



Final Transcript

HUD-US DEPT OF HOUSING & URBAN DEVELOPMENT: Financial Grant Reporting

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SPEAKERS

Robin Booth

PRESENTATION

Moderator Ladies, and gentlemen, thank you for standing by and welcome to the Financial Grant Reporting Conference Call. At this time, all participants are in a listen-only mode. Later we will conduct a question-and-answer session, and instructions will be given at that time. [Operator instructions]. As a reminder, this conference is being recorded.

I would now like to turn the conference over to your host, Robin Booth.

Please go ahead.

Robin

Good afternoon, and welcome to Grant Financial Reporting sponsored by US Department of Housing & Urban Development Office of Housing Counseling. Initially, we need to go over some webinar logistics. For those of you that have participated in a call before, this is just a reminder. For those new to the call, there's several ways.

This call is being recorded. This, along with the recording, along with the PowerPoint will be at the www.hud.gov/housingcounseling archive webinar site. It usually takes about 48 hours, but it will be available within the next two to three business days.

Currently, your lines will be muted; however, we'll discuss how you can ask questions. Throughout this presentation there will be intervals that I'll ask if you have any questions, and you will be able to have live questions, assuming that we do not have a lot of questions. If we have a lot of questions, we may ask you to submit your questions, and we'll talk about that in a moment. Otherwise, your lines are muted.

As far as asking questions, you have three ways that you can ask questions today. One of the ways is to actually use the chat box feature that's available during this webinar. I believe it's maybe on the left-hand side of

your monitor. You should see a box that says questions. You can enter a question during the presentation. We do have staff available that will be responding to the questions. In addition, when I do make stops throughout the presentation for intervals, I will also look at these questions and potentially answer some of those questions live.

The second option for asking a question is to hit star zero on your phone and you will be put into a queue. At those intervals where I ask if there are any questions, I'll ask the facilitator if we have any questions, and then you'll be able to ask your question live.

The third option is if you wanted to send a question to housing.counseling@hud.gov. We ask that you put the Grant Financial Reporting in the subject line so that it makes it clear what presentation it's associated with. You will receive a response in a timely manner.

After this call, you will receive a brief survey at the end of this session. Those surveys are very critical. We all use them, one, to evaluate the effectiveness of the training, to determine future trainings, and then to identify potential opportunities for us to improve on the overall training. So we appreciate if you could respond to that survey.

As far as a certificate of training, you will receive a thank-you-for-attending email within about 48 hours. That is your actual certificate. You can either print it out or save it, but that will be the only certificate you receive verifying and evidencing this training and this 1.5 hours of webinar CPE time training.

Now, with the logistics out of the way, we can get to our presentation. I'm sorry I closed the presentation. For those of you, if you are a first time recipient of the Office of Housing Counseling Grant, a lot of this grant financial reporting, specifically this webinar is geared towards distinguishing one, the difference between your financial reporting in your grant and then your performance report because there are two types of reporting.

Most of you are familiar with the HUD 9902 that deals with the performance reporting. This webinar is not designed to address that particular type of reporting. We're looking at the specific financial requirements associated with the grant.

My name is Robin Booth. I am principal of Booth Management Consulting, and we are the contractor for the Office of Housing Counseling providing quality audit and technical assistance. Our firm is contracted to perform this type of training as well as financial administrative reviews, action plans, and technical assistance. So, if not working with myself directly, at some point, you will probably have some interactions from someone from our firm whether it be during a financial administrative review, or providing technical assistance, or even participating in an action plan.

Today's topics, we're going to review the financial grant lifecycle, and what that means, because it's not as if you can look at the grant and there's one section that just says financial reporting. There's seven different arms and tangents associated with financial reporting. We try to simplify that and really identify what is considered the financial reporting of this grant.

We'll look at the budget for submission of approval. We'll talk about a lot of the financial certifications and disclosures, many of which you're probably signing off on right now, since you received your award notification for the FY '16 to '17 grant, and you should be submitting in

your award packages. A lot of the certifications and disclosures are part of that package. So we'll be reviewing those as well.

We'll go over the quarterly financial reporting which is probably the most critical and time sensitive reporting for this entire grant. Make sure you understand the deadlines, understand what the reporting requirement is, and then how that particular report, along with your request for reimbursement, really are key in our performing financial and administrative reviews. We look heavily at the information on that particular report, so it's a very important financial report for this grant.

