



Final Transcript

HUD-US DEPT OF HOUSING & URBAN DEVELOPMENT: Form SF 425

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SPEAKERS

Petergay Bryan

PRESENTATION

Moderator Thank you for standing by, and welcome to the Completing the Federal Financial Report SF425 Call. At this time, all participants are in a listen-only mode. Later, there will be an opportunity for questions. [Operator instructions]. As a reminder, this call is being recorded.

I would now like to turn it over to Petergay Bryan. Please go ahead.

Petergay Hello, everyone. Welcome to HUD Office of Housing Counseling's training on completing the Federal Financial report, which is also known as the Standard Form 425. This training is directly for our participants in

the Office of Housing Counseling program, so if you are receiving other HUD funds in other programs, then some of this may not pertain to you. As the operator stated, audio will be recorded. The playback number, along with the PowerPoint and the transcript, will be available to you on the HUD exchange shortly at the link that is provided here on your screen.

The training digest will also be updated on the HUD Exchange once the webinar is posted. Had you registered for today's training, then you should have received an email with a copy of a PDF file with all of the PowerPoint slides that we are going to be reviewing today. If you didn't receive that email, you can simply expand your control panel and you'll see a section that says handouts. If you double click that, then you'll be able to download the document, print it and take notes for your records today.

Due to the volume of participants and the amount of things that we need to cover, we may not have time to pause for questions, but if we do, I'll let you guys know and the moderator will give you instructions on how you can pose those questions. However, if you had a question while I'm going through the presentation today, we do have staff on standby. If you can just expand your control panel, there is a section for questions. You can

type your questions there and staff here from Booth Management

Consulting will respond to you right away.

If, after today's training, you think of any additional questions, you can send those questions to housing.counseling@hud.gov. That email address is right here on your screen. It's housing.counseling@hud.gov with the topic for today's training in the subject line. If, for some reason, all of the lines become unmuted by the operator, we don't want to have any distractions unless you are making a comment or posting a question, so we do ask that you go ahead and mute your phones now so as to not cause any interruptions.

If you logged into the webinar from your computer, then you will receive a thank you for attending email from GoToWebinar within the next 48 hours and that will serve as your certificate of training, so we do ask that you print out that email and save it for your records so that you can have proof that you participated in today's training. If you wish to receive credits for today's training, you can go the HUD Exchange in the webinar archives section and you could search by the topic for today's training or by date and select that training or the webinar, and then click on get

credits for this training and it will give you further instructions on what you need to do in order to actually get credits.

I am Petergay Bryan, the audit manager at Booth Management Consulting that works with HUD's Office of Housing Counseling in providing assistance to grant recipients as well as HUD staff as it relates to the financial and administrative compliance requirements for the grant.

Today we are going to be talking about the purpose for the Federal Financial Report, what are the submission requirements as per HUD. Also we'll go through examples on how to complete the report, so we'll go through each section of the actual report and provide you with information on what you need to input in each of the line items. We'll also look at some common errors. We do have several years of experience in reviewing reports that are submitted by agencies, so we can tell typically what some agencies may tend to forget or they may tend to misinterpret and so we will review some of those common errors for you to look out for and try to avoid. We'll also talk about some things to remember and if you needed assistance in this area, how you would be able to go about and request those services.

The Federal Financial Report is also referred to as the Standard Form 425, so some people may say the FFR or the SF425 form. Pretty much, it's a form that is required by the Office of Management and Budget to help Federal agencies to track the status of any obligations or disbursements related to Federal awards that they grant to non-Federal entities. The form will indicate the funds that have been drawn down as well as any remaining balances at the end of a particular reporting period for agencies.

Because the HUD grant is a cost reimbursement type grant, you want to make sure that you maintain supporting documents for the document retention period of three years, for any cause that you submit to HUD for reimbursement and also report to HUD on your FFR report. A separate FFR report is required for each grant, so I know some agencies, they may have multiple grants from HUD; however, we do ask that you prepare a separate report for the grant that you received from the Office of Housing Counseling showing the obligations and disbursements and pretty much the financial status of the Office of Housing Counseling grant that you have with HUD.

The submission requirements, now, per your HUD grant agreement, you will see that only intermediaries, SHFAs and MSOs are required to

complete and submit the FFR report. It should be submitted each quarter regardless of whether or not you incur expenses for that quarter, once you receive the grant. So, as soon as you receive an approval for your grant institution package, then you want to note that for the end of each calendar year quarter, then you should be submitting a quarterly financial report and included in that, you should have an FFR report that corresponds to the quarterly financial report. Your HUD grant agreement specifies that quarterly reports are due no later than 30 calendar days after the end of a calendar year quarter, so when you're preparing the quarterly financial report to submit to your HUD POC, you want to make sure that you're including the FFR in that as well.

Final reports, however, there's a longer due date for final reports for this grant. Typically, it's 90 days after the end of the period of performance. So, similarly with the due date for the financial reports, you want to make sure that for the FFR, the final one is due no later than 90 calendar days after the end of the period of performance. As you're completing this report, you want to make sure that all of the amounts that you're reporting each period, all those amounts are cumulative every time you prepare the report. As we go through some examples today, I'll be able to show you what that means.

