performance, as adopted for the program and Federal award specific consideration, to show achievement of program goals and objectives, share lessons learned, improve program outcomes, and foster adoption of promising practices. Note these program goals and objectives should be derived from program planning and design, as described in 2 CFR 200.202.
2. Where appropriate, the Federal award may include specific program goals, indicators, targets, baseline data, data collection, or expected outcomes (such as outputs, or services performance or public impacts of any of these) with an expected timeline for accomplishment. Where applicable, this should also include any performance measures or independent sources of data that may be used to measure progress. HUD will determine how performance progress is measured, which may differ by program. Performance measurement progress must be both measured and reported. See 200.329 for more information on monitoring program performance.
3. The annual assessment should include a review, and signed acknowledgement of the annual progress report. The review should indicate the recipients’ overall progress (acceptable or otherwise) and whether there are known issues. The assessment should also include information obtained by phone, email or other sources.
4. The assessment should focus on reviewing both the administrative and financial aspects of the Federal award. The assessment may include a review of the single audit, compliance with financial requirements, prior approval requests, and matching or cost sharing efforts.
5. Any need for specific award conditions, technical assistance, or enforcement actions resulting from the annual assessment must be noted.
6. HUD should also specify any requirements of award recipients’ participation in a Federally funded evaluation, and any evaluation activities required to be conducted by the Federal award.

F. SUB-RECIPIENT MONITORING

1. In its oversight and governance role of its recipients, HUD has a duty to ensure that the use of Federal funds through any sub-awards meets the intended outcome.
2. Sub-recipient monitoring encompasses the entire lifecycle of sub-award activity. A recipient or subrecipient that sub-awards its funds to another entity (pass-through entity) is responsible for monitoring its sub-recipient's activities and compliance with the Federal statute, regulations, and terms and conditions of the award, whether the award is a grant or a cooperative agreement. Most Federal requirements, including those related to fair housing and civil rights, will apply to subrecipients as well as recipients.
3. Pass-through entities are responsible for making pre-award decisions concerning sub-awards and managing the day-to-day operations of sub-award supported activities. In addition, pass-through entities must monitor sub-recipients to ensure compliance with applicable Federal requirements and the achievement of performance goals.
4. Requirements for pass-through entities are found in in the program regulations and 2 CFR part 200 (e.g., 2 CFR 200.332).
5. The pass-through entity must handle any non-compliance issues by the sub-recipient.
6. Except as otherwise provided in the program regulations or 2 CFR part 200 (e.g., 2 CFR 200.329(c)), a pass-through entity may impose reporting requirements or require prior approval for an activity even if it is not required by HUD or use a different threshold if it would allow the pass-through entity to meet its obligations to HUD.

G. POST-AWARD AMENDMENTS

1. A condition or action that prompts a significant change to an award will require approval from HUD before the grant recipient can implement a modification to an award.
2. Recipients are required to report deviations from budget or project scope or objective, and request prior approvals from HUD for budget and program plan revisions, in accordance with 2 CFR 200.308.
3. The instances where HUD approval is required are referred to as post award amendments.
4. Post award amendment types include:
 - a. Revisions to Budget and Program Plans (2 CFR 200.308)
 - b. Changes in Scope (2 CFR 200.308(c)(1))
 - c. Changes in Key Personnel (2 CFR 200.308(c)(2))
 - d. No-cost Extensions (2 CFR 200.308(e)(2))

- e. Modifications to Period of Performance (2 CFR 200.309)
 - f. Organization Change
5. Program Offices will determine the conditions that will require an award amendment and the specific actions, recipients must take, in the terms and conditions of the grant agreement.

4-2: Post-Award Reporting

A. REQUIREMENTS

1. Recipients must complete post-award reports required by the grant or cooperative agreement. The reports include financial, performance, and other types of required reports. Performance and financial reports are required at least annually and at a maximum of quarterly, as per 2 CFR part 200, Subpart D.
2. Increased frequency of reporting is permitted when specific award conditions, because of a risk assessment, require increased reporting frequency.
3. Program Offices must do the following in relation to recipient post-award reporting:
 - a. Require use of OMB-approved, government-wide or program specific reporting forms and formats and instructions for post-award reporting.
 - b. Identify the post-award reporting requirements in NOFOs applying to awards made.
 - c. Identify the forms or formats for reporting, including standard form number.
 - d. Obtain approval from OMB, as required under PRA, for any reporting requirements differing from standard reporting requirements or instructions.

B. PERFORMANCE AND FINANCIAL REPORTS (2 CFR 200.328 and 200.329)

1. Reporting program performance. HUD must use OMB-approved common information collections, as applicable, when providing financial and performance reporting information.
 - a. As appropriate, HUD must require the recipient to relate financial data and accomplishments to performance goals and objectives of the Federal award.
 - b. In accordance with above mentioned common information collections, and when required by the terms and conditions of the Federal award, recipients must provide cost information to demonstrate cost effective practices (i.e., through unit cost data).

