

## Notes for ESG Program Grant Life Cycle in IDIS Webinar

**SLIDE 1 (Marlisa):** Thank you for viewing this webinar, the “ESG Program Grant Life Cycle in IDIS”, which is the third of a three-part webinar series on the topic of financial management for the Emergency Solutions Grants program. Links to Parts 1 and 2 of the series, as well as all other resources we refer to throughout the presentation, are provided at the end of the slide deck.

**SLIDE 2 (Marlisa):** I am Marlisa Grogan from the Office of Special Needs Assistance Programs at the Department of Housing and Urban Development. Presenting along with me today are: Chris Pitcher, Senior Technical Specialist at ICF International, and Heidi Schilpp, Senior Analyst at the Cloudburst group, both of whom are national IDIS experts for the ESG program.

**SLIDE 3 (Marlisa):** This webinar will provide a high-level overview of the ESG grant life cycle and the major benchmarks along the way. Most of these steps function within IDIS – either in IDIS Online or the eCon Planning Suite, but there are additional systems, such as LOCCS and HMIS that also play a part. We will clarify how the different stages of the ESG grant life cycle are integrated across IDIS, the eCon Planning Suite, LOCCS, and HMIS systems over the course of a single ESG grant.

**SLIDE 4 (Marlisa):** Today we will be focusing on the stages of the ESG Grant Life Cycle that are highlighted here with red borders, which occur in IDIS. Before we get into more detail, let’s start with a brief overview of the entire process.

The ESG Grant Life Cycle starts with the annual allocation. In most years, HUD does not receive its annual funding appropriation until several months into the federal fiscal year - rarely earlier than December, and sometimes as late as April. Once a fiscal year’s appropriation is enacted, HUD needs time to compute grantees’ allocation amounts for the formula programs covered by the Consolidated Plan. HUD’s appropriations bills typically require HUD to announce allocation amounts to grantees within 60 days of enactment.

The ESG award is an annual allocation with a 24-month expenditure deadline. For recipients, this means that they will be simultaneously overseeing more than one award at a time. This does not mean that recipients have to spend their entire award within 12 months or prior to receiving their next annual allocation.

The timing of the Action Plan submission depends on both the recipient's program year as well as the timing of the annual allocation. The Action Plan is due in the eCon Planning Suite 45 days prior to the start of the recipient's Program Year. However, recipients are advised not to submit their Action Plan until after the formula allocations have been announced to ensure that the actual allocation amounts are reflected in the form SF-424, in the description of resources and objectives, activities to be undertaken, and in the state's method of distribution. Recipients submitting a new 3-5-year consolidated plan should refrain from submitting the overall plan, including the Year 1 Action Plan, because HUD cannot complete its review of the Con Plan independent of the current year's action plan.

HUD Field Offices proceed with the grant agreement process after approving the Action Plan and the completion of congressional notification. After the grant agreement is executed with HUD, the ESG recipient's grant will be loaded into IDIS. The date on which HUD signs the grant agreement is the obligation date that starts the clock for the 24 months that recipients have to expend their ESG funds.

At this point, ESG recipients can set up their ESG activities under the Project set up in the Action Plan. Each activity in IDIS represents an eligible ESG program component. A recipient may add up to six activities per project - one activity for each program component, Street Outreach, Emergency Shelter, Rapid Re-housing, Homelessness Prevention, and HMIS is allowed per project plus an Administration subfund.

Once activities are set-up, users can proceed with the funding process, including setting up subrecipients, as well as drawing down funds and revising vouchers when necessary.

After the completion of the program year, recipients have 90 days to submit their Consolidated Annual Performance and Evaluation Report (CAPER) in the eCon Planning Suite. At this 12-month point, recipients are encouraged to do an informal financial check-up to make sure they are on track to meet the 24-month expenditure deadline and that IDIS accurately reflects recipients' internal financial records. Today we will highlight the tools in IDIS that you can use for this check-up as well as the additional financial management resources available to you closer for financial checkups closer to the expenditure deadline.

