



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

Preparing a Budget

October 30, 2018 2 PM EST

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Training Topics



- Overview of Budgeting Process
- Preparing a Budget
 - Determine programmatic financial requirements
 - Develop Budget and Assumptions
 - Verify Allowability, Allocability, and Reasonableness
 - Internal Review and Submission
 - Negotiations and Approval
- Lessons Learned
- Things to Remember
- Available OHC Assistance
- Frequently Asked Questions
- Resources & Glossary



Overview of Budgeting Process

Overview of Budgeting Process



Regulations

§200.8 Budget.

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

§200.308 Revision of budget and program plans.

(b) Recipients are required to report deviations from budget, project scope, or objective, and request prior approvals from Federal awarding agencies for budget and program plan revisions in accordance with this section.

Overview of Budgeting Process



Regulations cont'd.

HUD Grant Agreement, Article IV, (B)(7)

Grantee must submit to HUD a comprehensive projected budget listing all proposed expenses under the Grant using form HUD-424 CB and any budget attachments necessary to itemize expenses. At a minimum, the budget must include salaries, fringe and other benefits, travel, training, marketing, outreach and indirect costs, as applicable to Grantee. All expenses must be itemized, and all Grant Funds must be accounted for in this Projected Budget. This projected budget must also demonstrate the actual cost of service provision.

Intermediaries, MSOs and SHFAs that pass-through funds to Sub-grantees or Branches, or both, must also itemize how administrative funds are spent, if applicable, and submit a separate budget reflecting only administrative expenses.

Overview of Budgeting Process



1. Submission

- a. Grantee submits budget
- b. Sign and date

2. Review & Negotiations

- a. Reviewed by HUD
- b. Questions, clarifications, and negotiations

3. Approval

- a. Approved by HUD POC
- b. HUD POC notifies grantee of approval



Preparing a Budget

Budget



Preparing a Budget

- **Step 1:** Determine programmatic requirements consistent with approved work plan
- **Step 2:** Develop budget and assumptions
- **Step 3:** Verify allowability, allocability, and reasonableness
- **Step 4:** Review budget internally with accounting & finance
- **Step 5:** Submit budget to HUD and negotiate with POC



Budget for Approval



Step 1: Compare to programmatic requirements

Requirements for LHCAs:

1. Based on the approved award amount
2. Review approved work plan
3. If prior grant, review prior grant activity

* NOTE: Parent agencies may provide sub-grantees with additional instructions for preparing their budgets.

Budget for Approval



Step 1: Compare to programmatic requirements

Requirements for Intermediaries, MSOs and SHFAs:

1. Updated list of subrecipients and funded branches and their corresponding sub-allocations
 - If reimbursing subrecipients and/or branches at a fixed rate per counseling/education activity, budgets must be submitted
2. A detailed budget accounting for all administrative funds (funds not passed through)
 - Includes funds for training, travel, salaries, equipment, etc. cumulatively and for each quarter

Budget for Approval (cont.)



Step 1: Compare to programmatic requirements

Requirements for Intermediaries, MSOs and SHFAs, cont'd.:

3. Billing methodology

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

Budget for Approval



Step 2: Develop budget and assumptions

1. HUD Form SF-424 CB or Other Format
2. Detailed itemized budgetary line items, at minimum salaries, fringe and other benefits, training, travel, phone, postage, supplies, technology/equipment, marketing, and indirect costs
3. 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 costs – Negotiated Indirect Cost Rate Agreement OR 10% De Minimis Rate

Preparing a Budget



Step 2: Develop budget and assumptions

1. Definitions

- a. Assumption is *"a thing that is accepted as true or as certain to happen, without proof"*
- b. Budget Assumptions are expectations – usually expected or presumed expenses

2. Importance

- a. Documented and communicated
- b. Promotes consistency and fairness
- c. Critical to ensure the results can be supported and explained

Preparing a Budget



Step 2: Develop budget and assumptions
***HUD Form SF-424 should be signed and dated**