- c. In some instances (e.g., discretionary research awards), this will be limited to the requirement to submit technical performance reports (to be evaluated in accordance with HUD policy).
 - d. Reporting requirements must be clearly articulated such that, where appropriate, performance during the execution of the Federal award has a standard against which non-Federal entity performance can be measured.
- 2. These reports will contain, for each Federal award, brief information on the following unless other data elements are approved by OMB in the agency information collection request:
 - a. A comparison of actual accomplishments to objectives for the period reported including costs per quantifiable accomplishment or trend data and analysis;
 - b. Reasons why performance goals were not met, if appropriate; and,
 - c. Additional information, including explanation of cost overruns or high costs, if appropriate;
 - d. Significant Developments:
 - i. Recipients should immediately notify HUD of developments with a significant impact on the award-supported activities.
 - ii. Notification should be given about problems, delays, or other adverse conditions materially impairing the ability to meet the objectives of the award.
 - iii. This notification will include a statement of the action taken or contemplated, and any assistance needed to resolve the situation.
 - iv. Notification should also be given to HUD for favorable developments, which enable the recipient to meet time schedules and objectives sooner or at less cost than anticipated or which produce more, or different beneficial results than originally planned.
- 2. HUD must solicit only the OMB-approved governmentwide data elements for collection of financial information.
 - a. HUD may extend the due date of any financial report upon receiving a justified request from a recipient. A recipient requesting an extension of the due date for any financial report must obtain approval from the Program Office which may require a regulation waiver submission.
- 3. The Program Offices will follow the requirements of 2 CFR 200.328 and 200.329 to determine the required frequency for the submittal of the reports.

C. SUB-AWARD REPORTING AND REPORTING OF EXECUTIVE COMPENSATION

1. FFATA, as implemented in 2 CFR part 170, requires prime grant recipients (for both non-discretionary and discretionary grants) to report on first-tier sub-awards and executive compensation for the recipient and first-tier sub-recipients.
2. Reporting requirements apply to awards and sub-awards over \$30,000, and where the obligation date and/or the period of performance start date are on or after October 1, 2015. If a first-tier sub-award was funded prior to October 1, but the sub-award amount increases to the threshold of \$30,000, then these reporting requirements apply.
3. The total compensation for the previous year and the names of the five (5) most highly compensated executives must be reported, if the entity in the preceding fiscal year received 80 percent or more of its annual gross revenues from Federal procurement contracts and subcontracts or Federal awards subject to the FFATA or Federal awards; and \$25,000,000 or more of annual gross revenues from the Federal government (contracts, subcontracts, financial assistance awards, and sub-awards subject to FFATA).
4. Organizations whose periodic reports are filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. §§ 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986 are not required to report executive compensation under the Transparency Act.
5. If the recipient had a gross income from sources under \$300,000, it is exempt from reporting sub-awards and sub-recipient executive compensation.

4-3: Records Retention

A. PROGRAM OFFICE RESPONSIBILITIES

1. The management and protection of grant information and files is an important function of the grant's life cycle. Various types of grant information and files require maintenance including award-specific files, program information files, and objective review files.
2. Program Offices must follow HUD retention requirements in the Record Retention Handbook 2225.6. At minimum, financial records, supporting documents, statistical records and other recipient records pertaining to an award must be retained for a period of three years from the date of submission of the final expenditure report, or from the date of submission of the quarterly or annual financial report, as applicable, or for the period for which the recipient is required to retain records.
3. All records must be maintained in an accessible format, in accordance with Section 508 of the Rehabilitation Act of 1973.

B. TYPES OF FILES

1. A Program Office must maintain official grant and grant-related records in paper or electronic form, or as a combination of both paper and electronic forms. Program Offices must establish and maintain:
 - a. Award-specific files.
 - b. Program information files.
 - c. Objective merit review files.
2. These records must be organized into files or, for fully electronic records, a filing structure. Electronic records are strongly encouraged for Program Offices. Whenever practicable collect, transmit, and store Federal award-related information in open and machine-readable formats (i.e., standard computer language that can be read automatically by a web browser or computer system).
3. Award Files. A Program or alternatively appropriate Office must create an award file for each grant award. The award file is an official, formal file and must contain a complete record of the award's history.
4. Documentation must be maintained to support decisions in the grant process, including but not limited to decisions related to competition, eligibility, application review results, funding, and post-award monitoring and administration.
5. Program Files. Program information files should, at minimum, include:
 - a. The program statute, regulations, and program guidance (including documents such as policy information notices, policy/program assistance letters, or program assistance letters);
 - b. A copy of the NOFO or renewal application instructions;
 - c. Any justification for limited competition;
 - d. Documentation concerning selection of the award instrument (i.e., use of grants or cooperative agreements);
 - e. OGC opinions;
 - f. GAO and OIG reports and related correspondence and congressional correspondence related to the program or class(es) of recipients under the program; and
 - g. General documentation relating to post-award administration of the program, such as single or program-specific audits, if any.
6. Merit Review Files. Program Offices must maintain records of merit review proceedings. Documentation generated throughout the review process must be handled in a manner protecting the confidentiality of reviewers' identities and

their comments without revealing their assessments or scores or the overall ranking, except on a “need-to-know” basis.