We're also still going to talk about some acceptable accounting principles under the OMB uniform grant guidance. There's specific accounting principles, cost principles, associated with federal grant awards. We want to make sure that not only do we at least point you in the right direction as far as the regulatory requirements but then go over some key practice areas hopefully to put you in a the position to perform on this grant in the areas of finance.

Then we'll go over some things to remember. Just as you're working through the grant, and you're having to do these financial reports, I do

want to emphasize that it's not as if there is a lot of financial reporting. It's just more important that what is required is complete, accurate, and submitted timely. It's not as if there's a lot of material, but it's really important that what you are required to report, like I said, it's complete, it's accurate and timely submitted.

So, let's understand the financial grant lifecycle. What we've done is looked at doing this grant lifecycle from a financial perspective, not from a performance or work plan perspective beginning with the NOFA application because within the NOFA, there's certain financial requirements that start from the NOFA. A lot of it deals with what reports you have to submit, the fact that during your application process you have to submit information relative to leveraged funds.

You have to submit a budget for approval. You have to submit a budget relative to your organization. We have to determine your financial capabilities and usually that's done through a review of your audited financial statements. So all of that starts from your submission of application in response to a NOFA.

Those documents, all the financial areas throughout this lifecycle are ultimately reviewed during the financial and administrative review which is the back end. So, from the moment you submit an application, any financial information that you've submitted with that application, like your budget, like the leveraged funds, your audited financial statements, if you're not subject to a single audit, then just the organization's audited financial statements, they all become documents that we review at the end as a part of the final administrative review.

Once you've got that application, then you get to the award process which you all have received your award notification. As you all know, once you get the award notification, and know the exact grant amount, oftentimes that triggers a lot of different activities, specifically with the budget where you now have to provide a budget that's based on what you were actually awarded, recognizing that usually what you submitted during your application process you submitted a budget potentially for this grant, the actual award amount is not usually consistent with what you budgeted.

So during the award process, the biggest thing is that you are notified of how much you've received, and then it's time to make sure that your

budget from your leveraged funding, all of that financial information is consistent based on the amount awarded.

At this point in time is where you are now for '16, '17, you get into the award package. That's where the financial certifications become important like the approved budget, negotiating with HUD on what that budget should be, and then ensuring that you understand what's your final approved budget and establishing the accounting for this particular grant based on that budget, understanding what the budgetary line items are. Your certifications as we'll go over, from your financial management system, to having added the policies and procedures, those things are part of what you sign off on when you submit your award package.

Then ultimately you get the signed grant agreement and put in the SF1044, which once again, that's the obligation of the amount that was awarded. So after you've done all of the necessary steps as part of the award package, you sign this grant agreement. This grant agreement has some specific requirements as it relates to financial reporting, including your quarterly report and your final report as well as requesting for reimbursement which is also financial reporting where you're submitting your request to the government. As you know, that's a claim. So at that

point you want to ensure that that request is consistent with approved budget and also consistent with the requirements under the various federal regulations such as the OMB.

Once you've gotten your grant agreement, then you get in a situation and usually this is because a lot of times the period of performance on these grants are retroactive. So you get into your grant reporting. We're going to talk about the different phases of the reporting because generally that first quarterly report that's due is generally over multiple quarters. It's usually not one quarter. It's multiple quarters and oftentimes a lot of you have already actually performed the services and because it's a grant, allows you to go retroactive. The question becomes, how do I capture that retroactivity under my grant reporting ensuring that I'm consistent with the grant agreement and that my accounting practices are consistent with those required under financial management systems?

We'll talk about that, especially because of that retroactive caveat within the agreement. Another key area, your grant reporting really drives then your request for reimbursement, the eLOCCS, because what is reported on your quarterly report should ultimately be, especially if you're asking costs to be reimbursed, that should reconcile to what you're submitting for

reimbursement. If you are indicating that there was no activity for that quarter, then needless to say you wouldn't be submitting a request for repayment.

Unfortunately, a lot of times in our financial and administrative reviews, we notice that the quarterly reporting doesn't necessarily reconcile to what was submitted for request of payment. A lot of that may be because there were changes made after the request for payment was made, maybe because there were errors identified on subsequent reports, and you retroactively went back and tried to fix your prior quarterly reports. Or, maybe you've worked with the HUD POC, and you agreed that certain changes would need to occur, but it's important to understand that what's on your quarterly report should in fact, especially if you're requesting any costs for reimbursement, it should really reconcile to what goes into eLOCCS.