Grant Application Detailed Budget			U.S. Department of Housing and Urban Development					OMB Approval No. 2501-0017 (exp. 11/30/2014)		
			Functional Categories							
			[Year 1:] [Year 2:] [Year 3:] [All Years:]							
Name of Project/Activity:	Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	
	HUD Share	Applicant Match	Other HUD Funds	Other Fed Share	State Share	Local/Tribal Share	Other	Program Income	Total	
a. Personnel (Direct Labor)	\$	\$	\$	\$	\$	\$	\$	\$	\$	
b. Fringe Benefits										
c. Travel										
d. Equipment (only items > \$5,000 depreciated value)										
e. Supplies (only items w/depreciated Value < \$5,000)										
f. Contractual										
g. Construction										
1. Administration and legal expenses										
2. Land, structures, rights-of way, appraisals, etc.										
3. Relocation expenses and payments										
4. Architectural and engineering fees										
5. Other architectural and engineering fees										
6. Project inspection fees										
7. Site work										
8. Demolition and removal										
9. Construction										
10. Equipment										
11. Contingencies										
12. Miscellaneous										
h. Other (Direct Costs)										
i. Subtotal of Direct Costs										
j. Indirect Costs (% Approved Indirect Cost Rate: %)										
Grand Total (Year:):										
Grand Total (All Years):										

***NOTE: Rent is no longer allowable as a direct expense**

Preparing a Budget

Step 2: Develop budget and assumptions



General Instructions	
<p>This form is designed so that an application can be made for any of HUD's grant programs. Separate sheets must be used for each proposed program year and for a summary of all years.</p> <p>Check applicable program year or all years box at top of page to indicate which applies.</p> <p>On the final sheet enter the Grand Total for all years in the applicable box at the bottom of the page. In preparing the budget, adhere to any existing HUD requirements which prescribe how and whether budgeted amounts should be separately shown for different functions or activities within the program. For some programs, HUD may require budgets to be shown separately by function or activity. Your budget information should show the entire cost of your proposed program of activities per year. If you are not using funds in any of the line item categories, you should leave the item blank. Pages may be duplicated to show budget data for individual programs, projects or activities.</p> <p>NOTE: Not all budget categories on this form are eligible for funding under all programs. Please see eligible activities under the specific program for which you are seeking funding.</p> <p>Budget Categories</p> <p>The budget categories identifies how your program funds will be allocated by type of use, e.g., funds going for salaries, travel, contracts, etc. Each of these line items should be broken out under each applicable column.</p> <p>Lines a-f-- Show the totals of Lines a to f in each column.</p> <p>Lines g-- Show construction related expenses in the appropriate categories below.</p> <p>Line g.1-- Enter estimated amounts needed to cover administrative expenses. Do not include costs which are related to the normal functions of government.</p> <p>Line g.2-- Enter estimated site and right(s)-of-way acquisition costs (this includes purchase, lease, and/or easements).</p> <p>Line g.3-- Enter estimated costs related to relocation advisory assistance, replacement housing, relocation payments to displaced persons and businesses, etc.</p> <p>Line g.4-- Enter estimated basic engineering fees related to construction (this includes start-up services and preparation of project performance work plan).</p> <p>Line g.5-- Enter estimated engineering costs, such as surveys, tests, soil borings, etc.</p> <p>Line g.6-- Enter estimated engineering inspection costs.</p> <p>Line g.7-- Enter the estimated site preparation and restoration which are not included in the basic construction contract.</p> <p>Line g.8-- Enter the estimated costs related to demolition activities.</p> <p>Line g.9-- Enter estimated costs of the construction contract.</p> <p>Line g.10-- Enter estimated cost of office, shop, laboratory, safety equipment, etc. to be used at the facility, if such costs are not included in the construction contract.</p> <p>Line g.11-- Enter any estimated contingency costs.</p> <p>Line g.12-- Enter estimated miscellaneous costs.</p>	
<p>Line h-- Enter any other direct costs not already addressed above.</p> <p>Line i-- Calculate the totals of all applicable columns to determine the Subtotal of Direct Costs.</p> <p>Line j-- Indicate the approved Indirect Cost Rate (if any) and calculate the indirect cost in accordance with the terms of your approved indirect cost rate and enter the resulting amount.</p> <p>Grand Total (Year: __)-- Enter the sum of lines i. and j. under column 9 for each year, and enter the applicable year, in the blank, for each sheet completed.</p> <p>Grand Total (All Years)--Enter the sum of all the, "Grand Total (Year: __)" amounts from each sheet completed, under column 9, for all proposed years.</p> <p>For each budget category (personnel, fringe benefits, travel, etc) you should identify the amount of funding you plan on using in your grant program. You should complete each column as follows:</p> <p>Column 1 - Identify the amount of funds that you will need from the HUD grant program for which you are seeking funding.</p> <p>Column 2 - Identify any matching funds that you are required to include in your proposed program in order to be eligible for assistance.</p> <p>Column 3 - Identify any other HUD funds that you will be adding to this program either through your formula or competitive grant programs.</p> <p>Column 4 - Identify any other Federal funds that you will be adding to this program either through your formula or competitive grant programs.</p> <p>Column 5 - Identify any State funds that you will be adding to this program.</p> <p>Column 6 - Identify any Local or Tribal Government funds that you will be adding to this program.</p> <p>Column 7 - Identify any additional funds not previously identified in Columns 1 - 6, that you intend to use for your proposed program.</p> <p>Column 8 - Identify any program income that you expect to generate under this program.</p> <p>Column 9 Add columns 1 - 8 across and place the total in Column 9.</p>	

