



Final Transcript

**HUD-US DEPT OF HOUSING & URBAN DEVELOPMENT:
Understanding Billing Methodologies and Best Practices**

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SPEAKERS

Petergay Bryan

PRESENTATION

Moderator Ladies and gentlemen, thank you for standing by. Welcome to Understanding Billing Methodologies and Best Practices call. Throughout today's call, all lines will be in a listen-only mode. [Operator instructions]. As a reminder, today's conference is being recorded.

I'd now like to turn the conference over to Petergay Bryan. Please go ahead.

Petergay Hello, everyone. Welcome to HUD Office of Housing Counseling's training on Understanding Billing Methodologies and Best Practices. This

training is geared to grantees in the Office of Housing Counseling grant program. So, if you receive other HUD funds or HUD grants, but you're not a member of the OHC grant program, then these may not apply to you.

As the moderator said, audio will be recorded. The playback number along with the PowerPoint as well as the transcript is going to be available to you at the HUD Exchange at www.hudexchange.info. Also, the training digest will be on HUD Exchange and will be updated once the webinar is posted.

You should have received an email with the PowerPoint presentation attached, so you can check that in order to follow along. However, if you didn't receive that email, if you click on the control panel and expand that, you'll see a section that says handouts. You can click the PowerPoint document there and take notes as we go along with today's training.

You may receive polling questions, so please respond to them so that we can be better able to assist you going forward. We won't be pausing for questions due to the number of participants today, however, if you do have questions that you wanted to get answered right away, if you open your control panel, you'll see a section that says questions. If you type your

question there, we do have personnel who will respond to you promptly or at least direct you to where you can go to pose your question. If after today's webinar you come up with some questions that you needed assistance with, please send them to housing.counseling@hud.gov, and include today's topic in the subject line. That way they'll be able to direct the question to the appropriate personnel.

Again, your phone lines will be muted, but if you need assistance, the moderator has given you instructions on how you can get assistance without disrupting the webinar.

Also, you will receive a thank you for attending email within the next 48 hours. That's going to be your certificate of training. There will be no attachments or anything in the body of the email other than thank you for attending the training. Please save that for your records as proof that you did participate in today's training. If you wanted to get credit for having attended, if you go to HUD Exchange at the link provided here, you would select the webinar, which is Understanding Billing Methodologies and Best Practices, and click Get Credit for This Training, and it will give you instructions for how you can get credit.

My name Petergay Bryan. I'm the audit manager with Booth Management Consulting. Booth Management Consulting, we're HUD OHC contractors. We provide quality technical review audit services and technical assistance services to agencies in the OHC grant program. We also conduct training sessions, one-on-one technical assistance sessions, financial analyses, action plan, etc., as they relate to the financial requirements of your Office of Housing Counseling grant with HUD.

Today we're going to be talking about trying to make sure that everyone understands what's a billing methodology, acceptable billing methodologies and how to apply them, some best practices based on your experience with working with agencies over the past few years, as well as HUD POCs, and then we'll talk about available assistance. As participants in the OHC grant program, there is assistance that's available to you, and we'll let you know how you can request the assistance and make sure it goes through the proper channels.

So, for LHCA's and subgrantees, the billing methodologies pretty much are documented methodologies for how you're planning on billing the grant. So, you know, during the grant execution package, you created a budget. You indicated your budgetary line items for the types of expenses that

you'll be submitting for reimbursement during the period of performance, and then your billing methodologies pretty much are saying how you plan on billing those budgetary line items.

For intermediaries, SHFAs and MSOs, for you guys that will also include that information, but also you'll want to make sure that you're documenting how your agency is going to bill HUD and then reimburse your subgrantees or your branches for the amounts of monies that you do pay to them.

You want to make sure that your methodology includes a computation of the hourly rates for anyone who's being paid salary, also the fringe benefits if that's something that you're going to be reimbursing. If you are using fixed fees or fixed price line items, you want to make sure that that's properly documented, then also, for any other budgetary line items that you've included or are going to include in your grant execution budget that you submit to your HUD POC or your parent agency.

