



OFFICE OF
HOUSING COUNSELING

U.S. Department of Housing and Urban Development Office of Housing Counseling



Facilitated by
Booth Management Consulting
7230 Lee Deforest Drive, Suite 202
Columbia, MD 21046

Grant Financial Reporting

February 5, 2019 at 2PM EST

Webinar Logistics



- Audio is being recorded. The playback number along with the PowerPoint and a transcript will be available on the HUD Exchange at www.hudexchange.info/programs/housing-counseling/webinars/
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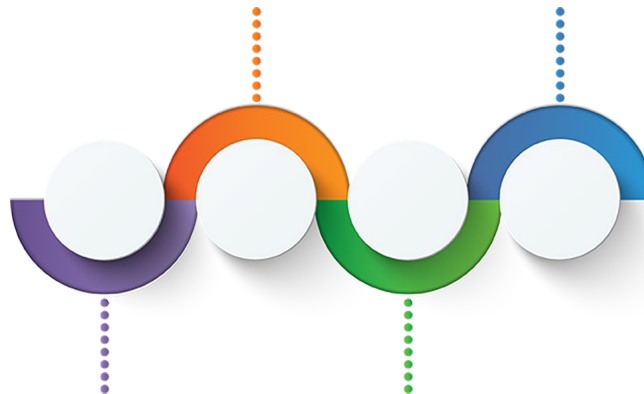


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Training Topics



- Financial Grant Life Cycle
- Budget Submitted for Approval
- Financial Certifications and Disclosures
- Quarterly Financial Reporting
- Acceptable Accounting Practices
- Things to Remember
- Available Assistance



Understanding the Financial Grant Cycle

Grant Execution Financial Life Cycle



1. NOFA Application
2. Award
3. Grant Execution Package
4. Grant Reporting
5. Request for Payment
6. Oversight Review

Grant Execution Financial Life Cycle



1. NOFA

- Pre-Award Accounting System Review
- Leverage funds supporting documentation
- OMB Circulars
- Code of Federal Regulations

2. Award

- Article XI, Reporting
- Federal Regulations

3. Grant Execution Package

- Financial disclosures and certifications
- OMB Circular A-133 submission
- Indirect Cost Rate Documentation
- Sub-allocation List (Intermediaries, MSOs, and SHFAS only)
- Billing Methodology (Intermediaries, MSOs, and SHFAS only)
- Budget



Grant Execution Financial Life Cycle (continued)



4. Grant Reporting

- Authorized Individual
- Article XI, Reporting
- Sub-allocations, Administrative cost, Billing methodology, SF-425 (Intermediaries, MSOs, and SHFAS only)

5. Request for Payment

- Authorized Individual
- Request for Payment
- Draw-down funds with quarterly reports
- Supporting documentation

6. Oversight Review

- Financial & Administrative Review
- Financial Analysis



Budget Submitted for Approval

Budget For Approval



1. Based on the approved award amount
 - a. maximum grant amount
2. HUD Form SF-424 CB or Other Acceptable Format
3. Detailed itemized budgetary line items, at a minimum should include:
 - a. salaries, fringe and other benefits, travel, training, marketing, outreach and indirect costs.
4. Assumptions to support budgetary line items:
 - a. Salaries based on actual amounts to be paid
 - b. Administrative salaries must be justified
 - c. Fringes based on annual amounts
 - d. Indirect cost:
 - Negotiated Indirect Cost Rate Agreement OR 10% De Minimis Rate
 - Block 16 of HUD Form 1044

Budget For Approval



1. Allowable costs only (Uniform Grant Guidance, Subpart E)
2. Unless otherwise stated, once submitted is considered the approved budget and draw down request should be based on approved budgetary line items:
 - a. After approval, request prior approval from HUD under 24 CFR Part 84 for any changes to the budgetary line items
3. Signature and title of authorized person

Budget For Approval



Additional budget related requirements for Intermediaries, MSOs, and SHFAs must include:

1. Updated list of sub-grantees and funded branches and their corresponding sub-allocations
 - a. If reimbursing sub-grantees and/or branches at a fixed rate per counseling/education activity also have to submit budgets
2. A detailed budget accounting for how all administrative funds (funds not passed through)
 - a. Includes funds for training, travel, salaries and equipment for each quarter and cumulative

Budget For Approval (cont.)



Additional budget related requirements for Intermediaries, MSOs, and SHFAs must include:

3. Billing methodology

- a. Explain clearly the methodology used to reimburse Sub- grantees or branches
- b. If using formula, indicate hourly rate attributed to Grant or how each cost is calculated for fixed-cost reimbursement
- c. Explain process to ensure method/ costs used do not exceed actual costs

Financial Disclosures and Certifications

Financial Disclosures/Certifications



Included in the application or as a part of the post-award requirements. Should also be referenced in the grant agreement.