Then, finally, at the end of it all, at least every two years, you can almost guarantee during the grant cycle that you'll be subject to a financial and administrative review performed at this time by our firm as the contractor engaged by HUD to provide the services, but generally by independent third-party whose primary responsibility is to determine if in fact your

financial management is consistent with the grant agreement, with the NOFA, with the various federal regulatory requirements. The extent of that review is really to determine your compliance.

It's not the same as a financial statement audit or even a single audit of a program. It's much more limited in scope. Our job or primary objective of those reviews, and it's a review not an audit, is to determine if you've managed those funds consistent with the various regulatory requirements.

I talked about this throughout the previous slides, but just to go over what financial areas occur in each area of this cycle, this financial grant lifecycle. During the NOFA, you could potentially be subject to a pre-award accounting system review. That doesn't happen that much, but the government does have a right to determine if you have an accounting system that has been designed to comply with financial management requirements. Another key financial area, whatever leveraged funds that you're indicating as a part of the application, that in fact you understand and have taken the time to review and understand the OMB circulars and the CFR requirements.

During the awards process, some key financial areas are those financial disclosures and certifications. Those of you who have federal award amounts that are subject to the single audit, we review that submission or your HUD POC use that submission as a part of determining your financial capability to perform. If in fact you are proposing that indirect rate, whether it's the 10% de minimis rate or you have a negotiated indirect cost rate agreement, that information is reviewed during the award process and ultimately is then verified as a part of the financial and administrative review.

For parents, such as intermediaries, MSOs, and SHFAs [ph], after the award process, when you're submitting your award package, that's when you have to be able to identify who your sub awardees are. As a part of that you need to have a merit-based sub grantee award process where it backs during the financial and administrative review on what was the basis of the awards to these sub grantees? How did you determine the amounts and who would receive the awards, that you have a merit-based system that includes a risk assessment which is a requirement under the new uniform grant guidance. So you may need to participate in some subsequent trainings offered under OHC to really understand what that sub grantee award process needs to look at.

Then, also we will look at any approved billing methodologies that are submitted by parents for consideration. That financial information is received and reviewed during the award process. Now remember, when we do our financial and administrative review, all of these areas, the NOFA application, those areas, what's under the award, those areas, all of that is considered financial reporting. All of that is a part of our overall review for your compliance for your financial and administrative review.

As it relates to the grant agreement, you need to make sure you understand the reporting requirements in Article 11 as well as the payment request requirements. Within the grant agreement, it cites specific regulations. So you need to make sure you've read those specific references to make sure you understand what those financial requirements are.

Another key financial document is the budget. That, you're submitting as a part of your response to the award process. It's critical that once you and HUD have negotiated that final budget based on award, that you clearly identify that as the approved budget so that if there's any change in personnel, or if in fact anyone else becomes involved in the process that

they clearly understand how the funds awarded under this grant have to be used based on the approved budget.

Under the grant reporting, that's when once again we're looking at Article 11 that has to deal with reporting. For parents, we're looking at your sub grantees. We're looking at if in fact their actual versus budget, if they're in line, if you've been closely monitoring their activity, if you're reviewing the various requests for payment they're submitting.

We review your administrative costs. So when you propose that administrative budget that becomes yet another key financial document that's ultimately reviewed during your financial and administrative review. Then, you need to maintain supporting documentation for all of that, for your sub grantees especially as you're reimbursing them based on their requests and for your administrative costs because when we do the review, that's yet another financial area, ensuring you have supporting documentation that verifies that you've met the cost principles established for federal awards.

Then finally, under the lost [ph] system, what our key financial documents are, are one, your request for payment and then who's signing that request

for payment. There's more emphasis now under the uniform grant guidance that there be an authorized individual signing for any type of financial document. That individual is certifying that they're knowledgeable about the grant, they're knowledgeable about the use of funds, and they can certify that there was no fraud, or abuse, and things of that nature.

Then, that goes directly in hand with your draw-down funds, quarterly report. For those parents, you also have to submit that SF-425 Federal Financial Report. Remember, only parent organizations have to do that. Local LHCA's and other nonprofits are not required to submit an SF-425 which is the Federal Financial Report on a quarterly basis.

Getting back to some of the key areas as a part of financial reporting throughout this cycle, the budget is one of our key documents. As I said, it's key that you have an approved budget. You want to make sure that your HUD POC, whether they've acknowledged this through an email or they've otherwise acknowledged that, yes, this is the final approved budget. That budget should be based on the approved award amount which you received in your award notification.