Here we have an excerpt from the FY 2018 grant agreement, and this is for agencies that provide direct services, so it's your LHCAs, subgrantees, or intermediaries that actually provide direct services to clients. So, we

have items one through seven there. Specifically, though, when we talk about billing methodologies, you want to be looking at HUD requires that you submit the hourly rate, so for each housing counselor or employee whose time you're going to be charging to the grant, you need to identify that person by their name, their title, and then the hourly billing rate.

So, today we'll focus on how you calculate that hourly billing rate for those employees. If you're using fixed price reimbursement, then we'll also talk about what would go into developing the fixed fees or the fixed prices based on the different types of services that you may provide.

The staffing hours, that's just the number of hours that the person, your counselor, or your employee worked directly on the grant. Your itemized accounting of actual cost is—the billing methodology is also relevant to this because if you look here, it asks that you itemize by salaries, fringe, and other benefits, training, marketing, and outreach, as well as indirect costs. So, we'll talk about acceptable methodologies for how you would account for those specific line items.

Then, also you're required to submit your certification saying that okay, by signing the report that you submit to HUD, that's your payment request

and your quarterly financial report, then you're certifying that to the best of your knowledge, the report is true, complete, and accurate and that the expenditures are in line with the conditions of the award.

For intermediaries, SHFAs, and MSOs that do provide direct services, again, these are the same items that are required of you to submit to HUD, and so our training will be relevant to the line items that we just discussed, but in addition to these seven items that you have to report on, when we talk about sub-allocations, you want to make sure that you're letting HUD know the listing of subgrantees or branches that you're going to be reimbursing.

So, you want to specify the grant amount or the sub-allocation amounts to each of those subgrantees or branches, and your methodology should speak to that. So, you should say okay, how am I going to be reimbursing my subgrantees or my branches. If I know that my quarterly financial report is due to HUD 30 days after the end of each calendar quarter, what is the methodology that I'm going to communicate to my branches and my subgrantees in order to make sure that they give me the information in time to then prepare my report?

Also, for your administrative costs, you want to make sure that all of that information is detailed, and the line items that fit into your admin costs, which could be salary and fringe, training, travel, any marketing and outreach, those are the line items that can be included in your administrative costs as an intermediary for what you'll be submitting to HUD.

So, you want to make sure that your admin costs, you don't just have a category that says admin costs, and then a total amount. You have to also go further and break down your administrative costs into those various categories that I just mentioned, and then show the amounts that you're going to be billing HUD for those line items. Then, your billing methodology has to speak to those line items and make sure that you're indicating okay, how am I going to be billing for these types of costs.

Also, specific to these types of agencies, you have to also submit your documented billing methodology if you're an intermediary, SHFA, or MSO. So, in addition to everything else you have to submit to HUD quarterly, you have to make sure that your billing methodology is submitted as well, and you want to indicate how am I going to be reimbursing my subgrantees or my branches. If there are specific

formulas that are going to be included, you have to spell those out in your documented billing methodology when you submit that to HUD.

Other items to include would be your HUD-9902 form and your FFR which is your Federal Financial Report. I won't be spending any time on those because they're not relevant to today's topic.

In determining acceptable methodologies, I do want to stress to you that with your FY '18 grant and this NOFA, the different line items that you should submit for reimbursement they have changed. In the attachment that you probably downloaded or received from HUD, it did have a line item for supplies, but I want to stress to you that that is no longer acceptable, or it's no longer allowed as a direct expense to be submitted for reimbursement under the FY '18 grant.

Items that are allowed to be submitted as direct expenses would include your salary and fringe benefits, training, travel, your indirect costs, and your marketing and outreach. So, I'm going to go over these acceptable line items and the acceptable methodologies for how you would go about documenting that in your billing methodology that you submit to HUD.

So, for direct labor, you want to make sure that you're using the actual hourly rate for your employees and that you're computing it based on the salary that that person earns, or if that person is an hourly employee anyway, and they're salary, you would use that hourly rate that you do pay that employee.