7. The merit review file, or a separate file, must include unsuccessful applications, whether resulting from a NOFO, renewal process, or an unsolicited request for funding.
8. Besides any program-specific requirements, review documentation and the information below and review documentation must be maintained in a manner limiting access to only authorized individuals, including:
 - a. Names and affiliations of review committee members/chair;
 - b. Applications received under the NOFO or renewal, showing those applications that are ineligible for review (and supporting documentation);
 - c. Evidence of compliance with the conflict of interest requirements, including a conflict of interest and confidentiality certification from reviewers;
 - d. Documentation of any appointments authorized as an exception to conflict of interest requirements;
 - e. Actions taken to manage conflict of interest, including documenting a reviewer with a conflict of interest in an application did not participate in the review of that application or other applications in the competition;
 - f. Application assignment list (by reviewer and, if applicable, by panel);
 - g. Review results, including summary statements and the ranking list;
 - h. The final decisions made by the approving official and documentation of out-of-rank-order decisions; and
 - i. Copies of notifications to unsuccessful applicants.
9. Unless exempted from the disclosure requirements of the Freedom of Information Act (FOIA) (5 U.S.C. 552), the Privacy Act (5 U.S.C. 552a), and the HUD Reform Act regulations (24 CFR part 4), certain documents related to the review of grant applications may be subject to proactive disclosure and/or public access pursuant to FOIA.

C. RECORDS MANAGEMENT, STORAGE, AND RETENTION

1. Program Offices must develop award, program information, and objective review files in accordance with records management, storage and retention requirements in the Federal Record Retention Handbook and National Archives and Records Administration (NARA) [Bulletin 2013-02](#) on managing Federal email records electronically. Program Offices must store and retain

certain grant-related documents and information and consult with the HUD's Records Management Officer, when necessary.

2. Program Offices must have a systematic method to store and retrieve electronic files.
3. The Program Office must create and maintain Federal award files allowing oversight entities (e.g., Office of the Inspector General (OIG) and Government Accountability Office (GAO)) access to documents, papers, or other records.
4. Records must be retained if they are the subject of a litigation hold or other directive even when a records schedule would otherwise allow for disposition.
5. Program Offices must ensure recipients comply with laws protecting security and privacy in research and other grant-supported activities, including but not limited to, the Federal Information Security Management Act (FISMA) of 2014. Electronic information systems or manual records containing Federal data must be protected from unauthorized access.

4-4: Closing an Award (2 CFR 200.344)

A. REQUIREMENTS

1. In accordance with 2 CFR 200.344, HUD will close out a Federal award when it determines that the recipient has completed all applicable administrative actions and all required work. If the non-Federal entity fails to complete the requirements, the HUD or the pass-through entity will proceed to close out the Federal award with the information available.
2. Recipients are required to submit, no later than 120 calendar days after the end date of the period of performance, (unless extended and justified by HUD or subject to other timeframes established in HUD regulations), all financial, performance, and other reports as required by the terms and conditions of the award. A subrecipient must submit to the pass-through entity, no later than 90 calendar days (or an earlier date as agreed upon by the pass-through entity and subrecipient) after the end date of the period of performance, all financial, performance, and other reports as required by the terms and conditions of the Federal award
3. HUD must make every effort to complete close out actions no later than one year after the end of the period of performance unless otherwise directed by authorizing statutes. Closeout actions include HUD actions in the grants management and payment systems.
4. If the non-Federal entity does not submit all reports in accordance with this section and the terms and conditions of the Federal Award, HUD must proceed to close out with the information available within one year of the period of performance end date.

5. If the non-Federal entity does not submit all reports in accordance with this section within one year of the period of performance end date, HUD must report the non-Federal entity's material failure to comply with the terms and conditions of the award with the OMB-designated integrity and performance system (currently FAPIIS). HUD may also pursue other enforcement actions per 2 CFR 200.339.

B. PROCESS

Program Offices must complete the steps listed below to close an award, which incorporate the requirements of 2 CFR part 200, unless a program has regulations governing closeout.

1. The recipient must submit, no later than 120 calendar days after the end date of the period of performance (unless extended by HUD in accordance with 2 CFR 200.308(e)(2) and §200.329(c)(1)), all financial, performance, and other reports required by the terms and conditions of the award.
2. These activities must be completed by the Program Office, if applicable:
 - a. Ensure that the recipient has submitted the required reports.
 - b. Review required final reports for completeness, accuracy, and acceptability.
 - c. Respond to a recipient's request for property or equipment disposition instructions.
 - d. Review the Federal financial information reported covering the end of the project period.
 - e. Make any required funding adjustments and if adjustments are made, notify the recipient of any amount due to the recipient or to HUD
 - f. Deobligate any unexpended funds remaining. Note that funds must be obligated before the final closeout.
 - g. Close the award in the appropriate grant management system.
 - h. In cases where HUD terminates an award early or does not make an award due to past non-performance, the Program Office must submit a report in the Federal Awardee Performance and Integrity Information System (FAPIIS)
 - i. Determine that the recipient has met all other programmatic requirements and notify the recipient of the closeout. Note: While 2 CFR part 200 does not require a closeout agreement (although some programs do), a closeout agreement can be a helpful tool for communication and for documenting requirements.