Now, you can use the HUD form SF-424 or there's various other formats that can be made available. We've actually put together a template that we use as a part of technical assistance that's Excel-based that is user-friendly designed comparable to the SF-424. It also allows you to continue the monthly reporting that you're now required to do as far as actual versus budgeted as a part of your quarterly reporting.

You should have a detailed itemized budget with clear assumptions as to how you came up with the budgetary line items. Now, most of I would say in 85% of the cases, especially for LHCAs, the budgetary line items are salaries and fringe benefits. The major assumptions or justification you need to be able to show is the hourly rates by counselors that they'll have the various training required to be a HUD certified counselor.

You should be able to show the hourly rate and then your projected or budgeted hours by that rate. Once you identify the salaries, the same approach would be for your fringe. So, when you're writing assumptions based on salaries, which is under the next budget, you just need to make sure that you're clearly showing the level by person and then the rate that you'll be charging the government.

Part of what your HUD POC will look at is whether your rate is reasonable. They'll determine if the individual's proposed as far as to provide the counseling or whatever services meet the qualifications and if there are administrative salaries, because under the uniform grant guidance you can request administrative salaries as direct salaries. You just have to be able to justify it. So they will look at what you've told them about any proposed administrative salaries to verify that they will be performing services directly related to the housing counseling grant.

As far as fringe benefits, when you're writing those assumptions, we give you some guidance on that. Fringe benefits is a very tricky area because, oftentimes, organizations don't always include all of the costs in a fringe benefit. To be quite honest, oftentimes organizations make a concession with the fringe benefits in order to be able to provide more services under this housing counseling using the award amount. What I mean is that your actual fringe benefits per person oftentimes exceeds what you charged to the HUD grant because you're trying to get the maximum usage or the maximum value of services of those dollars that you've been awarded under the grant.

If you have the indirect cost rate, you have to provide that indirect cost rate agreement and any updates. So if you have any amendments or modifications to that agreement, you have to provide them. If in fact your agreement is expired, then you need to get some kind of communication or request that HUD to either do a one-time four-year waiver to maintain those same rates or provide HUD with some documentation, or request HUD to accept your current rates because potentially the agency that you originally negotiated that indirect rate with may not have completed their renegotiation process. The important thing is you need to communicate with HUD the status of your indirect cost rate if in fact it is expired.

Another thing you budget approval, no matter what the salaries are, you have to make sure what the costs are. You need to review the circular Subpart E specifically of the 2 CFR which is the new uniform grant guidance to make sure that all costs are allowable. There are certain costs that are inherently unallowable for federal grant awards. There are certain activities that are unallowable. So even though the costs may be normally allowable, but a particular activity isn't allowable, then you cannot include it as your budgetary line item. Once again, that's why it's important that you look at the regulations and the requirements under the uniform grant or the new circular.

Once your budget is submitted and considered approved, you should be requesting funds within those budgetary line items. Some of you may have other grants that allow you certain flexibility to reallocate money within the same budget up to a certain threshold like maybe 10%. That does not exist for the HUD grant. Once you have an approved budget, you are required to request reimbursement based on those approved budgetary line items.

If in fact you want to change those line items, you have to submit it in writing and obtain prior approval from your HUD POC. All documents, your budget, anything associated with the request for an extension, or approval of the budget, or modification of the budget, all of that must be signed by an authorized person, authorized meaning somebody that's taken responsibility for being knowledgeable and certifying that there's no fraud, abuse, improper proper payment and those kind of things.

Some other things to consider, this is primarily for parents, intermediaries, MSOs, and SHFAs, you have to make sure that your sub grantees, you have completed your award process to your sub grantees, whatever that awarding the process is, as a part of your budget submission to HUD.

Now, what a lot of you are challenged with, and not sure how many parents we have here, and there is subsequent training to deal with this more specifically, but now you have to have an awarding process that allows you sufficient time after you've received your award notification and understand the amount of funding you're going to receive, that then you have your awarding process set up with your sub grantees so that you have a merit-based award process that considers various risk assessments and risk factors.

Once again, for these parents, you also have to deal with having a detailed budget for the administrative funds and costs. Whatever that budget is, is approved, you have to make sure you have supporting documentation at the end as a part of the financial and administrative review. If the reimbursement period is for two quarters, the third quarter should reflect itemized accounting for each period.