Some unacceptable methodologies that we have seen in the past and that had to be disallowed would be computing hourly rate based on a percentage of the person's salary or basing it off the estimated level of effort or including non-salary related costs in the hourly rate, such as including the office space that the person worked in or the supplies that the counselors use, and things like that. So, that is definitely not a direct labor basis that you could use as part of your methodology. It strictly has to be based on the salary that you do pay that person.

When we conduct financial and administrative reviews, which is not an audit but it's a compliance review to make sure that agencies are in compliance with the requirements of the Office of Housing Counseling grant, these are the some of the things that we look at. Like, we are making sample selections, we are asking for payroll documents, HR docs, and we're verifying that the hourly rate that you showed to HUD or that

you billed to HUD is consistent with what that person is paid, so you want to make sure that you're very careful in your calculations and what you're reporting and what you're submitting for reimbursement.

The second line item would be your fringe benefits, so you want to make sure that this based on the actual fringe benefits that you're paying on behalf of your employees, so that could be composed of your insurance costs, so the health, life, dental, vision, disability, the employer's share of FICA or Medicare, any compensated leave, any unemployment, or workman's compensations, etc. All of those should be included in your fringe benefits rate. Also, you'll want to make sure that it's based on annual cost for fringe in your calculations.

Some unacceptable methodologies that we have also seen is where your computations are based on estimates that aren't supported by actual costs, or you also include in fringe benefits that aren't paid for the employee. Also, we've seen where agencies may change the fringe benefit rate each quarter, so you know, as the rate changes, then they'll submit a different fringe rate for a specific employee during the quarter, but that should not be done. You want to make sure that you're using the annual amount, and then if towards the end of the grant when you're about to submit your final

quarterly financial report, if there are changes during the year, and when you're submitting your final quarterly financial report, then you realize that okay we need to true it up, make an adjustment to adjust up or down, then you can do it in that final report, but you want to make sure that you communicate that to your HUD POC and to get approval for that prior to doing so.

Another line item that is allowed for reimbursement under the HUD grant is indirect costs. So, agencies really have two options for their indirect costs, and that's to use a negotiated indirect cost rate agreement, so if you have one, you can use that and submit your indirect costs using the NICRA rate.

When you're using a NICRA, you want to be careful and make sure that you're using the correct rate. Sometimes the rate may have expired, you may be negotiating a rate, there are different types of rates like a provisional rate that you can use for a certain period. You'll want to make sure that you're paying attention to the rate that you're using and the period that it's applicable to when you're developing your methodology and then also submitting costs for reimbursement.

The other option is to use the 10% de minimis rate to submit indirect costs. Not everyone will be eligible to use this, so you want to make sure that you're actually eligible to elect this method, which is the 10% de minimis rate, and if you are eligible, you want to make sure that that's also in your budget that you submit to HUD and HUD approved for you to charge the 10% rate. You also want to make sure that you're multiplying that 10% by the correct base.

We do have a training coming up next week. The first one is on November 13th. It's understanding indirect rates where we go in depth on if you have a NICRA how to read that NICRA and how to make sure that you're applying the NICRA correctly. You're using the correct rates, you're applying it to the correct base, and things like that.

Also, if you had a NICRA that would force you to—like, if you were to apply the NICRA to your direct costs, and it causes you to go over your grant award amount, you know that you aren't allowed to do that. So, in our training next week, we'll go through computations of how you make sure that you're not going over your grant award amount.

The training after that I want to say is November 15th, and it will be for agencies that interested in using the 10% de minimis rate, and in that training we also provide specific examples of how, first of all, we talk about who's eligible to use the 10% de minimis rate. Then, we talk about what modified total direct costs are that you can multiply the 10% rate by and things like that. So, if you are interested, please sign up.

Now, unacceptable methodologies for these costs—oh, the other thing that you could do is if you're a state agency, then you could use a cost allocation plan, but that cost allocation plan would have to be negotiated in the same way as you negotiated your indirect cost rate with a cognizant agency, but all those will be discussed in detail next week when we talk about indirect costs.