- j. Appropriately document closeout actions in the official award file and should destroy it ten years after final action is taken on the file. Longer retention is authorized if required for business use.
 - k. Must promptly close the award in the appropriate fiscal or payment management system and ensure that the award is recorded as closed.
3. Unless program regulations specify otherwise, HUD must make every effort to complete closeout activities no later than one year after the end of the period of performance unless otherwise directed by authorizing statutes. Closeout actions include HUD actions in the grants management and payment systems (2 CFR 200.344(g)). As stated in 2 CFR 200.345, the closeout of a Federal award does not affect any of the following:
- The right of the Federal awarding agency or pass-through entity to disallow costs and recover funds based on a later audit or other review;
 - The requirement for the non-Federal entity to return any funds due because of later refunds, corrections, or other transactions including final indirect cost rate adjustments;
 - The ability of HUD to make financial adjustments to a previously closed award such as resolving indirect cost payments and making final payments
 - Audit requirements in 2 CFR part 200, subpart F;
 - Property management and disposition requirements in 2 CFR 200.310 through 200.316 of 2 CFR part 200, subpart D; or
 - Records retention requirements in 2 CFR 200.334 through 200.338.
4. **Continuing responsibility after closeout:** The Grantee has the following areas of continuing responsibility after closeout of award:
- 1) Unless program regulations specify otherwise, records and materials must be kept in a safe place and be accessible to HUD, auditors and other government officials for a period of at least 3 years after the date of submission of the final expenditure report in accordance with 2 CFR 200.334 through 200.338.
 - 2) Accountability for property continues as long as the Grantee holds the property, or for the period of time established by the award document. Disposal of property must be in accordance with 2 CFR §200.310 through 200.316.
 - 3) Notification to the GTR and Grant Officer (**Program Office**) if at any time during the three-year period after the period of performance, the Grantee organization is discontinued or changes location. The GTR and Grant Officer (**Program Office**) shall be notified immediately of the new address or the address of the party retaining all records.

- 4) If the Program Office does not receive acceptable final reports within this period and/or determines closeout cannot be completed with the cooperation of the recipient, HUD may elect to complete a unilateral closeout.
- 5) The Program Office must document that any additional requirements after the closeout, such as audits, have been appropriately handled. (2 CFR 200.345)
- 6) OCFO will oversee the process to ensure that grants are being closed out in a timely manner.

B. PROPERTY CONSIDERATIONS (2 CFR part 200, Subpart D)

1. The disposition of property is not required as part of closeout. If a recipient continues to use the property after closeout, as permitted in 2 CFR 200.311, 200.312, and 200.313, this will not affect the Program Office's ability to close the award. (2 CFR 200.344)
2. For the disposition of real property acquired or improved under the award, it must be determined whether:
 - a. The recipient will continue to use the property after closeout;
 - b. The recipient is requesting disposition instructions;
 - c. HUD wants to exercise its right to transfer title;
 - d. Any reimbursement is due to HUD
3. The Program Office must continue to track the recipient's compliance with any accountability and reporting requirements for equipment throughout the term of possession. (2 CFR 200.313) This tracking will ensure the property continues to be used for the specified duration of the award.
4. Recipients who developed intellectual property, patents, or inventions as part of a grant award should identify and report those items. Patented items should be recorded in iEdison.gov as part of the grant closeout.
 - a. The recipient may copyright any work subject to copyright and that was developed under a Federal award. HUD reserves a royalty-free, nonexclusive and irrevocable right to reproduce, publish, or otherwise use the work for Federal purposes, and to authorize others to do so.
 - b. The recipient is subject to applicable regulations governing patents and inventions, including government-wide regulations, such as 37 CFR Part 401.

4-5: Terminating an Award (2 CFR 200.340)

- A. It is allowable to terminate agreements in whole or in part to the greatest extent authorized by law post award, if an award no longer effectuates the program goals or agency priorities. (2 CFR § 200.340). The conditions under which HUD may terminate an award is outlined in 2 CFR 200.340:
- B. The Federal award may be terminated in whole or in part, as follows:
 - 1. By HUD or a pass-through entity, if a non-Federal entity fails to comply with the terms and conditions of a Federal award;
 - 2. By HUD or a pass-through entity, to the greatest extent authorized by law, if an award no longer effectuates the program goals or agency priorities;
 - 3. By HUD or a pass-through entity with the consent of the non-Federal entity, in which case the two parties must agree upon the termination conditions, including the effective date and, in the case of partial termination, the portion to be terminated;
 - 4. By the non-Federal entity upon sending to the Federal awarding agency or pass-through entity written notification setting forth the reasons for such termination, the effective date, and, in the case of partial termination, the portion to be terminated. Note: If the Federal awarding agency or pass-through entity determines in the case of partial termination that the reduced or modified portion of the Federal award or subaward will not accomplish the purposes for which the Federal award was made, the Federal awarding agency or pass-through entity may terminate the Federal award in its entirety.
 - 5. By the Federal awarding agency or pass-through entity pursuant to termination provisions included in the Federal award.
- C. HUD must clearly and unambiguously specify termination provisions in 2 CFR 200.340 and other applicable regulations or program requirements in the Federal award or in regulations that are incorporated by reference into the Federal award, consistent with this section and 2 CFR 200.211(c)(v).
- D. When a HUD terminates a Federal award, prior to the end of the period of performance, due to the non-Federal entity's material failure to comply with the Federal award terms and conditions, the Federal awarding agency must report the termination to the OMB-designated integrity and performance system accessible through SAM (currently FAPIIS), in accordance with the requirements at 2 CFR 200.340(c).
- E. When HUD or a pass-through entity terminates an award, it must provide a notice of termination to the non-Federal entity that contains the requirements at 2 CFR 200.341. Costs to the non-Federal entity resulting from financial obligations incurred by the non-Federal entity during a suspension or after a termination of a Federal

award or subaward are not allowable unless the Federal awarding agency or pass-through entity expressly authorizes them in the notice of suspension or termination or subsequently, in accordance with 2 CFR 200.343.