Your request for reimbursement, except for that first request, and I believe in the '16, '17 grant, they changed that language and I have to verify it. I think in your prior grants you were able to retroactively cumulatively do your first quarter report accumulative to date. I'm not sure, because I

haven't seen that HUD grant agreement yet, but I think it may have changed for the FY '16 and '17.

We will verify that, but as it stands with your current grant, which most of you have probably either finished your '15, '16 or you may be under extension, and this may be a moot point, you were allowed for that first quarterly report to bring it cumulative to date and report that in that one quarter. If in fact the grant started October 1, 2015, and you didn't get awarded until January 2016 or let's say March 2016, you could have combined those first two quarters of reporting on your first quarterly report. Like I said, I'm not sure if that still will be the case in your '16, '17 grant.

Billing methodologies, these are for parents; you have to be able to clearly explain your methodology to reimburse sub grantees. If it's formula based, it has to be a methodology that's approved by HUD. It still has to be based on actual hours worked, even in determining how you're reimbursing those sub grantees. It can't be incentivized or decentivised methodology where it's based on performance. So if your performance is X, you'll get 100% reimbursement. If you don't meet performance goals, you'll get 95%. Those types of methodologies are not acceptable, which

is why you have to submit your methodology as a part of the budget approval process.

Your financial disclosures, most of you right now are probably as a part of your awarding, you're signing off on these disclosures or giving certain statements—one, that you have a financial accounting system including policies and procedures that comply with Section 20035 of the OMB circular, that you have internal controls, that in fact you are a non-major nonprofit, if in fact that applies. These certifications should be signed by an authorized individual.

Recognizing that once you're signing these certifications, you become responsible or held accountable for ensuring that upon review in fact these certifications are true. You've certified that you have a financial management system. If during our financial and administrative review we come in and we determine you don't have a financial management system, you're not maintaining an accounting system, then, in fact, you falsely certified. So, understand that these certifications are critical and they are important and in fact we do verify them at some point during the process, generally during a financial and administrative review and sometimes during the performance review.

This is actually just giving you the exact language that's in the various sections of the OMB and you can take the time to read through and make sure you clearly understand what you're certifying to because as I said, on the back end, as a part of the financial and administrative review, we're verifying this certification. Same thing with internal controls, there's more emphasis on internal controls under this new guidance, this new OMB than historically. I know for a lot of the smaller LHCA's or nonprofits where you only have one or two individuals that are really managing the entire organization, you really have to look at how you can best comply with these requirements of internal controls.

These dollars are taxpayer dollars, and there's a fiduciary responsibility to make sure there's proper internal controls to minimize potential fraud and abuse, overpayments, and those things associated with the federal award. So make sure you clearly understand these certifications about internal controls. Some of you, when we do our financial and administrative reviews, or we do our action plans, and we're reviewing your policies and procedures, and we cite internal controls, we'll get the reaction, we've had a financial statement audit, or we've had a single audit.

Both of those audits, while they are critical financial information, it's not the same scope of services. It's not the same scope of review. What may be acceptable for a financial statement audit may not be acceptable when we do our financial and administrative review. So you just have to make sure you clearly understand the difference and/or have access to individuals or to the expertise you need to make sure you understand the difference.

I was trying to see if there were any questions. Are there any questions in the queue at this time?

Moderator [Operator instructions].

Robin Richard, are there any questions that I need to answer that are in the chat box?

Richard No, there are no questions at this time.

Robin Thank you. Quarterly and financial reporting, now these dates were based on the FY '15 and '16 grant. As I said, once we get the final grant agreement, this will be updated for the FY '16, '17 grant which I know

right now a lot of you are in the process of submitting your award package. One of the things that won't change is generally that these grants are based on calendar year quarters in that they'll be due 30 days at the end of the quarter.

So the FY '16, '17 grant has a period of performance from October 1, 2015 to March 31, 2017. Pretty much, you could just change the dates on this and bring them a grant period forward. But, understand that with the new grant, your quarterly reports are always due 30 days after a calendar year quarter yearend.

The new grant period performance for '16, '17 is October 1, 2015 to March 31, 2017. So, in this example, under the new grant, if this agreement is executed on or before January 1st, in this instance, 2016, which it was not, the first quarterly performance report reflecting activity for each performance period would be due 30 days after the end date of that performance period. So, let's say right now if you were to get your signed HUD grant agreement and we're in August, you would then have to retroactively report for October 1, 2015 to it would be September 30, 2016.

That report would be due July 31, 2016. Whatever date that you would actually have your signed award and HUD grant agreement, your quarterly report would be due 30 days at the end of whatever that calendar year quarter is. So if it falls in the middle of a calendar year quarter, then it would be due 30 days at the end of that calendar year quarter.