For unacceptable methodologies for indirect costs, we've seen where agencies may use a rate that's not approved by a federal cognizant agency. Of course, you know you cannot do that. It has to be something that went through the negotiation process and was approved.

Also, we've seen where either the parent agency told their subgrantees to use a specific rate, or the subgrantee may have just adopted a rate that's

been pushed down from their parent agency. Now, you cannot do that.

Each agency has to have their own policy for the indirect cost that they're going to be submitting for reimbursement.

If you're going to be using a NICRA, your agency has to have its own NICRA agreement. If you choose to use the 10% de minimis rate, you would have had to have met the eligibility requirement for using the 10% de minimis rate, and if you're a state agency, and you have an approved cost allocation plan, then you can use that.

Now, another thing we've seen where agencies have elected the 10% de minimis rate where they weren't eligible to do so, so of course, that's unacceptable, or applying an overhead rate. Without having an approved cost allocation plan, they just chose to use an overhead rate, but you know that that's not an acceptable methodology for indirect costs.

For agencies that during the grant execution package, they have fixed price line items that were approved, and you're going to be submitting those for reimbursement, you want to make sure that your methodology is showing how you're multiplying the actual hourly rate by the actual hours based on backup data that you have. In a few slides later, we'll talk about

how agencies can actually develop these fixed price line items and how they can apply and use it as part of their methodology.

Some unacceptable methodologies, so trying to say okay, we're going to estimate the level of effort in hours after you've already determined the fixed price for that specific service, or where agencies have tried to use percentages of salaries based on the level of effort to compute hourly rates, or failure to document the source data for determining the hours per session.

The thing with fixed price reimbursement is that you have to make sure that you have strong evidence for those line items that you're submitting for reimbursement. Then, of course, you want to make sure that that's been vetted by your HUD POC or your parent agency, whoever is reviewing your grant execution package. It has to be vetted through that process and agreed to, and then during the period of performance, you can submit those line items for reimbursement, and you want to make sure that your methodology supports that.

For travel expenses, they should be based on actual costs or per diem, so if you look at the federal travel regulations, making sure that everything is

compliant there. Then your methodology for submitting them for reimbursement, they can be based on the actual costs that the traveler incurred for that specific travel, or it could be based on the per diem rate.

Now, what's unacceptable is where an agency will say okay, for federal grants we're going to be using the per diem rate, but for other travel that's not related to federal grant programs, we're going to be using actual costs or the per diem rate based on which one is lower. Now, you have to be consistent within your agency. If you choose one methodology for treating travel expenses, it has to be done across the board for both federal and non-federal programs that you may have.

So, whenever we review this, we're reviewing for consistency, so whatever your company's policy is for treating travel, you want to make sure that you're compliant and that you're following your own policies, but it has to be consistent across the board.

When we talk about training, your training costs should be based on the actual cost for the training. So, if you went to a training program somewhere, and you know it costs you for the hotel stay, or if you had to pay to participate in a certain program, those costs would be included, and

you have to show the actual cost. If you're providing training, and you're basing it off of a fixed fee, then you want to make sure that it's based on something that was pre-approved during your grant execution package.

Some unacceptable methodologies for your training would be using estimates for training without having any supporting documents for that and submitting them for reimbursement based on budgeted amounts versus the actual cost of providing those trainings or having participated in those trainings.

Any other line items that you include you want to make sure that they're fully explained during the grant execution process, so you want to make sure that you spell them out amount specifically and that you're able to support the fact that they're directly related to the housing counseling program and providing services for clients.

So, if you're looking at your handout, and we're going to be sending an updated presentation, I want to stress that supplies, rent, phone, postage, utilities, those are no longer allowed as direct expenses under the Office of Housing Counseling program. The new NOFA that went out has excluded these expenses as direct expenses that are reimbursable. So, you want to

make sure that you are paying particular attention to this while you're preparing your grant execution packages and while you're thinking of submitting costs for reimbursement.

The next phase of this training, we'll talk about how to apply the methodologies. The first thing we want to look at has to do with salaries and converting your salary for your salaried employees to an hourly rate. We'll spend a little bit of time on this because for most agencies, the highest dollar value that they submit for reimbursement has to do with salaries. I want to make sure that you have a clear understanding of how to convert salary rates to hourly rates.