Finally, once all funds have been drawn down for an activity, recipients are responsible for completing that activity in IDIS, which we will also review with you during this presentation.

**SLIDE 5 (Heidi):** The Annual Action Plan is first stage of the ESG grant life cycle that recipients complete in IDIS. Now that the Consolidated Plan and Annual Action Plan are submitted in the eCon Planning Suite, all key elements of ESG grants management are integrated into IDIS. This ensures consistency between Action Plan goals, activity set-up in IDIS, and the accomplishments reported in the CAPER.

When creating the Action Plan, ESG recipients will need to set up a single project on the AP-35 screen in the eCon Planning Suite. This one project will encompass the entire ESG grant for the specific Federal Fiscal Year. Once the project is created in the Action Plan, the project will appear on the Projects/Activities screen in IDIS. Therefore, recipients must use the correct ESG project naming convention. You can see an example of the correct format on this slide under “Project Title”, which is circled in red.

In answering questions on the HUD Exchange AAQ, we have found that many recipients designate their ESG project as an administration project in the Action Plan. This is incorrect. ESG recipients are prohibited from setting up a separate project for administration because only one project is permitted for ESG per federal fiscal year grant. Setting up the ESG project correctly in the Action Plan is important for ensuring accurate reporting in the CAPER. The project’s funded amount should equal the recipient’s grant allocation for that specific federal fiscal year allocation. ESG recipients should identify their specific ESG component funded amounts in the project description as seen in the screenshot in the “Description” text box shown on this slide. Both the IDIS Manual for ESG as well as the Con Plan Desk Guide provide detailed information about project set-up.

In addition to project set-up, recipients complete ESG Program-specific narratives on screen AP-90. Remember that the performance standards that you enter on AP-90 must be those that you report on in the project outcomes text box screen CR-70 of the CAPER.

**SLIDE 6 (Heidi):** Once the project is created on the AP-35 screen, the recipient can then set up eligible HESG activities on the Plans/Projects/Activities screens in IDIS. Recipients must associate the activities to the project that was created for the specific plan year on the AP-35 screen. Activities are not set up in the Action Plan, but separately in the Project/Activities screens in IDIS. Recipients should adhere to the strict activity naming convention that you see on this slide. The sum of the funded amounts for the activities set up under one FFY grant should equal the recipient’s annual allocation. Use the IDIS Manual for ESG for step-by-step instructions for activity setup.

**SLIDE 7 (Heidi):** IDIS serves as the financial system in which recipients fund activities and draw down their ESG grant funding. Selecting and allocating funds to a subrecipient organization is a key step to properly funding an ESG activity. IDIS must accurately reflect the amount of funds awarded to each subrecipient for each activity type. Recipients will need to follow the strict funding requirements for each activity category in IDIS. The first step in this reporting is to correctly identify all subrecipients that receive ESG funding on the activity funding screen in IDIS. In addition, when drawing ESG funds in IDIS, recipients will identify the specific

subrecipient receiving the funds for each eligible activity. ESG funds requested through IDIS will be wired through LOCCS to the recipient's designated banking institution. Detailed information on how to properly identify subrecipients on the ESG funding screens is available in the ESG IDIS Manual. If an error has been made on the funding screens, please visit the webinar on revising ESG draws.

**SLIDE 8 (Marlisa):** Three key requirements to remember when funding activities are:

1. Do not fund the administration subfund activity in excess of the 7.5% cap.
2. Do not fund street outreach and emergency shelter activities in excess of the expenditure cap, which is the greater of 60% of that total fiscal year grant amount and the amount of funds committed to homeless assistance activities under the 2010 Emergency Shelter Grants program grant; and
3. Set up one federal fiscal year's activities under the project for the same federal fiscal year. For example, only set up and fund 2015 activities under the 2015 project using 2015 grant funds.