1. Financial Management
 - a. §200.305 of the OMB Uniform Grant Guidance
 - b. Accounting system, including policies and procedures
2. Internal Control
 - a. §200.303 of the OMB Uniform Grant Guidance
 - b. Establish and maintain internal controls
3. Non-Major Non-Profit
 - a. §200.415 of the OMB Uniform Grant Guidance
 - b. Non-major corporation

Financial Reporting and Payment Request

Review of Financial Requirements



1. Period of Performance
 - a. October 1, 2017 through September 30, 2019
2. Extensions must be requested no later than 30 calendar days prior to the scheduled expiration of the period of performance
3. Extensions must be in writing
4. Only HUD GTR has the authority to extend the period of performance
5. HUD may approve a one-time extension, for good cause, on a case-by-case basis

Review of Financial Requirements



Program Income

- Program income earned from services provided related to the HUD Housing Counseling Program will be calculated using the Deduction Method.
- Program income should offset with total expenses of housing program. Total income earned can be found on the general ledger.
- Example: Agency's Housing Counseling budget was \$200,000. \$20,000 of program income is earned. The adjusted project budget amount from the sponsor is reduced to \$180,000 after gross program income is taken into account. Total project costs remains at \$200,000.

Review of Financial Requirements



Leveraged Costs

Leveraged funds are financial commitments toward the costs of a project from a source other than the granting organization. Leveraging can be achieved by a commitment from the grantee or through various partnerships. Leverage funds:

- May come from non-Federal sources
- May be made in the form of cash or in-kind resources
- Add to the total value of the work that can be performed without additional cost to the Federal Government
- Must be identified, tracked and verifiable
- Must be fully identified and described in the grant or cooperative agreement, the approved budget, and in the sponsor agreement submitted with the application

Review of Financial Requirements



Audit Requirements

1. Single Audit (A-133):
 - a. Must have expended over \$750,000 in **Federal** funds during the fiscal year
 - b. Must be completed within nine (9) months after fiscal year end
 - c. Must be submitted to Federal Clearinghouse
2. Independent financial audit for Grantees that did not expend \$750,000 or more in Federal awards.
 - a. Must have been conducted within the past two fiscal years
 - b. If agency submitted a Single Audit, no financial statement audit is required to be submitted

Review of Financial Requirements



Internal Controls

1. Segregation of Duties
2. Documented Policies & Procedures
 - a. Timekeeping & Personnel Activity Reporting
 - b. Cash Receipts & Disbursements
 - c. Cash Management
 - d. Procurement
 - e. Expense Reimbursement
 - f. Payroll Distributions
 - g. Cost Policy
 - h. Sub-grantee Award & Monitoring
 - i. Billing Methodology

Quarterly Financial Reporting



All Grantees & Sub-Grantees

- Retroactive basis for reimbursements for costs incurred during period of performance only
- Cost reimbursement grant
- HUD may withhold payment or partial payment if any project objective or reporting requirement is not being satisfied
- Funds must be drawn-down in conjunction with Quarterly (or Final) Financial Reports

Quarterly Financial Reporting



All Grantees & Sub-Grantees

- No payment request shall be approved for Grantees that have overdue or incomplete reports
- HUD may recapture unspent funds
- Burden of proof of expenses rely solely with Grantee, sub-grantee, or branches
- Must maintain supporting documents for expenses
- Must adhere to document retention requirement
- Must only submit for reimbursement, costs that have not been reimbursed by other grant programs

Quarterly Financial Reporting



All Grantees & Sub-Grantees

Until the Grant has been fully expended, all Quarterly Financial Reports are due according to the following schedule:

<u>Performance Period</u>	<u>Quarterly Performance Report Due Date</u>
10/1/2017 – 12/31/2017	Not later than December 31, 2018
1/1/2018 – 3/31/2018	Not later than December 31, 2018
4/1/2018– 6/30/2018	Not later than December 31, 2018
7/1/2018– 9/30/2018	Not later than December 31, 2018
10/1/2018– 12/31/2018	Not later than January 31, 2019
1/1/2019– 3/31/2019	Not later than April 30, 2019
4/1/2019– 6/30/2019	Not later than July 31, 2019
7/1/2019– 9/30/2019	Not later than December 31, 2019

NOTE: Due dates above do NOT affect the due dates for HUD-9902

Quarterly Financial Reporting



All Grantees & Sub-Grantees (cont.)