So, there are two different types or ways for doing this. If you're calculating the standard hourly rate, in most agencies people may work, the average full-time person would work 40 hours a week for 52 weeks per year. So, when you multiply that amount for the year, it would 2,080 hours that that person worked or each employee would work for the year.

For some agencies, they may not have their employees work 40 hours a week. It may be less, or their standard hours may be more, so whatever

your agency's policy is, then that's the number that you would use in determining what your standard hourly rate is.

For the actual hourly rate, that's really going to be based on the actual hours worked by the employee for the period. That may be less than the standard hours or even more than the standard hours, but we want to caution to make sure that if the lower the actual total hours are, then the higher the actual hourly rate may be when you use that to determine your hourly rate.

So, when we do our financial administrative reviews, we do pay particular attention to make sure that it's reasonable whatever your hourly rate is.

We're going to be looking to see if your calculation was based on the actual rate, the actual hours worked by the person during the period, or if you have just a standard hourly rate that okay, our company's policy is that everyone works 40 hours a week, and you multiplied it by the 52 weeks, and then you got the 2,080 or whatever your methodology is. It has to be supported, and we do recalculate that and make sure that is reasonable.

For fringe benefits, your fringe benefit rate is really the cost for your employees' benefits, and you're going to divide that by the wages that you pay to the employees for that period. So, fringe costs usually include any compensated leave, so if they took vacation or a holiday or sick leave that they're compensated for, then that's included as a fringe benefit.

The employer's share of payroll taxes, any pension plan payments, workman's comp, group insurance, so your health insurance, your life insurance, your disability. If your company pays for tuition reimbursement, that's included. Any training that your company pays for or employee health and welfare programs, then those are all included in fringe benefits.

We'll go ahead and do a little exercise on converting salaries to your actual hourly rate. So, in this scenario, we have a full-time employee whose salary is \$40,000 a year, and the company operates 5 days a week for 8 hours for 52 weeks per year, and also each year the employee is entitled to 20 days of paid time off and 8 days for paid holidays. Also, the company pays \$7,200 for the employee's health, life, and disability insurance expenses, \$2,000 for the employee's retirement benefits, \$1,100 for their worker's compensation insurance, \$210 for unemployment

insurance, and then 7.65% of the hourly rate for their portion of the Social Security and Medicare taxes.

So, the first thing you want to do is try to compute the hourly rate. So, you would first divide that person's salary, which is the \$40,000 salary, by the 2,080 hours to get \$19.23 for their hourly rate. So, of course, based on this example, we calculated the person's hours for the year as 2,080 hours, and we already said that their annual salary is \$40,000.

The second step is to look at the total paid time off that's paid by the employer, so we said they had paid holidays of 8 days, and 20 days of paid time off outside of the holidays. So, that's a total of 224 hours that they get in paid time off.

Next, we calculate the employer's share of taxes, which we said was 7.65%, so you multiply that by the \$40,000 for their annual salary. We were given the group insurance for \$7,200, the compensated leave, which is the 224 hours. Remember they had 8 days for holidays and 20 other, so we multiply that 224 hours by the \$19.23 to get what their compensated leave amount is in dollars. The retirement benefits were \$2,000. Their

unemployment insurance was \$210, and their workman's comp was \$1,100.

So, when you add all of those benefits up, their total fringe benefit is \$17,877.52, and their total labor remains at \$40,000. So, their fringe benefit rate where you divide the \$17,877 by \$40,000 is 44.69%. Now, if you wanted to calculate the fringe benefit amount of the hourly rate, you just multiply that rate by the \$19.23 to get the fringe benefit amount of \$8.60 for every hour that person works.

Now, if you look at this schedule, you'll see where you start off with the total direct labor cost of \$40,000 that you're paying them, and the fringe benefit amount of \$17,877, so pretty much you're paying for that employee their direct labor and their fringe costs for that particular employee \$57,877. When you break it up for the hourly rate, their direct labor cost is \$19.23 per hour for direct labor, and for their fringe benefits it's \$8.60 for that employee per hour.