**SLIDE 9 (Chris):** As a best practice, recipients should conduct routine financial check-ups, especially at the 12-month mark. Review current activities and ask, "Are expenditures and draws on pace to meet the 24-month expenditure deadline?" The PR91 ESG Financial Summary Report can assist with this analysis. The PR91 identifies the recipient's expenditure deadline and also includes the line graph as shown on this slide, which tracks draws month by month over the 24-month grant period. The expenditure deadline date is 24 months from the date of HUD's signature on the grant agreement. If the date listed on the PR91 report is incorrect, please submit a question to the IDIS Ask A Question to process a correction.

**SLIDE 10 (Chris):** Also use the PR93 report to identify areas of slow spending. The report will flag a recipient's grant if there have not been any draws made against the grant in IDIS in the past 90 days. ESG recipients must reimburse their subrecipients within 30 days and draw funds in IDIS at least quarterly. At this mid-point review, recipients can see if the PR93 report has flagged the specific grant as being less than 50% drawn at one year from the recipient's obligation date. Watch the Using IDIS for Financial Management webinar for a closer look at the PR-91 and PR-93 reports.

If necessary, recipients should consider reprogramming funds to a different eligible activity or subrecipient. In either case, recipients must follow grant based accounting principles by keeping reprogrammed funds under the same federal fiscal year project. For example, recipients may

reprogram 2015 emergency shelter funds to their 2015 street outreach activity. But under no circumstances should those 2015 funds be reprogrammed to any activities set up under the 2016 project – or any other year’s project. Also, be aware if the reprogramming of funds triggers an amendment or substantial amendment to the Consolidated Plan or Action Plan you must follow your local citizen participation plan.

**SLIDE 11 (Marlisa):** The CAPER is due 90 days after the end of the program year in the eCon Planning Suite. ESG recipients should factor in sufficient time to allow for its citizen review process, in coordination with the other CPD formula programs.

Unlike other CPD formula programs, the HESG program path does not include activity accomplishment screens. Rather than reporting on activity accomplishments in IDIS Online, recipients are required to report ESG accomplishments in the CAPER.

**SLIDE 12 (Marlisa):** The ESG-specific CAPER screens are CR-60, CR-65, CR-70, and CR-75. CR-65 is now replaced by the ESG-CAPER Annual Reporting Tool, or eCart.

**SLIDE 13 (Marlisa):** Recipients use the CR-60 to indicate the Continuum(s) of Care active in their jurisdiction and which subrecipients received ESG funds in the program year along with the amount of the subgrant.

The CR-60 table listing ESG subrecipients that you see on your screen is linked to your ESG activity funding screens in IDIS Online. In other words, you must select each subrecipient from a list that includes only those entities that have been set up under a funded HESG activity dating back to the 2011 program year. The system does not permit recipients to manually enter subrecipient information. If a particular subrecipient is not listed, this means that the organization has not been set up in IDIS on the activity funding screen. The only case when it’s acceptable for no subrecipients to be listed on CR-60 is when the ESG recipient carries out all ESG activities directly. Review your open ESG activities in IDIS to confirm that you are correctly setting up and funding activities, and refer to the PR91, which also lists subrecipients set up for each activity under a specific project.

**SLIDE 14 (Marlisa):** On CR-70, recipients must use local data sources to report on the emergency shelter utilization rates and project outcomes data measured under the performance standards entered in the Action Plan, which should be developed in consultation with the CoC(s) serving your jurisdiction. HUD does not prescribe a specific format but ensure

that the data reported correlates with the performance standards identified in the Action Plan on screen AP-90.

**SLIDE 15 (Marlisa):** ESG recipients are required to report financial data on the CR-75 screen. On this screen, recipients manually enter expenditures by ESG program components and Match Sources for the program Year based on their internal financial records. Drawing down funds accurately and on a timely basis during the program year will assist recipients in accurate financial reporting on screen CR-75 of the CAPER. Note, however, that for purposes of this table, “expended” means that the cost was incurred by the recipient or subrecipient during the reporting period – not necessarily drawn down from IDIS – so drawn amounts in IDIS may not marry up exactly with the expenditure amounts reported on CR-75.