This language hasn't changed, to my knowledge, so for LHCA's and sub grantees and I want to emphasize for sub grantees because parents should be ensuring that there's a flow-down of these types of clauses and requirements from their agreement with HUD as a parent to you as a sub grantee. Now, they may also have additional quarterly reporting requirements, but as a sub grantee, at a minimum you should have to provide this information, from the grantee's name and address and grant number. Please note that your grantee's name, and I'm just showing you specific sections from the quarterly financial reporting.

This is the LHCA's and FY '14 sub grantees. This is the intermediaries. Reporting requirements are detailed in your grant agreement. It varies depending on your grantee type, and I'm going to go over each section of them in a minute which is why am just going over the general requirements.

It's required even if you're not submitting a payment for request. If there's no activity, you have to submit a no activity report. The government can't make an assumption that it was no activity simply because you didn't submit anything, which is why it's important for you to submit a zero activity report, and it should be submitted directly to your HUD POC.

Once you have fully expended the grant funds, you can submit a final report which in fact would negate you having to continue to submit quarterly reports. So let's say that because of this late date of this award, by the time you get your award for '16, '17, you have in fact already utilized the total award amount. You're going to do your first quarterly reporting and pretty much that's going to be it. There's no more funds available to expend.

You can in fact submit your final report to your HUD POC. If it's approved, then the grant is considered closed at that point. You don't have to continue to do these quarterly reports. However, if you do not submit a final report, then you have to continue to submit these quarterly reports throughout the grant period of performance until in fact you do

submit a final report which is due 90 days after the grant yearend, which is June 30th.

Let's talk about the actual requirements of the section. Grantee's name, address, some of the things that these are just some comments on. Make sure you're using the full legal name that was in fact on your SF-1044. Sometimes we'll see name changes on the quarterly reports from what was actually the name of the organization that was on the award document. So, it's important that you're using the same name. If your name has changed, you have to report that and provide that information to HUD. Otherwise, you should be using the legal name that was on your SF-1044 and your HUD grant agreement.

The start and end dates are the start and end dates for that quarter or that period that you're reporting. Assuming that I received an award today, in August, and this is under the FY '16, '17 grant, my first report would be from 10/1/2015 to September 30, 2016. You should not be reporting or using as your start and end dates the entire period of performance of the actual grant.

It's important then any financial activity that you are reporting is within those dates. One of the things that I know your HUD POC looks at when they're reviewing the quarterly reports, and then we look at again when we do the financial and administrative review, what we verify through your supporting documentation is in fact that the financial activity is occurring during the grant period that you're reporting on. Sometimes what we see is that people may realize they made an error in a prior quarter or they missed some hours or something like that. You have to go and amend your prior quarterly report as well as your request for reimbursement, not just try to correct it in the current period that you're reporting on. That's very important.

If in fact you do have to amend or correct, then you clearly want to indicate that this is an amended or corrected quarterly report so that two years from now, we do a financial and administrative review and we ask you for your quarterly reports, you know which quarterly report was actually submitted and approved.

As far as hourly rate, you have to identify each counselor and their actual activity including their time. This is for actual hours worked. One of the key areas of confusion that we've seen during reviews is that they'll

include hours for time off or hours for holiday. Well, those types of hours or time, that's called compensated leave. Compensated leave should have been recorded as a part of your fringe benefits. That's where you're actually including that compensated leave.

When you're submitting the hourly rates, and you're submitting for actual time charged, if that person didn't work on the project that day, you cannot charge that time. If they were off, that means that your fringe benefits should have included the projected compensated leave for that person during this period of performance. That would have included paid vacation, paid holidays, all of that should have been included in how you computed your fringe rate, not actually charging the government for the time that they were on leave.

As far as staff labor hours, you need to indicate total number of hours billed both for whatever period you're reporting on and then cumulatively. That means that your report should have a quarter-to-date or whatever, year-to-date, and then cumulative-to-date. You need to reconcile to make sure you're carrying forward cumulative totals correctly. This should be both in dollars in labor hours and in dollars when you're billing it multiplying it times the hourly rate.

It should be broken down by type of service provided. If there are multiple budgetary line items on there for salary, you need to make sure you're clearly identifying who does what. If your salaries included housing counseling versus administrative time, clearly have to see the difference to how those salary and dollars and hours were broken down.