So, here we have the information presented a different way where you talk about the total direct labor and fringe benefits that we just calculated as the \$57,877, so that's the base of \$40,000 in salary, the \$17,877 in fringe

benefits to give you \$57,877. The total available work hours 2,080; when you divide the two, you'll get the fully-loaded rate of \$27.83.

So, in your billing methodology, you can choose to say okay, a fully-loaded rate of the \$27.83 is what we're going to charge for the salary and fringe, or you can break it up and show the hourly rate, the salary rate, and then a fringe benefit rate separately, but that is how you would do the calculation. You would show it either as a fully-loaded rate which includes the two the hourly salary and the fringe rate, or you could show them as separate line items for the hourly rate, the salary rate, and then the fringe benefit rate could be separate.

The next thing we want to talk about is fixed price reimbursement, and pretty much we follow the same methodology to first determine your hourly rate. So, we would use the same approach that we just did in determining the hourly rate previously in the previous example a couple of slides before.

Then, you would determine the fringe benefits rate just the same as we did a few moments ago. Then, you want to determine the number of hours per service for the specific line item that you're thinking of. So, agencies may

have different types of services that they provide to the clients, so say for example, pre-purchase counseling.

So, as an agency you would have to do an analysis based on historical data to determine how much time or what's the level of effort to provide pre-purchase counseling services to agencies. So, we always recommend that you use information for at least two years. You could do like a staffing analysis for the past two years to determine the level of effort for providing that type of service.

The next thing to do is to compute the fixed price for each service, so you want to add the hourly rate and the fringe benefit rate to get a fully-loaded rate, and then you would multiply that rate by the number of hours that you've determined based on your staffing analysis in step three to see okay, what is the fixed price for this type of service, and then you would go forward and use that to submit that for reimbursement from HUD.

When you talk about fixed price reimbursement, the most important thing is that you have to have documentation to support that methodology. It has to be historical information that you're maintaining having provided these types of services for a period of time. You do get an idea of what's

the level of effort or what's the requirement for providing these types of services to my clients. You have to be able to show that with supporting documents.

Also, you want to make sure that it's done over multiple years. So, you can't just use information from last year. We need at least two years of data, but the more historical information you use, the stronger your case is for getting that fixed price line item approved. Any cost that's included in your methodology has to be deemed allowable, allocable, and reasonable according with the cost principles.

If you ever had questions on the types of costs that are allowable, allocable, and reasonable we'll always refer to subpart E in the Uniform Guidance. There you could read through and determine whether or not it's allowable under the grant, or if you had specific questions, please pose them to your HUD POC, or we'll let you know at the end of today how you ask direct questions if you wanted to speak to someone from BMC about what's allowable, allocable, and reasonable.

Also, this must have been approved during your grant execution process. So, while you're developing your grant execution packages right now, if

this is something that you think okay, our agency could—we have enough data to develop a methodology for a fixed price line item, then you want to make sure that that included in your budget and in your packet to HUD or your parent agency right now, and you want to make sure that you have the supporting documents to back that up and then have that approved. Once it's approved, then you can go ahead and just use that consistently for the grant period.

So, here's an example of an agency that chose to submit fixed price line items for reimbursement, and this is what they did. So, the agency has been providing housing counseling services for over five years, so they have five years' worth of data to back up their methodology for the fixed price.

They have an electronic timekeeping system, and they require each counselor to charge time by the agency so by each program that they work on, and then by each line item, so the specific task that they provide under each program. For example, they have the HUD fund set up in their accounting system, and then they break it down by the different types of services that they provide under that housing counseling program, and then by the client.

That is enough detail for them to then do an analysis to say okay, based on this historical data, we have over five years of information where we can see for the housing counseling program, and then by the different types of services that we provide, this is the time that we've spent providing these types of services based on the various types of services that you provide.

Then, also on an annual basis, the accounting and finance department does a staffing analysis to see the hours spent providing counseling to the clients or reviewing data from the timekeeping system and making sure that they're comparing that the CMS system in order to support their analysis.