4-6: Audits and Reviews (2 CFR 200.501)

A. RECOMMENDATIONS

1. Program Offices should clearly specify in the terms and conditions of award both the audit requirements and the potential consequences of not submitting required reports in a timely manner.
2. Program Offices should inform recipients of the single audit requirements applying to their organization and their responsibilities related to audits of sub-recipients.
3. Program Offices should inform any non-Federal entity, either recipient or sub-recipient expending \$750,000 or more in Federal awards in a fiscal year of the requirement to obtain a single audit meeting the Single Audit Act, and applicable sections of 2 CFR 200, Subpart F.
4. Program Offices should review current and previous audit reports prior to awarding a new or renewal award; at least annually as a regular part of monitoring; and when closing an award.

B. SINGLE AUDIT REPORT SUBMISSION – FEDERAL AUDIT CLEARINGHOUSE (FAC)

1. The Federal Audit Clearinghouse (FAC) is a public database of completed audits and the submission point for the single audit reporting packages. Auditees and auditors are responsible for completing and submitting the package in accordance with 2 CFR 200.512.
2. An award may be closed before submission of a Single Audit. If, after closeout has been completed, a subsequent audit report identifies questioned costs, the Program Office may disallow costs and recover an amount based on sustained audit findings.
3. If the single audit report has not been submitted within nine (9) months of the end of the auditee’s fiscal year, it is considered delinquent (§200.512). For delinquent single audit reports, the Program Office must contact the recipient and instruct it to submit a single audit report covering the delinquent reporting period.

C. FINDINGS FOLLOW UP (2 CFR 200.511)

1. Auditors must report the following as audit findings in accordance with 2 CFR 200.516:

- a. Significant deficiencies and material weaknesses in internal controls over major programs and significant instances of abuse;
 - b. Material non-compliance with Federal statutes, regulations, or the terms and conditions of the award;
 - c. Known questioned costs greater than \$25,000 for a major program;
 - d. Known or likely fraud affecting a Federal award; and
 - e. Instances where the results of audit follow-up procedures disclosed that the summary schedule of prior audit findings materially misrepresents the status of any prior audit finding.
2. Auditees (e.g., recipients) are responsible for follow-up and corrective action on audit findings.

D. SINGLE AUDIT MANAGEMENT DECISIONS AND RESOLUTION (2 CFR 200.521)

1. HUD is required to issue a management decision, on an assigned reporting package with audit findings, within six months of the date the FAC accepts the single audit report package. (2 CFR 200.521)
2. Determinations of disallowed costs and/or deficiencies in management systems resulting from audit findings must be based on the applicable statute(s), regulations, cost principles, and other terms and conditions of the award.

E. OTHER TYPES OF AUDITS

1. GAO and the HUD Office of Inspector General (OIG) conducts audits to provide accountability and determines whether Federal funds are being spent efficiently and effectively. Additionally, OIG also conducts evaluations. These GAO and OIG matters usually target an issue in a grant program or grants management function.
2. The GAO and OIG often request official government records and documents associated with their audits or evaluations. Program Offices must provide the information requested in an expeditious manner.
3. A GAO or OIG audit or evaluation may result in recommendations to address concerns. Program Office must ensure:
 - a. The recommendations are consistent with law, regulation, and policy; and/or
 - b. Concerns are resolved in a timely manner.

Chapter 5: APPENDICES

APPENDIX A. Definitions

Applicant – applicant, for the purposes of this part, means a non-Federal entity or Federal agency that applies for Federal awards. (2 CFR 25.400)

Application – a written request to HUD for funding submitted in response to a HUD invitation, a Notice of Funding Opportunity (NOFO) or independently as an unsolicited proposal.

Allotment holder – a primary organization head, such as an Assistant Secretary or equivalent, who submits apportionment requests to the OCFO as needed to carry out responsibilities. He or she bears overall responsibility for the funds allotted to them.

Anti-Deficiency Act – a Federal statute prohibiting (1) making expenditures or incurring obligations before an appropriation has been made and (2) incurring obligations or making expenditures over amounts available in an appropriation or fund account, apportionment, or allotment unless specifically authorized by law.

Assessment of Fair Housing (AFH) – the analysis undertaken under 24 CFR 5.154 (2016) that includes an analysis of fair housing data, an assessment of fair housing issues and contributing factors, and the identification of fair housing priorities and goals. It is conducted and submitted to HUD using the Assessment Tool.

Assistance Listings - assistance listings refer to the publicly available listing of Federal assistance programs managed and administered by the General Services Administration, formerly known as the Catalog of Federal Domestic Assistance (CFDA). (2 CFR 200.1)

Authorized representative – the individual(s), named by the applicant/recipient organization, who may act for the applicant/recipient and to assume the obligations imposed by the Federal laws, regulations, requirements, and conditions applying to grant applications or awards.

Authorizing Official – the individual, named by the Secretary, who oversees the implementation of, and adherence to, HUD grants requirements for a Program Office.

Authorizing statute – the statute providing the authority to establish a Federal financial assistance program or make an award with specific terms. It may also provide programmatic requirements, such as eligibility and allowable activities.

Budget – Budget means the financial plan for the Federal award that the Federal awarding agency or pass-through entity approves during the Federal award process or in subsequent amendments to the Federal award. It may include the Federal and non-Federal share or only the Federal share, as determined by the Federal awarding agency or pass-through entity. (2 CFR 200.1)

Budget review – reviewing the categorical budget, including Federal funds requested and any required matching or cost sharing, and accompanying budget justification/narrative submitted as part of an application, to ensure proper categorization of costs, identify unallowable costs, verify rates, and check arithmetic accuracy.