- The first Quarterly Financial Report reflecting activity for each quarter plus cumulative activity will be due 30 days after the end of the quarter in which the Agreement was executed.
- For example, if the Agreement is executed October 15, 2018, the first performance report is due not later than January 31, 2019.

Quarterly Financial Reporting



Financial Reporting Requirements:

LHCAs and Sub-Grantees and Grantees that provide direct housing counseling

1. Grantee's name, address, and Grant number as they appear on the Grant document.
2. Start and end dates of the report period.
3. Hourly rate. Identify each counselor or other employee whose time/activity is being billed to the Grant, the individual's title, and the hourly billing rate used to calculate reimbursement from HUD or a Parent Organization for that individual's time/activity; or, in the event of fixed-price reimbursement, document actual expenses. Explain the method used for calculating hourly rates, e.g. whether benefits are included in the rate.
4. Fixed-Price Reimbursement. Grantee must document actual expenses which must be reasonable and does not exceed actual costs.
5. Staff hours. Indicate for each relevant counselor and other employee the total number of hours being billed to the Grant cumulatively and for the quarter. For each individual whose work time will be reimbursed from the Grant, multiply the relevant hours by the relevant hourly rate (see item #3) and indicate the cumulative total and total for the quarter.
6. Itemized Accounting of Actual Costs. Submit a detailed, comprehensive itemized accounting of actual costs listing expenses for each distinct quarter, and the Grant period to date, under the Grant. At a minimum, the accounting must include the following as applicable: salaries, fringe and other benefits, training, marketing, outreach, and indirect costs. The accounting must itemize the expenditure of each dollar being billed to the Grant. The itemized accounting of actual expenses may be submitted on form HUD-424 CB, or in a format of the Grantee's choosing if the form HUD-424 CB does not provide enough detail. Any deviation between the itemized accounting of actual costs and the budget submitted at the time of Grant execution must be explained in detail and approved by the GTR.
7. Required Certification. In accordance with 2 C.F.R. § 200.415(a), include a certification, signed by an individual who is authorized to execute the certification on behalf of the Grantee, which reads as follows: "By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise. (U.S. Code Title 18, Section 1001 and Title 31, Sections 3729 –

Quarterly Financial Reporting



Financial Reporting Requirements:

Intermediaries, SHFAs, MSOs

10. Sub-allocations. A listing of: (a) the Sub-grantees and Branches and corresponding HUD housing counseling sub-grant amounts and allocations, for each quarter and cumulative period; and (b) a Dun and Bradstreet Universal (DUNS) Identifier number for each. This data is required by a Notice published by the Office of Management and Budget, Amending Federal Financial Assistance-Related Forms To Include Universal Identifier (73 Fed. Reg. 32415 (June 6, 2008)), to ensure compliance with the Federal Funding Accountability and Transparency Act of 2006 (Pub. L. No. 109-282). Should additional requirements become applicable, HUD reserves the right to amend this Grant Agreement;
11. Administrative Cost. A detailed accounting for how all administrative funds were spent for each quarter and cumulatively. Administrative funds are funds used to run the program and not passed through to Sub-grantees or allocated to Branches, but spent by the Intermediary, SHFA or MSO for activities including training and salaries.
12. Billing Methodology. Explain clearly the methodology employed to reimburse Sub-grantees or Branches. (For example, include the formula for calculating a counselor's hourly rate attributed to the Grant, or how each cost is calculated for fixed-cost counseling/education activity). Also, indicate the process used to ensure that the fixed cost reimbursement rate does not exceed the actual cost of providing the housing counseling services for which Sub-grantees and Branches request reimbursement;
13. Form HUD-9902. Intermediaries, SHFAs and MSOs must ensure that Sub-grantees and Branches update the Form HUD-9902 electronically through the Housing Counseling System (HCS) so that the appropriate *HUD Housing Counseling Grant Activity* column(s) reflects activity funded with HUD Housing Counseling Grant or sub-grant funds.
14. Federal Financial Report. Complete and submit the Form SF-425, summarizing financial data, including program income, for each quarter. The form can be accessed at <https://www.grants.gov/web/grants/forms/post-award-reporting-forms.html#sortby=1>

Quarterly Financial Reporting



Financial Reporting Requirements:

All Grantees

1. Reporting requirements are detailed in Article XI of the Grant Agreement
2. Varies depending on grantee type
3. Required even when:
 - a. Not requesting payment
 - b. If there is no activity (No Activity Report)
4. Submitted to the HUD POC directly
5. Once grant has been fully expended, submit a final report to close out the Grant—quarterly financial reporting no longer required
6. Final report due no later than December 31, 2019