Based on that analysis, then the finance department as well as the accounting department determine that okay, it takes the counselors 11 hours to receive this type of counseling service. Then the accounting or the finance person would submit that methodology with any backup documentation including a write-up for how they came to this 11 hours for the type of counseling service that they're proposing, and then make sure that that's properly supported.

Also, all counselors are paid the same hourly rate, and that's their loaded rate of \$25 per hour to include the fringe benefits. So, it's not just the salary, it's the salary and fringe for providing this type of service.

What you would do is then multiply the hourly rate, which is \$25, times the number of hours per client, which the accounting department determined to be 11 hours per client, and then your fixed price per client for counseling for that specific counseling would be \$275. Then, that in completing your quarterly financial reporting and your payment requests to HUD, you would then just put the \$275 for each time you provided service for a client for that specific activity. It's as simple as that.

Also, there can be different fixed prices for different types of services. That's completely fine, and that's actually expected, but it can also be the same if that's what the calculations show. You just want to make sure that you have sufficient supporting docs to support that.

Now, we'll get into some of the best practices. For any type of billing methodology, you want to make sure that you have timekeeping and personal activity reporting documents available. That information is critical, and they are required for the housing counseling grant. So, when

it concerns timesheets or direct services, you want to make sure that your timesheets, or if you have a personal activity report, you could use that, or any other acceptable report that's going to show what your employees worked on that period. You'll want to make sure that it's consistent and make sure that it's available for the period.

You also want to clearly indicate the tasks that the employee charges their time to in your reporting. Also, it should be approved by a responsible official, so anyone who's supervising your counselors should make sure that they're signing off on it, or if it's not a counselor, whatever the employee level. You want to make sure that it's signed off by a responsible official, someone who can certify to what's documented by the employee.

For your billing rate, your billing rate has to be based on an approved methodology. So for the different line items, we went over the acceptable methodologies for each of them. If you have additional line items, and you are needing assistance in determining what's an acceptable methodology, then of course, you would let us know, but in your budgets that you submit to HUD, you also include your assumptions. Your HUD

POC or your parent agency would look at your assumptions to see whether or not your assumptions are consistent or reasonable.

Your billing rate can be different for each person. That's usually expected unless it's the same line of work for the same level of employee. Of course, they can't include any indirect costs. Indirect costs are treated differently. It has to be based on either them NICRA or the 10% de minimis rate, whichever you're approved for.

Your invoices for your quarterly finance reports and your requests for payment should be calculated based on the HUD hours identified in your timesheet and multiplied by your building rate. So, the timesheet, whenever we conduct financial and administrative reviews and we do personnel or timekeeping testing, we're asking for timesheets or if you have personal activity reports because we're looking to see the activities that the employees worked on and making sure that they're directly related to the program.

Then, we're recalculating your billing rate to make sure that it's actually based on amounts that you paid that person, that employee. So, your invoices that you prepare and submit for reimbursement should be based

on that information, and it is something that we do check whenever we do the reviews.

If you have indirect costs, they should be computed based on the approved base. So, again, when we talk about the NICRA, if you have a NICRA, you have to read your NICRA, make sure that you're using the correct rate, and you are applying that rate to the correct base.

Whenever we do reviews, we do take a look at the NICRA for the period that we're reviewing, and we're also recalculating to make sure that you applied it correctly. If you're using the 10% de minimis rate, we do the same thing. We're looking to make sure that you computed that 10%, you multiplied that by the modified total direct cost and making sure that everything reconciles perfectly.

Another best practice is to make sure that you're getting your accounting or your finance staff involved. You want to make sure that you're meeting with the accounting or finance staff to compute the hourly rates or the fringe benefit rates, and especially for the fixed price rates because they do get complex. So, you want to incorporate them in those processes.

Document your methodology for review by your accounting or your finance staff. You'll want to make sure that someone who has expertise in that area can give you feedback and make sure that your methodology is reasonable.