Closeout – the process by which the Federal awarding agency or passthrough entity determines that all applicable administrative actions and all required work of the Federal award have been completed and takes actions as described in § 200.344 Closeout. (2 CFR 200.1)

Cognizant agency for indirect costs – the Federal agency responsible for reviewing, negotiating, and approving cost allocation plans or indirect cost proposals developed under this part on behalf of all Federal agencies. (2 CFR 200.1)

Consolidated Plan – document, as provided in 24 CFR part 91, developed by states and local jurisdictions to assess their affordable housing and community development needs and market conditions, and to make data-driven, place-based investment decisions with funding from formula grant programs.

Cooperative agreement – a legal instrument of financial assistance between a Federal awarding agency and a recipient or a pass-through entity and a subrecipient that, consistent with 31 U.S.C. 6302-6305. (2 CFR 200.1)

Data – recorded information, regardless of form or the media it may be recorded on. The term includes technical data and computer software. The term does not include information incidental to contract administration, such as financial, administrative, cost or pricing, or management information.

Data Universal Numbering System (DUNS) Number – a number used as a universal identifier for organizations seeking Federal funding. As of early 2017, a DUNS number must be included in every application for a new award or renewal of an award.

Debarment – an action taken to exclude a person from participating in covered transactions and transactions covered under the Federal Acquisition Regulation.

Direct costs – those costs that can be identified specifically with a particular final cost objective, such as a Federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect (F&A) costs. See also § 200.405. (2 CFR 200.413a)

Disallowed costs – charges to a Federal award that the Federal awarding agency or pass-through entity determines to be unallowable, in accordance with the applicable Federal statutes, regulations, or the terms and conditions of the Federal award. (2 CFR 200.1)

De-obligation – HUD’s cancellation or downward adjustment of a previously recorded obligation.

Discretionary award – an award in which the Federal awarding agency, in keeping with specific statutory authority that enables the agency to exercise judgment (“discretion”), selects the recipient and/or the amount of Federal funding awarded through a competitive process or based on merit of proposals. A discretionary award may be selected on a non-competitive basis, as appropriate.

Electronic record – any information recorded in a form only a computer can process and satisfies the definition of a Federal record under the Federal Records Act. The term includes both record content and associated metadata that the agency determines must meet agency business needs

Equipment – tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or \$5,000. (2 CFR 200.1)

Expenditure – charges made by a non-Federal entity to a project or program for which a Federal award was received. (2 CFR 200.1)

Federal Awardee Performance and Integrity Information System (FAPIS) – the integrity and performance system established by OMB and GSA including government-wide data with specific information related to the integrity and performance of non-Federal entities.

Federal Award Identification Number (FAIN) – a unique number assigned to awards for financial assistance.

Federal Audit Clearinghouse (FAC) – the clearinghouse designated by OMB as the repository of record where non-Federal entities are required to transmit the reporting packages required by 2 CFR 200 Subpart F – Audit Requirements. (2 CFR 200.1)

Federal award – has the meaning, depending on the context, in either paragraph (1) or (2) of this definition:

(1)(i) The Federal financial assistance that a recipient receives directly from a Federal awarding agency or indirectly from a pass-through entity, as described in §200.101 Applicability; or

(ii) The cost-reimbursement contract under the Federal Acquisition Regulations that a non-Federal entity receives directly from a Federal awarding agency or indirectly from a passthrough entity, as described in §200.101 Applicability.

(2) The instrument setting forth the terms and conditions. The instrument is the grant agreement, cooperative agreement, other agreement for assistance covered in paragraph (2) of the definitions of Federal financial assistance in this section, or the cost-reimbursement contract awarded under the Federal Acquisition Regulations. (2 CFR 200.1)

Federal financial assistance – assistance that non-Federal entities receive or administer in the form of:

- i. Grants;
- ii. Cooperative agreements;
- iii. Non-cash contributions or donations of property (including donated surplus property);
- iv. Direct appropriations;
- v. Food commodities;
- vi. Other financial assistance;
- vii. Loans;
- viii. Loan Guarantees;
- ix. Interest subsidies; and
- x. Insurance.

Financial audit – an independent assessment of whether an entity’s reported financial information (e.g., financial condition, results, and use of resources) are presented fairly under recognized accounting criteria.

Financial Obligations – when referencing a recipient’s or subrecipient’s use of funds under a Federal award, means orders placed for property and services, contracts and subawards made, and similar transactions that require payment.

Freedom of Information Act (FOIA) – establishes a statutory right of public access to Executive Branch information in the federal government. The FOIA provides that any person has a right, enforceable in court, to obtain access to federal agency records subject to FOIA, except to the extent that any portions of such records are protected from public disclosure by one of nine exemptions. See Department's Web site at <http://www.hud.gov/FOIA>.

FSRS (FFATA Sub-Award Reporting System) – reporting tool Federal prime awardees (i.e., prime contractors and prime grants recipients) use to capture and report sub-award and executive compensation data to meet the FFATA reporting requirements.

Grant agreement – a legal instrument of financial assistance between a Federal awarding agency or pass-through entity and a non-Federal entity that, consistent with 31 U.S.C. 6302, 6304.