**SLIDE 16 (Marlisa):** Starting with the 2015 CAPER, recipients are no longer required to fill out the tables on CR-65 and must instead use the eCart to report on persons assisted with ESG program funds. The eCart is a tool that is configured to load report level, aggregate information from an HMIS and produce all statistical information required by HUD on program participants served in ESG-funded projects.

**SLIDE 17 (Chris):** After the first 12 months of the ESG Grant Life Cycle, recipients may continue spending down ESG grant funds even as they are awarded the next year’s allocation. Some recipients mistakenly think that grant based accounting requires a certain grant to be fully expended during a particular fiscal year. This is not the case. Grant based accounting simply means that each year’s grant allocation must be accounted for separately from other grant year’s allocation. So a recipient can spend both 2015 and 2016 funds at the same time but must ensure that each grant is tracked separately in IDIS and the recipient’s internal financial records. As explained earlier, grant based accounting is enforced in IDIS by requiring recipients to set up one project for each grant allocation with only activities funded with that grant year’s funds.

While nearing the 24-month expenditure deadline, the recipient must continue to review its progress in meeting the expenditure deadline. Will the recipient have excess administration funds that can be reprogrammed? Are there certain subrecipients that are having difficulty spending down funds? Use the PR91 and PR93 reports to analyze commitment and draw amounts and determine what corrective actions are needed. When analyzing activity draws, pay special attention to the section on the PR91 report that identifies subrecipient draws – outreach to those entities that appear to be expending funds too slowly may be necessary.

**SLIDE 18 (Chris):** As the ESG Grant Life Cycle approaches the expenditure deadline, ESG recipients should begin completing activities in IDIS. Here are some helpful questions to ask at this stage are:

Are all draws accurate and consistent with internal financial records? If not, what is the source of any discrepancies and what steps must be taken to correct them?

Have all funds been drawn? Why or why not?

Where will remaining funds be reprogrammed?

If the answer is “No” to any of these first three questions, then the ESG recipient should make the necessary corrective changes. If the answer is “Yes” to the first three questions, then the recipient should also consider whether all data entry and reporting been completed in HMIS, the CAPER, and in e-Cart; and, finally, change the activity status to ‘Completed’ on the activity screen in IDIS.

Even though activities may be ‘complete’ in IDIS, ESG recipients must follow record retention requirements as outlined in the ESG regulations by maintaining all records for 5 years after the expenditure of all funds of the specific grant or up to 10 years for certain renovation or conversion activities. If a recipient’s record retention requirements are longer than HUD’s requirements, then the recipient must follow the local requirements. HUD will be issuing additional guidance on the ESG grant closeout process at a later date.

**SLIDE 19 (Heidi):** Before ending this webinar, we would like to highlight several resources to further assist you. This slide includes links to: parts 1 and 2 of the three-part financial management series; the ESG Grant Based Accounting fact sheet that shows ESG Program recipients how to effectively manage their programs in IDIS in accordance with grant based accounting principles; and the ESG IDIS Manual, which provides screen shots and step-by-step instruction on all IDIS functions related to the ESG program.

**SLIDE 20 (Heidi):** This slide links to resources related to the Consolidated Plan and CAPER, including eCart reference materials, the Con Plan Desk Guide, as well as guidance for consultation with Continuums of Care.

**SLIDE 21 (Heidi):** If you need additional assistance or guidance with the financial management of ESG or use of IDIS you can submit a TA request directly to HUD or access the Ask a Question

feature of the HUD Exchange. When submitting a question on the HUD Exchange you will have an option to choose a specific question pool. You will see an area that asks “my question is related to” and you will be presented with a drop down menu. Select, “ESG” for policy or program related questions or “IDIS” for specific IDIS issues.

This brings us to the end of this webinar. Thank you for joining us.