Ensure that your accounting and finance staff has the final approved billing methodology, especially if they're going to be the one to do your quarterly financial reporting. You want to make sure that they're up to date and that they're in agreement with the methodology that you're using.

If there are any changes, you want to make sure that you notify your HUD POC or your parent agency in writing of any of the changes, and you want to provide an updated billing methodology to them for review.

For time and attendance, you want to make sure that your time is tracked by the specific tasks, and you're tracking the actual hours that you worked. So, you can just use the SMS for time and attendance. You want to really put in information on the actual hours that you worked providing that actual type of service.

Your hourly rate should only include the direct cost associated with the project, and make sure that they're completed timely and that they're approved by an authorized official.

For personal activity reporting, a best practice is to establish charging codes by activity, so you want to say marketing and outreach, following up with the client, your file management, or direct counseling you want to break it down in such detail so that you can then say okay, this is something that's allocable to the HUD grant award.

Specific to available assistance, we do provide training to new agencies or agencies that have changes in personnel on submitting a budget where we help agencies to develop their budget, prepare their budget, making sure that their assumptions for the budgetary line items are sound. Also for grant financial reporting where we help agencies with letting them know what specific elements are required in their quarterly financial reporting, and making sure that the correct person signs off, and making sure that they have the proper supporting documents for each of the line items that they submit for reimbursement.

Then, personal activity reporting and timekeeping, we do have training on that where we help agencies to develop templates that can be used in their agency, and also developing policies and procedures for everyone to follow.

We also do financial management system training where we help staff with making sure that their financial management systems meet the standards of the uniform guidance and that we make sure that you guys are properly accounting for the HUD grant in your accounting systems.

We conduct financial analysis especially for parent agencies that have subs where we review quarterly financial reports, or if you are an LHCA or a subgrantee and you wanted us to take a look at your quarterly financial report before you submit it for reimbursement, we could even look at the templates for you. We do perform that assistance or financial analysis.

We do billing methodology assessments where we look at your methodology for compliance with the federal requirements as well as we look at your accounting system and do a review of your accounting system

to make sure that you are able to account for the grant in accordance with the federal requirements.

Now, you can request services directly from your parent—so, you would communicate to your HUD POC or your parent agency, or if you guys were selected for an action plan or a FAR, and we recommended assistance, then you could receive assistance that way. To request assistance directly you'll want to email your HUD POC or your parent agency and let them know the type of assistance that you need, so provide an explanation of what you need assistance with and who at your agency would be responsible for this assistance.

Then, the HUD POC would communicate that to our HUD GTM who is there to approve it, and they would let us at BMC know. Then, BMC would work with you directly to provide you with the assistance necessary.

Again, with the action plans or FAR or technical assistance or training, if you had an action plan or a FAR we would recommend technical assistance or training if necessary. If during our assessment, we noticed that you needed assistance with anything, then we would let you know,

and of course, these are provided to you just for being participants in the housing counseling grant program.

So, benefits to grantees with us having provided these types of services is that we've realized that it provides comprehensive assistance to agencies to minimize the administrative burden of carrying out the grant. Also, we've seen where it could potentially reduce the findings that could come up in performance and financial reviews because we make sure that you're aware of what is required of you as participants of the program, and we help you in any way that we can to make sure that you're maintaining compliance.

We also provide financial and administrative technical assistance to grantees that you could use on other federal programs, and that could be a huge benefit. Then, typically simply to just reduce the administrative burden through training your subgrantees, and that's specific to parent agencies or intermediaries because we do offer this assistance not just to LHCAs, but of course, the branches, subgrantees, intermediaries, etc.

So, if you have questions that haven't been answered by our BMC staff, please email them to housing.counseling@hud.gov, and make sure that

you include in the subject line understanding billing methodologies so that they can direct your question to the appropriate personnel. So, if you have any questions, please email them there. Hopefully, they'll—I'm looking at the questions that came in online, and I see that everything has been answered. So, great.

If you think of anything else later, please just email them to this email address, and I want to thank you so much for having participated today.

Thank you.

Moderator

Ladies and gentlemen, that does conclude today's conference. Thank you for your participation. You may now disconnect.