Itemized accounting, and this is for all grantees, and this is now a part of your grant. Now, on a quarterly basis, you have to show actual versus budgeted. You can develop your own format, but the bottom line is that the government is tracking or monitoring whether you're spending or requesting reimbursement for the funds consistent with your approved budget.

The budgeted column on your reporting should be your approved budget by budgetary line item. So salaries and labor, how much was that? Fringe benefits, how much was that? Travel, how much was that? That would be your budget column. Then, your actual column would be what you've expended cumulative-to-date on that. Then, you should have a variance column that shows the difference between the budgeted versus the actual.

If there's any negative variances, you should have requested some kind of budget approval.

That may be your alert that I need to get in touch with my HUD POC and request a budget modification because potentially I realize that I'm not going to spend on supplies and I want to put this on salaries. Well, if you're preparing you're quarterly reports, you can catch those kinds of errors and request the approval so that you're actually getting it approved before you go forward and submit that quarterly report as well as the corresponding request for payment. So actually having to do that itemized accounting is a good monitoring tool for you internally.

Recognize that when you're doing the actual's budget, you're doing the budgeted based on the approved budgeted amount, and your actual should be based on the cumulative-to-date actual. Don't get it confused with whether it's the quarterly-to-date because then your variances will be off.

Other requirements, for any reason if you are not going to get your quarterly report done on time, you have to request in writing an extension from your HUD POC. I can't emphasize enough the importance of communicating with your HUD POC regularly. Emails work, picking up

the phone, but the biggest thing is to avoid having instances of noncompliance. It's a matter of just getting your POC to work with you in various areas, and 99.9% of the time, you shouldn't have any problem. If you're not going to get that report done timely, you have to request an extension.

If in fact as I said you're making changes or you're submitting an amended or corrected, clearly indicate that's an amended or corrected report. Make sure you re-date that report as well so that there's no confusion about what you submitted. Then it still needs to be signed and dated by an authorized individual.

One of the required certifications that has to be on your quarterly reports is this certification that I've been speaking of that that authorized individual is signing. They are signing that to the best of their knowledge and belief it's true, complete, and accurate and that the expenditures are for the purposes and objectives set forth in the current terms and conditions of the award. So, if you are in fact an authorized person, understand one, this certification needs to be affixed to your quarterly reports and your request for reimbursement. You need to make sure this is now on those documents and that it's signed and dated.

For intermediaries, MSOs, of course you have to be able to show as a part of your quarterly reporting your sub grantee activity, actual versus budgeted. Your administrative costs, we want to see the same thing actual versus budgeted. Your reporting is much more extensive than that of LHCA's.

We're going to apply your billing methodology to those submissions and verify that you're using the approved billing methodology. You also have to do the federal financial report which is form SF-425. This actually, the instructions for where you can go. This website allows you to have instructions to be able to do the report.

We also do training that you can participate in at a later date. We have an actual training on the form SF-425, so in this presentation we just show you what that looks like. If in fact you want to participate in that training, please just if you shoot a quick email, we'll make sure that there's a demand for additional SF-425 training and get that to you. These next few slides just show you really the SF-425. This is only for parent organizations, intermediaries, MSOs, SHFAs.

This is for all grantees. You need to be maintaining your accounting on the accrual basis in the grant reporting system. Even if you determine that your accounting system is maintained on the cash basis, you still have to maintain the grant financial information on the accrual basis. So no matter what, this grant is on the accrual basis of accounting. You should be doing separate accounting within your system for each grant. Each grant, depending on your accounting system, should be set up as a customer, or a job, or a funding source, a funding bucket, or a project. Each grant has to account for itself.

If you have multiple years of HUD grants, each year you receive a grant, or each time you receive a grant, you need to set it up as a separate funding source, or job, or project code. You have to maintain documentation for all charges to the HUD grant. Please make sure that you're reconciling your general ledger because we want to see that in your accounting system because you've certified you've had this accounting system under Section 200-302, so we're going to look to be able to pull reports or a general ledger and trial balance from your accounting system and then reconcile that to your SF-425, to your quarterly reporting, and then to your final reporting.

Part of what we'll do in the financial and administrative review is actually go to your accounting system and see if we can reconcile what's in your accounting system to what you've been reporting to the federal government. You have to have documented policies and procedures for key financial areas, specifically cash receipts, cash disbursements, payroll, and procurement. You have to have policies and procedures.

There should be communication between the program area and accounting. Oftentimes, we'll see that the program area is attempting to maintain really external to the accounting system the accounting elements, or the financial elements of this grant. It's important that you are communicating regularly with accounting.