*Instructions for HUD Form SF-424

Preparing a Budget



U.S. Department of Housing and Urban Development Step 2: Develop budget and assumptions (alternate format) Grant Application Detailed Budget									
Name of Project/Activity:	Functional Categories [Period of Performance: _____]								
	Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9
	HUD Share	Applicant Match	Other HUD Funds	Other Fed Share	State Share	Local/Tribal Share	Other	Program Income	Total
a. Personnel (Direct Labor)	\$	\$	\$	\$	\$	\$	\$	\$ -	\$ -
b. Fringe & Other Benefits								\$ -	\$ -
c. Training								\$ -	\$ -
d. Travel								\$ -	\$ -
e. Outreach								\$ -	\$ -
f. Marketing/Advertising								\$ -	\$ -
g. Housing Counseling Certification									
h. Capacity Building									
i. Subtotal of Direct Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
j. Indirect Costs (Approved Indirect Cost Rate %age: 0%)									\$ -
Grand Total (Year: _____):									\$ -
Grand Total (All Years):									
Signature of Authorized Individual					Date				
Printed Name and Title									
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."									

Preparing a Budget

Step 2: Develop budget and assumptions (alternate format)



General Instructions for the HUD Grant Application Detailed Budget Form			
<p>This form is designed so that an application can be made for any of HUD's grant programs. Separate sheets must be used for each proposed program year and for a summary of all years. Check applicable program year or all years box at top of page to indicate which applies. On the final sheet enter the Grand Total for all years in the applicable box at the bottom of the page. In preparing the budget, adhere to any existing HUD requirements which prescribe how and whether budgeted amounts should be separately shown for different functions or activities within the program. For some programs, HUD may require budgets to be shown separately by function or activity. Your budget information should show the entire cost of your proposed program of activities per year. If you are not using funds in any of the line item categories, you should leave the item blank. Pages may be duplicated to show budget data for individual programs, projects or activities.</p>			
Budgetary Line Items		Functional Categories	
<p>The budget categories identifies how your program funds will be allocated by type of use, e.g., funds going for salaries, travel, contracts, etc. Each of these line items should be broken out under each applicable column.</p>		Column 1	Identify the amount of funds that you will need from the HUD grant program for which you are seeking funding.
Lines a thru j	Show the totals of Lines a to f in each column.	Column 2	Identify any matching funds that you are required to include in your proposed program in order to be eligible for assistance.
Line k	Enter any other direct costs not already addressed above.	Column 3	Identify any other HUD funds that you will be adding to this program either through your formula or competitive grant programs.
Line l:	Calculate the totals of all applicable columns to determine the Subtotal of Direct Costs.	Column 4	Identify any other Federal funds that you will be adding to this program either through your formula or competitive grant programs.
Line m:	Indicate the approved Indirect Cost Rate (if any) and calculate the indirect cost in accordance with the terms of your approved indirect cost rate and enter the resulting amount.	Column 5	Identify any State funds that you will be adding to this program.
Grand Total (Year:)	Enter the sum of lines l. and m. under column 9 for each year, and enter the applicable year, in the blank, for each sheet completed.	Column 6	Identify any Local or Tribal Government funds that you will be adding to this program
Grand Total (All Years)	Enter the sum of all the, "Grand Total (Year:)" amounts from each sheet completed, under column 9, for all proposed years.	Column 7	Identify any additional funds not previously identified in Columns 1 - 6, that you intend to use for your proposed program.
		Column 8	Identify any program income that you expect to generate under this program.
		Column 9	Add columns 1 - 8 across and place the total in Column 9.