- i. Is used to enter into a relationship the principal purpose of which is to transfer anything of value to carry out a public purpose authorized by a law of the United States (see 31 USC 6101(3)); and not to acquire property or services for the Federal awarding agency or pass-through entity’s direct benefit or use;

- ii. Is distinguished from a cooperative agreement in that it does not provide for substantial involvement of the Federal awarding agency in carrying out the activity contemplated by the Federal award.
- iii. Does not include an agreement that provides only:
 - a. Direct United States Government cash assistance to an individual;
 - b. A subsidy;
 - c. A loan;
 - d. A loan guarantee; or
 - e. Insurance (2 CFR 200.1)

Grants.gov – central website portal where Federal agencies are required to electronically post forecasts and NOFOs for funding and applicants apply for Federal financial assistance.

Highest level Owner – the entity that owns or controls an immediate owner of the offeror, or that owns or controls one or more entities that control an immediate owner of the offeror. No entity owns or exercises control of the highest-level owner as defined in the Federal Acquisition Regulations (FAR) (48 CFR 52.204-17).

HUD Grants Forecast (Forecast) – a HUD-wide listing of planned competitive grant opportunities developed for the fiscal year. The Forecast contains actual or estimated dates and funding levels for competing funding opportunities Program Offices intend to issue during the upcoming fiscal year, subject to change based on enactment of Congressional appropriations.

HUD Reform Act – enacted in 1989 to ensure accountability, transparency, and a level playing field in the grants process at the Department. Section 102 requires the agency to follow a set process in awarding grants, from NOFO to award announcement, and ensures the review process is open to public inspection. Section 103 prohibits communication of certain information during the selection process to persons not authorized to receive information.

Indirect costs (facilities & administrative (F&A)) – those costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. To facilitate equitable distribution of indirect expenses to the cost objectives served, it may be necessary to establish a number of pools of indirect (F&A) costs. Indirect (F&A) cost pools must be distributed to benefitted cost objectives on bases that will produce an equitable result in consideration of relative benefits derived. (2 CFR 200.1)

Indirect cost rate agreement – a formal indirect cost rate agreement signed by the Cognizant Agency for Indirect Costs (or its designee) and an authorized representative of the recipient.

Information Collection Requests – except as provided in 5 CFR 1320.4, the obtaining, causing to be obtained, soliciting, or requiring the disclosure to an agency, third parties or the public of information by or for an agency with identical questions posed to, or identical reporting, recordkeeping, or disclosure requirements imposed on ten or more persons, whether such collection of information is mandatory, voluntary, or required to obtain or retain a benefit.

Merit review – a process which involves the thorough and consistent examination of applications based on standard criteria and an unbiased evaluation of scientific or technical merit or other relevant aspects of the applications to advise the individuals responsible for making award decisions.

Monitoring – a process whereby the programmatic and business management performance aspects of a grant are reviewed after award by collecting and assessing information from reports, audits, desk reviews, site visits, and other sources.

Non-Discretionary award – an award made by the Federal awarding agency to specific recipients in accordance with statutory, eligibility and compliance requirements, such that in keeping with specific statutory authority the agency has no ability to exercise judgement (“discretion”). A non-discretionary award amount could be determined specifically or by formula.

Non-Federal Entity – a State, local government, Indian tribe, Institution of Higher Education (IHE), or nonprofit organization that carries out a Federal award as a recipient or subrecipient.

Notice of Funding Opportunity (NOFO) – a formal announcement of the availability of Federal funding through a financial assistance program from a Federal awarding agency. The notice of funding opportunity provides information on the award, who is eligible to apply, the evaluation criteria for selection of an awardee, required components of an application, and how to submit the application. The notice of funding opportunity is any paper or electronic issuance that an agency uses to announce a funding opportunity, whether it is called a "program announcement," "notice of funding availability," "broad agency announcement," "research announcement," "solicitation," or some other item.

Offeror – an entity that submits an offer to the U.S. Federal Government. An offer means a response to a solicitation (Notice of Funding Opportunity) that, if accepted, would bind the offeror to perform the resulting grant agreement. **The entity registering in SAM is the offeror.**

Outcomes – results achieved or benefits derived from a program or intervention, such as changes in a customer’s management or operation of HUD-funded programs and activities (e.g., reduction in veteran’s homelessness by X%)

Outputs – deliverables such as products and group learning opportunities that are usually quantified by number produced, number delivered, number of attendees, etc. Outputs do not measure a change in a customer’s behavior.

Opportunity Zones (OZs) – are defined in 26 U.S.C. 1400Z-1. In general, OZs are census tracts located in low-income communities where new investments, under certain conditions, may be eligible for preferential tax treatment.

Pass-through Entity (PTE) – a non-Federal entity that provides a subaward to a subrecipient to carry out part of a Federal program.

Performance goal – a target level of performance expressed as a tangible, measurable

objective, against which actual achievement can be compared, including a goal expressed as a quantitative standard, value, or rate. In some instances (e.g., discretionary research awards), this may be limited to the requirement to submit technical performance reports (to be evaluated in accordance with agency policy).

Performance management – a process to ensure an organization’s goals are met effectively and efficiently. The process involves defining desired impact, outcomes that will lead to such an impact, and a series of measurable indicators which are tracked regularly.

Period of Performance (POP) – the total estimated time interval between the start of an initial Federal award and the planned end date, which may include one or more funded portions, or budget periods. Identification of the Period of Performance in the Federal award per §200.211(b)(5) does not commit the awarding agency to fund the award beyond the currently approved budget period.

Pre-Award Risk Assessment – identification and analysis of collected information about an organization’s capacity to manage Federal grant funds, prior to issuance of a grant award document. A pre-award risk assessment may also plan monitoring activities and/or identify technical assistance needed to strengthen operations.