Quarterly Financial Reporting



Reporting Requirements:

LHCAs, Sub-Grantees and Grantees that provide direct housing counseling

Grantees Name, address, and grant number

- Full legal name used on the grant application
- Notify HUD of any name changes

Start and End Dates

- Quarter reporting period date — not period of performance date
- If over multiple quarters, use the actual dates of performance through the quarter
- Financial activity should be during those dates

Quarterly Financial Reporting



Reporting Requirements:

LHCAs, Sub-Grantees and Grantees that provide direct housing counseling

Hourly Rate

- Identify each counselor or other employee whose time/activity is being billed to the grant. Include title and hourly billing rate
- In the event of fixed-price reimbursement, document actual expenses
- Explain methods used to calculate hourly rates segregating direct rate from fringe benefits

Staff Labor Hours

- Indicate the total number of hours billed to grant cumulatively and for the quarter
- Multiply relevant hours by relevant hourly rate for cumulative and quarter totals
- Time shall be broken down by type of service provided

Quarterly Financial Reporting

Reporting Requirements:



LHCAs, Sub-Grantees and Grantees that provide direct housing counseling

U.S. Department of Housing & Urban Development Itemized Accounting of Actual Costs - Budget vs. Actual						
Agency:				Grant #:		
Period Starting Date:		Period End Date:		Grant FY:		
Name of Project/Activity	For the Quarter Ended			Cumulative To Date		
	Budget	Actual	Variance	Budget	Actual	Variance
	Total	Total	Total	Total	Total	Total
a. Personnel (Direct Labor)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
b. Fringe & Other Benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
c. Training	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
d. Travel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
e. Capacity Building						
f. Housing Counseling Certification						
g. Marketing/Advertisement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
h. Other (Direct Costs)	\$ -	\$ -	\$ -	\$ -		\$ -
i. Subtotal of Direct Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
j. Indirect Costs (Approved Indirect Cost Rate %age)						
Grand Total (Year ____)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Please explain any negative budget variances (Actual > Budget) in this section						

Quarterly Financial Reporting



Reporting Requirements:

All Grantees

Fixed Price Reimbursement

- Grantee must document actual expenses which must be reasonable and cannot not exceed actual costs

Itemized Accounting of Actual Costs.

- Detailed, comprehensive itemized accounting of actual costs listing expenses for each distinct quarter, and the Grant period to date, under the Grant
- Consistent with approved budgetary line items
- Any deviation between the itemized accounting of actual costs and the budget submitted at the time of Grant execution must be explained in detail and approved by the GTR

Quarterly Financial Reporting



Reporting Requirements: (All Grantees cont'd.)

Other Requirements

1. Written prior HUD approval for all extensions
2. If amending report, recommend indicating "AMENDED "or "CORRECTED" on the top of report
3. Signed and dated by authorized individual

Quarterly Financial Reporting



Reporting Requirements: (All Grantees cont'd.)

Required Certification

“By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise. (U.S. Code Title 18, Section 1001 and Title 31, Sections 3729 – 3730 and 3801 – 3812).”

Signed by an individual who is authorized to execute the certification

Quarterly Financial Reporting

Reporting Requirements: Intermediaries, SHFAs and MSOs



Sub-allocations

A listing of:

- All sub-grantees and funded branches and the corresponding amounts/allocations
- Dun and Bradstreet Universal (DUNS) Identifier number for each

Administrative Costs

- Detailed accounting for all administrative funds, i.e. funds used to run the program and not passed through to Sub-grantees or branches
- Includes funds for training, travel, salaries, and equipment for each quarter and cumulative
- If reimbursement period is for multiple periods on the first report, itemization shall reflect itemized accounting for each period

Quarterly Financial Reporting



Reporting Requirements: Intermediaries, SHFAs and MSOs

Billing Methodology

- Should be consistent with the methodology submitted with the approved budget
- Clearly demonstrate that the agreed upon methodology is being used to charge HUD
- Ensure method/ costs used do not exceed actual costs

Federal Financial Report

- Summarizes financial data, including program income for each quarter
- Submit to HUD POC
- Access the form and instructions at:
http://www.whitehouse.gov/sites/default/files/omb/assets/grants_forms/SF-425.pdf **OR** <http://www.archives.gov/nhprc/pdfs/sf-425-fillable.pdf>

Acceptable Accounting Practices

Best Practices



All Grantees

- Financial Management system in compliance with Section 200.302 of the OMB Uniform Grant Guidance
- Accounting Basis
 - If accrual basis, grant reporting in the system should also be on an accrual basis
 - If cash basis, must still maintain grant financial information on the accrual basis outside of the system

Best Practices



All Grantees (cont.)