Preparing a Budget

Step 2: Develop budget and assumptions (alternate format)



Below are examples of what can be included in the Budget Assumptions for each budgetary line item.

EXAMPLE: Budget Assumptions for the HUD Grant Application Detailed Budget

Budgetary Line Item	Cost Principle Considerations	Assumption Examples
Personnel	Rates are reasonable, meet grant requirements for experience, within executive compensation requirements, §200.430 Compensation: Personal Services	Name, pay rate, labor category, # of hours and housing counseling years of experience.
Fringe Benefits	Reasonable rate, allowable fringe pool, §200.431 Compensation—Fringe Benefits.	Fringe pool (accounts), rate and effective date.
Travel	Reasonable (consistent with Federal Travel Regulations "FTR"), allowable purpose, allocable for HUD/OHC related activities, §200.474 Travel Costs	Purpose of travel, # of participants and itemized costs. ALL travel must be approved by HUD in advance of travel.
Training	Allowable under §200.474 Training and Education and §200.432 Conferences	Purpose of training, rates, # of hours/fixed fee and services provided.
Housing Counseling Certification	Allowable under §200.474 Training and Education and §200.432 Conferences	Purpose for training, testing (computer or proctored exams), salaries (time), travel, consultants, and other certification expenses
Capacity Building	Allowable under §200.474 Training and Education and §200.432 Conferences	Rationale/justification for costs associated with hiring additional staff
All other proposed Costs	Allowable under Omni Circular Subpart E, allocable for HUD/OHC related activities, reasonable and necessary	Rationale/justification, costs, allocation methodology and purpose.

Preparing a Budget

Step 2: Develop budget and assumptions (*Itemized Accounting of Actual vs. Budget)



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							

Budget



Step 3: Verify

- Allowable
- Reasonable
- Allocable



Preparing a Budget



Step 3: Verify allowability, allocability, and reasonableness

Allowable:

- a. Be reasonable and allocable
- b. Conform to any limitations or exclusions set forth in the cost principles or the award
- c. Be consistent with policies and procedures afforded all activities of the organization
- d. Be accorded consistent treatment
- e. Be determined in accordance with GAAP
- f. Be adequately documented

Budget

Eligible Activities and Allowable Expenses



Eligible Activities	Examples of Expenses
Salaries	Housing counseling, supervision, oversight, compliance, and quality control salaries (justified)
Training	Travel, Training fees/costs/registration, salaries, workshops, seminars, and related materials
Oversight	Administrative Cost, travel, supplies, and consultants
Marketing	Travel, marketing materials, printing, brochures, consultants
Housing Counseling Certification	Training, testing (computer or proctored exams), salaries (time), travel, consultants, and other certification expenses
Capacity Building	Costs associated with hiring additional staff

***NOTE: Rent is no longer allowable as a direct expense**

Preparing a Budget



Step 3: Verify allowability, allocability, and reasonableness

OMB Uniform Guidance, Subpart E, §200.420 Considerations for selected items of cost

- Establishes principles for determining allowability of costs
- Examples of costs expressly unallowable:
 - **§200.423** Alcoholic beverages
 - **§200.426** Bad debts
 - **§200.428** Collections of improper payments
 - **§200.434** Contributions and donations
 - **§200.435** Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements
 - **§200.438** Entertainment costs
 - **§200.441** Fines, penalties, damages and other settlements
 - **§200.442** Fund raising and investment management (unless prior written approval from the Federal awarding agency)