They should be the ones that are actually reviewing your quarterly reports if not preparing them and your requests for reimbursement. They should be making sure that those transactions are being posted to your accounting system in a timely manner and be able to provide you with information associated with timekeeping and how those hours are then being allocated and then charged to your HUD grant. So, it's important to have strong communication between those areas.

Then, you need internal control with policies and procedures. That doesn't necessarily mean you need some extensive complex type of internal control environment. What it does mean it is that you have to look at how you can best comply with internal control requirements like segregation of duties, authorizations and approvals, oversight and monitoring, communication and distribution, how you can comply with those principles within your organization and within the structure of your organization.

For intermediaries, you want to ensure all reports submitted to HUD, you want to submit that you're flowing down all the clauses from your parent agreement to your sub grantees. You may add certain elements. You may want more than what HUD requires, but at a minimum, you have to make sure that you're requiring of the sub grantee what HUD is requiring of you as a pass-through.

You should be monitoring the timely submission of these financial reports. They should have deadlines that are in line with those required in your HUD grant agreement. You should be reviewing their financial reports for accuracy. As a parent, you are a pass-through. You stand in the shoes of the federal government in this area. To the extent that what the HUD

POCs have to do in oversight and monitoring each of those LHCAs, you have to do with these sub grantees.

Then, it helps, and we've heard this over and over again from interactions with various sub grantees who participated in various trainings that the more direction they're given, it helps them to be able to provide you with the information you need in a form you need. So, if in fact you have templates for quarterly reporting that you want them to submit, or you can provide them with guidance, it really helps them to know how to submit information consistent with the requirements.

Things to remember, and I know this sounds basic, but you have to read the HUD grant agreement. Don't make assumptions that the agreement is the same as it ever was. Anyone that's going to participate, that's going to charge time to this HUD, or that's going to be involved in the accounting, or that may be involved in some other area associated with this grant, they really should read the HUD grant agreement.

As you know, in the grant agreement itself, it doesn't even say what your actual funding is. That's on the SF-1044. That document, that agreement, should be a mandatory read for anybody that's charging any kind of time,

or any way involved in the accounting for this grant. They need to read the circulars, the uniform grant guidance, specifically Subparts D and E. Subpart D deals with the administrative requirements. Subpart E deals with cost principles. Subpart F deals with the auditing requirements as well.

All financial reporting should be going to the HUD POC, except for your request for reimbursement which are going through eLOCCS. All your reports have to be filed timely, and if you're not going to meet those due dates, you have to request an extension. You can't assume that I can be a couple of days late. No, you need to request an extension and it could be as simple as an email.

Whatever extension you request, please maintain that request for that extension with the report itself. People will say, oh, I emailed them. Well, remember, when we come and do a financial and administrative review it may be two years later, so you may not even have access to those same emails. It's important that you maintain that documentation with the quarterly report, whether it's just a part of the folder that you're maintaining electronically or you printed that email and put it in a hard copy file of the quarterly report.

Make sure you have all your rates approved for labor, and once those rates are approved, you have to use them throughout the grant. I've heard, well, during certain periods our fringes fluctuate. Well, when you established your fringe rate, you should have projected it over that time period taking into account the various fluctuations. You can't change your rates from quarter to quarter. Whatever rates that were approved in your budget, unless you get a budget modification, you have to continue to use that rate.

Finally, please do not hesitate to contact your HUD POC. They are in the best position to answer your questions and to work with you, especially if you're new to the program, even if it's a matter of just asking basic questions and asking them to take a look at something before you submit it as a final submission. Use them as a resource and contact them if you have any questions.

At this point, because of the time, and I know that we started a little bit later, I would ask that you please, if you have any questions, to please submit them to housing.counseling@hud.gov. We will make sure they're responded to in a timely manner. If you put Grant Financial Reporting in

the subject line, it makes it easy for us to clearly determine who's in the best position to respond to your question.

I thank you all for your time today and look forward to the next opportunity to provide you with training for the Comprehensive Housing Counseling Grant. Thank you.

Moderator

Ladies and gentlemen, this conference will be available for replay starting today at 4:30 p.m. and going through August 23, 2017 at midnight. You may access the AT&T conference replay system at any time by dialing 1-800-475-6701 and entering the access code 398740. That does conclude your conference for today. Thank you for your participation and for using AT&T Executive TeleConference Service. You may now disconnect.