- Each grant must be accounted for separately in the accounting system
- Maintain supporting documentation for all charges to HUD grant
- Reconcile accounting general ledger to requests for payments, SF-425 (if applicable) and cumulative total for final quarterly report
- Documented policies and procedures for key financial areas
- Communication between the program area and accounting
- Strong internal control policies and procedures

Best Practices



Intermediaries, MSOs, and SHFAs

- Ensure all financial reporting requirements in the HUD grant agreement flow down to the sub-grant agreements, etc.
- Properly monitor the timely submission of all financial reporting requirements by sub-grantees/branches in order to report to HUD timely
- Review the financial reports for accuracy and completeness and required immediate corrective actions
- Provide examples/templates for reporting for consistency and comparability purposes

Questions

Frequently Asked Questions



Q1. Who is required to submit Standard Form 425 (SF-425), Federal Financial Report (FFR) and who can sign the quarterly report?

A1. As indicated in the HUD grant agreement, Intermediaries, State Housing Agencies (SHAs), and Multi State Agencies (MSOs) are required to submit quarterly FFRs. The person signing the quarterly report should be the grant manager or an individual with specific grant knowledge related to the HUD award. LHCAs are not required to submit the form.

Frequently Asked Questions



Q2. Are Federal grantees that expend less than \$750K in Federal funds required to submit independent audited financial statements?

A2. HUD Handbook 7610.1-REV 5, Section M, states that “Housing Counseling participants that do not expend \$500,000 or more in a year in Federal awards, must have an independent audit every two years. The audit must be prepared in accordance with generally accepted accounting principles and reporting practices and must include an auditor’s review report, a treasurer’s report and any supplemental schedules.” HUD has not updated the Handbook to increase the threshold to \$750,000 consistent with the revised single audit requirement in the Uniform OMB Circular.

Frequently Asked Questions



Q3. I am a pass-through (Parent) entity, am I required to accrue for costs incurred by my sub-grantees in my accounting system on a monthly basis?

A3. Pass-through entities should account for the payments made to its sub-grantees in general. In almost every case, pass-through entities, will not have the knowledge of the accruals made by its sub-grantees to be able to record the accruals on their accounting system. While it is the responsibility of each sub-grantee to accrue for their own costs and then submit an invoice to the parent entity to be reimbursed, the parent should make every effort to obtain the accrual information as a part of their month end closing process and should ensure that all costs are accounted for prior to submitting their final reports.

Things to Remember



- Read the HUD Grant Agreement
- Read the Uniform Grant Guidance specifically Subparts D and E
- Send all financial reporting, except for requests for payments, to your HUD POC
- File reports in a timely manner— if necessary, request a prior written approval for an extension before the due date
- Be sure to use the approved rates for labor
- Do not hesitate to contact your HUD POC if you have any questions

Available OHC Assistance

Available Services



Type of Assistance	Description	Onsite and/or Remote
Technical Assistance	<ul style="list-style-type: none">• Develop, modify, and/or update policies and procedures,• Personnel Activity Reporting and Quarterly Financial Reporting Templates	Onsite or Remote
Financial Analysis	<ul style="list-style-type: none">• Grant Executive Package Review• Financial Capability Assessment• Risk Assessment• Financial Review of sub-grantees• Accounting System Review• Billing Methodology Review• Indirect Cost Methodology Review• Quarterly Financial & Personnel Activity Report Review	Onsite or Remote

Available Services



Type of Assistance	Description	Onsite and/or Remote
Training	<ul style="list-style-type: none">• Train staff quarterly financial reporting, maintaining adequate supporting documentation, and reviewing submissions from subrecipients• Overview of Grant Requirements• Grant Financial Reporting• Personal Activity Reporting and Timekeeping• Preparing the Federal Financial Report (SF 425)	Remote
Action Plan	<ul style="list-style-type: none">• Conduct readiness assessment of compliance with Uniform Guidance requirements (including internal control and procurement) and provide recommendations for training or technical assistance	Remote

Requesting Services



1. **REQUEST Assistance from HUD POC:** State assistance required, person who will be the POC if approved, and availability for the assistance
2. **POC APPROVAL:** HUD POC reviews and determines for approval
3. **INITIATE ASSISTANCE:** If HUD POC approves, will submit to the HUD GTM for assistance



Please forward any questions to:
housing.counseling@hud.gov

with

“Grant Financial Reporting”

in the Subject line

Note: Only questions related to the HUD, Office of Housing Counseling, Comprehensive Housing Counseling grant will be accepted and responded to.