Preparing a Budget



Step 3: Verify allowability, allocability, and reasonableness

Allocable:

1. Treated consistently with other costs incurred for the same purpose in like-circumstances
2. Is incurred specifically for the award
3. Benefits the award and other work and can be distributed based on benefits received



Preparing a Budget



Step 3: Verify allowability, allocability, and reasonableness

Budgetary Line Item	Cost Principle Considerations	Minimum Assumption
Consultant Fees, Temporary Help	Allowable purpose, allocable for HUD/OHC related activities, reasonable rates, can not exceed established grant ceiling rates	Purpose, rates, # of hours/fixed fee, services provided, procurement method
Training	Allowable under §200.474 Training and Education and §200.432 Conferences	Purpose, rates, # of hours/fixed fee, services provided
Equipment	Allowable consistent with §200.439 Equipment and other capital expenditures	Itemized list (including quantity, unit, rate), use/purpose, cost
Meals	Allowable, allocable for HUD/OHC related activities, reasonable (consistent with per diem requirements under FTR)	Purpose, # of participants, itemized costs.
All other proposed Costs (Postage, printing, delivery, etc.)	Allowable under Uniform Guidance Subpart E, allocable for HUD/OHC related activities, reasonable and necessary	Rationale/justification, costs, allocation methodology, purpose

Preparing a Budget



Step 3: Verify allowability, allocability, and reasonableness

Budgetary Line Item	Cost Principle Considerations	Minimum Assumption
Personnel	Rates are reasonable, meet grant requirements for experience, within executive compensation requirements, §200.430 Compensation: Personal Services	Include pay rate, labor category, # of hours, housing counseling years of experience
Fringe Benefits	Reasonable rate, allowable fringe pool, §200.431 Compensation—Fringe Benefits	Fringe pool (accounts) and rate and effective date
Travel	Reasonable (consistent with Federal Travel Regulations “FTR”), allowable purpose, allocable for HUD/OHC related activities, §200.474 Travel Costs	Purpose of travel, # of participants, itemized costs. Must be approved by HUD in advance of travel
Supplies	Allowable, allocable for HUD/OHC related activities, reasonable costs/quantity	Itemized list (including quantity, unit, rate), use/purpose, cost

Preparing a Budget



Step 4: Internal review and budget submission

1. Review with accounting verifying labor rates, fringe benefits, and other costs
2. Obtain indirect rate information
3. If electing the 10% De Minimis Rate, verify that organization has never had a NICRA
4. Authorized individual must sign and date
5. Include certification
6. 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

200.208 Certifications & Representations



Certification statement for all annual financial reports and requests for payments:

“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.”

Budget Negotiations



Step 5: Budget Negotiations and Approval

1. Respond in a timely manner (in writing) to requests for clarification, justification and/or additional information.
2. Request a response time due date, if not provided.
3. Submit an updated budget indicating “REVISED” signed and dated.
4. Ensure all revised budgets are signed and dated by authorized individual.
5. Once grant execution package is approved, budget included is the final budget which should be submitted to Accounting.

Available OHC Assistance

Available Services



Type of Assistance	Description	Onsite and/or Remote
Technical Assistance	<ul style="list-style-type: none"> Assistance with preparation of budget including developing assumptions, computing indirect costs, reviewing proposed billing methodology, and other relevant services Develop, modify, and/or update policies and procedures, Personnel Activity Reporting and Quarterly Financial Reporting Templates Address findings from reviews 	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 on budget preparation, maintaining adequate supporting documentation, and reviewing submissions from subrecipients• Module #1 — Overview of Grant Requirements• Module #2 — Submitting a Budget Module #3 — Grant Financial Reporting• Module #4 — Personal Activity Reporting and Timekeeping• Module #5 — Implementing the 10% De Minimis Rate	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



Lessons Learned

Lessons Learned



1. When submitting a budget for the grant execution package the budget must be signed and dated.
2. The total amount on the budget should not exceed the amount of the grant
3. The amounts indicated for each line item should be what the agency anticipates allocating to that line item. Although it is a projection and may change.
4. If the agency applies the grant to “other direct cost” the agency should document what those other direct cost are
5. The amount allocated to indirect cost should be recorded on the budget.
6. Ensure billing methodology supports the proposed budget.
7. Ensure mathematical accuracy and consistency between the methodology and the actual amounts used.