Promise Zones – Federally-designated, high-poverty urban, rural and tribal communities where the Federal government partners with and invests in communities to create jobs, leverage private investment, increase economic activity, expand educational opportunities, and reduce violent crime.

Privacy Act – a statute regulating the collection, maintenance, use, and dissemination of personal information by Federal Executive Branch agencies. The Act prohibits the disclosure of records in a system of records without the written request or consent of the individual to whom the records pertain.

Recipient – an entity, usually but not limited to non-Federal entities, receiving a Federal award directly from HUD to carry out an activity. The term recipient does not include sub-recipient.

Records or Federal Records – information in any format (electronic or hard copy), (a) created in official business; (b) received for action; or (c) needed to document departmental activities.

Research and Development (R&D) – Research and Development (R&D) means all research activities, both basic and applied, and all development activities that are performed by non-Federal entities. The term research also includes activities involving the training of individuals in research techniques where such activities utilize the same facilities as other research and development activities and where such activities are not included in the instruction function.

“Research” is defined as a systematic study directed toward fuller scientific knowledge or understanding of the subject studied. “Development” is the systematic use of knowledge and understanding gained from research directed toward the production of useful materials, devices, systems, or methods, including design and development of prototypes and processes.

Standard Form 424 (SF-424) – the government-wide forms required to apply for Application for Federal Assistance Programs, required by discretionary Federal grants and other forms of financial assistance programs. Applicants for this Federal assistance program must submit all required forms in the SF-424 Family of forms, including SF-424B or SF-424D. Applications receiving funds for both non-construction programs and construction programs must submit both the SF-424B and SF-424D.

Site visit – a monitoring technique conducted by a representative of the Program Office at the project location.

Sub-award – means an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract. The legal agreement must contain the subrecipient’s assurance of compliance with program requirements, including but not limited to nondiscrimination and equal opportunity requirements.

Sub-recipient – an entity, usually but not limited to non-Federal entities, that receives a subaward from a pass-through entity to carry out part of a Federal award; but does not include an individual that is a beneficiary of such award. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.

Suspension – an action by HUD immediately prohibiting a recipient from participating in covered non-procurement and procurement transactions for a temporary period, pending completion of an agency investigation and any judicial or administrative proceedings.

Termination – the ending of a Federal award, in whole or in part at any time prior to the planned end of period of performance. A lack of available funds is not a termination.

Terms and conditions – requirements of the award or sub-award, whether in statute, regulations or the award document. The terms and conditions are legally enforceable and must be incorporated by reference in the full text of the NOFO.

Uniform Guidance – the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* found at 2 CFR part 200. The Uniform Guidance synthesizes and supersedes guidance from earlier OMB Circulars A-21, A-87, A-110, A-122, A-89, A-102, A-133, and A-50. 2 CFR 200 was last updated August 13th, 2020.

Unique Entity Identifier (UEI) – the identifier assigned by System for Award Management (SAM) to uniquely identify business entities.

Unsolicited Proposals – funding requests not submitted in response to a NOFO.

USAspending.gov – is the publicly accessible, searchable website mandated by the Federal Funding Accountability and Transparency Act of 2006 to give the American public access to information on how their tax dollars are spent.

APPENDIX B. Requirements by Award Category

Requirement (2 CFR part 200 citation, if applicable)	Federal (F) or HUD (H) Requirement	Applicable to Discretionary Awards	Applicable to Non-Discretionary Awards	Applicable to Non-Competitive Discretionary Awards
Pre-Award Phase				
1. Submit Annual Milestone Plan for Award Calendar to GMO	H	X		X
2. Provide Public Notice of Federal financial assistance programs (200.203)	F	X	X	X
3. Develop Application Requirements Using Standard NOFO Template (200.207)	F	X		
4. Notices of Funding Opportunity (200.204)	F	X		
5. Ensure Information Collection Forms (PRA) are current	H	X	X	X
6. Include SAM and DUNS requirements (Appendix I to 2 CFR part 200)	F	X	X	X
7. Insert Statutory and National Policy Requirements (200.300)	F	X	X	X
8. Include Performance Measures (200.301)	F	X	X	X
9. Include Certifications and Representations (200.209)	F	X	X	X
10. Review Merit of Proposals (200.205)	F	X		
11. Assess Risk Posed by Applicants (200.206)	F	X	X	X
12. Review Information in FAPIIS (200.206)	F	X	X	X
13. Review Suspension and Debarment information (200.214)	F	X	X	X

14. Commit funding as per Funds Control Plan/Matrix	H	X	X	X
15. Recommend Awards and Notify Congress about Awards	H	X	X	X
16. Ensure Code of Conduct compliance for recipients (200.318)	F	X		X
Award Phase				
1. Execute Awards, including standard information (e.g., grant agreements, notices of award, award letters, etc.) (200.211)	F	X	X	X
2. Include Specific Conditions (200.208)	F	X	X	X
3. Transmit Award to Recipient	H	X	X	X
Post-Award Phase				
1. Monitoring and reporting program performance (200.329)	F	X	X	X
2. Ensure record retention requirements are in place (200.334)	F	X	X	X
3. Conduct grant closeout activities (200.344)	F	X	X	X
4. Inform recipients about Single Audit requirements (200.501)	F	X	X	X
5. Issue timely management decisions on audit findings (200.521)	F	X	X	X