Preparing a Budget



Common Errors

- Lack of signature
- Budget does not reconcile to the award amount
- Includes unallowable costs
- Not specific to the HUD grant
- Did not provide adequate assumptions or explanations for reviewer to understand the budgetary line item
- Incorrect computation of indirect costs

Things to Remember

Things to Remember



1. Review the approved work plan
2. Read the OMB Uniform Guidance specifically Subpart E to understand cost principles
3. Use an acceptable budget format
4. Develop assumptions
5. Communicate with accounting/finance on labor rates, fringe benefits, and grant requirements
6. Include required certification signed and dated by authorized individual
7. Indicate “Approved” on the final budget, submit to accounting, and keep in grant file
8. Do not hesitate to contact your HUD POC if you have any questions

Frequently Asked Questions

Frequently Asked Questions



QUESTION: *What are the mechanics for charging staff expenses that occurred during the period of performance but before the grant was executed? For example, if an agency wants to charge the FY18 grant for staff expenses from January 2018. Would they need to amend their personnel activity reporting documents and timesheets, or is there some other way they should document this?*

ANSWER: Grantees must do the following:

1. Ensure that they accrue the actual costs in their general ledger preferably in their general (unrestricted assets) fund. The most important thing is that they do not accrue and/or charge the costs to another grant/program. For the FY18 grant, since they knew they were approved for funding under the multi-year NOFA, they could have set up the funding code/grant account for FY18 and actually accrued the costs under that account while they awaited the announcement of the actual award amount.
2. The grantee should also ensure that employees have timesheets and personnel activity reporting that support the costs for the actual activity billed that period.
3. Their first cumulative report under the FY18 grant must also report the hours associated with the costs, and any HUD Form 9902 must also reflect the relevant activity.

Frequently Asked Questions



QUESTION: *Does a grantee have to request prior written approval every time a counselor gets a raise or they hire a new counselor, etc., or would they only need to request prior written approval if the changes affect the line items of the approved budget or their performance plan?*

ANSWER: §200.308 of the Uniform OMB Circular states that any budget deviations must be approved. A change in the salary resulting in a reduction of the number of hours to perform the services would be considered a deviation and would require prior written approval. Prior written approval could be in the form of email communications between the grantee and its HUD Point of Contact (POC). This is a normal practice. In addition, the grantee should have considered the salary increase when it completed its original budget and reflected it in the assumptions. It should not represent a material increase in workload but would facilitate better communications between the HUD POC and the grantee.

Frequently Asked Questions



QUESTION: *What happens if actual costs only deviate from budgetary line items by 10%; is a budget modification still required?*

ANSWER: Under the OHC grant program, §200.308 of the Uniform OMB Circular states any budget deviation must be approved. There are no discretionary budgetary deviation thresholds.

QUESTION: *What are leveraged funds?*

ANSWER: Not to be confused with Matching or Cost Sharing, leveraged funds are simply a financial commitment 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. Leveraged funds may be made in the form of cash or in-kind resources, and must be identified, tracked and verifiable in the awardees' records.

Resources & Glossary

Resources & Glossary



PART 200 UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS: <https://www.ecfr.gov/cgi-bin/text-idx?SID=ed90f54836feb6a994f657188eb05e33&node=2:1.1.2.2.1&rgn=div5>

HUD Exchange SF-424:

<https://www.hudexchange.info/resource/306/hud-form-sf424/>

GLOSSARY: Generally Accepted Accounting Principles (GAAP): A collection of commonly followed accounting rules and standards for financial reporting.

HUD Office of Housing Counseling



- Find us at:
www.hudexchange.info/counseling
- Email us at:
Housing.counseling@hud.gov
- The Bridge:
<https://www.hudexchange.info/programs/housing-counseling/the-bridge/>



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

with

“Preparing a Budget”
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.