You should make sure that you're completing all lines on the report. If it's not applicable, please indicate that it's not applicable. If there is a zero balance related to a line item, then you want to enter zero, so that your HUD POC or the reviewer has no questions as to what you mean by leaving a line item blank. If you need additional space in completing this report, then you are allowed to include supplemental pages, but on each supplemental page that you attach to the FFR report, you want to make sure that you're including your grant number, and you can find that on your grant agreement or your HUD form 1044.

You also want to include your name, the name of your organization and that should pretty much match up to what is included in the housing counseling online system. Also, you want to indicate your agency's [indiscernible] number as well as the employer identification number. Also on this attachment, you want to include the period that's covered by the report, so this should coincide with the FFR itself and I will show you what that means when we start going through each section of the FFR.

If a report is delinquent for whatever reason, you missed a quarter and you didn't submit the FFR for that quarter, then when you're submitting the

next quarterly financial report and FFR, you want to also submit an FFR for that missing period. For example, you are going to be submitting a report for the period ended March 31st, 2019, so that's coming up. And the last quarterly financial report that you submitted as well as the last FFR that you submitted was for the period that ended September 30th, 2018, so you pretty much missed the reporting period for the December 31st 2018. So what you would need to do, you would need to submit two separate FFRs, one to show the financial status of the grant for the period ended 12/31/18 as well as one for the current period, which is for the period ended 3/31/19.

Your FFR should be submitted directly to your HUD POC along with the quarterly financial reporting package. The quarterly financial reporting package, if you read your HUD grant agreement, you will see there are specific line items that are required for each agency, whether you are an LACA, intermediary, SHFA and take a look at article 11 of your HUD grant agreement for that. So, as part of your quarterly financial reporting package, as an intermediary or an SHFA or an MSO, you will need to complete the FFR and include that in that package and send it to your HUD POC.

If you need an extension, so if, for example, there comes a period where you need to submit your quarterly financial reports as well as your Federal financial report, or your FFR, but you won't be able to submit it within the due date or within the 30 days, you need to submit a request in writing to your HUD POC, letting them know that hey, we won't be able to submit the FFR to you timely, may we please receive an extension to a date that is a couple of days away or you specify to your HUD POC when you are requesting to get the extension pushed back to. If you receive that in writing from your HUD POC, you want to make sure that you save that in your records to show that you guys did get an extension.

This is just in case an agency gets selected for a review. Some of the things that we look at when we conduct reviews of agencies for compliance is we are looking at timely submission of reports. So, if we see that the FFR was submitted late, it didn't coincide with the time period specified in the HUD grant agreement, we're looking to see that the agency maintained records to show that they received an extension from their HUD POC in writing. So you want to be careful and make sure that you maintain those extension pushbacks in writing.

Also, we always recommend that if you have to modify an FFR, you put “modified” or “amended” on the report, so any FFR that you have submitted, if for some reason you need to modify that or make any changes, you want to just indicate that. You may write it on the top of the FFR or put it in the, if it’s a soft document, soft copy document, then you put that in the title or anything like that, just to show that it’s been amended or modified.

So, we’ll go ahead and look at some examples on how we would go about completing the FFR report and you notice I’ll say FFR or SF425 so hopefully that doesn’t confuse anyone. We’re still talking about the Federal Financial Report. So, in this example, we’re looking at fiscal year 2018, so you know that for this grant, the period of performance was October 1st, 2017 and extends through September 30th, 2019, so for this entire period, that’s what the grant year is.

In this example that we’re going to be looking at, or our first example we’re going to be looking at, it is going to be the first report for the grant year, so the agency hasn’t done any drawdown requests or anything like that as yet. And, they are preparing the report for the reporting end date of 12/31/2018, so they’re just showing costs incurred for the period up to

12/31/18. The grant award amount for this agency is \$100,000. They made cash disbursements of \$35,000 as of 12/31/18. They haven't drawn down any funds as yet and they had received program income of \$15,000.

Now, the first part of the Federal Financial Report is just taking data, general information from your agency. In block 1, you want to document HUD, Office of Housing Counseling, because you're preparing this FFR in accordance for this particular grant and remember, a couple of slides ago we stated that HUD does ask that you prepare a separate FFR for this particular grant. In block 2, that's where you're going to document your HUD agreement number. Now, this can be found in your HUD grant agreement or your HUD form 1044.

If you have no attachments, then it would be page 1 of 1, if you're not going to be having any attachments with the FFR report. So, like if you didn't need to provide any further explanations on anything or have any supplemental information to include, then it would just be 1 of 1.

However, if you have additional pages in reference to the Federal Financial Report itself, then it would be one of multiple pages, so you just say 1 of 2 pages, or 1 of 3 pages or however many number of pages you will need for the supplemental information that you're providing.

Typically, it's page 1 of 1 for the HUD grant unless you have something else that you needed to include.

On block 3, that's where you're going to put your name and your address including the zip code. That information should just correspond directly with what you have in your housing counseling system online. If there are any changes then of course you would know that you needed to update that information as well as to notify your HUD POC. Items 4a and 4b is where you would document your agency's [indiscernible] number and your employer identification number. In block 5, you'll put "not applicable" for this particular grant, because the HUD doesn't have any recipient account numbers that needs to be included here.

In block 6, you will specify the frequency of the report. So, for the HUD grant, this Office of Housing Counseling Grant, you're either going to be submitting a quarterly financial report and a quarterly FFR or your final financial report and your final FFR, so at no point will you ever select semi-annual or an annual FFR, because for the HUD grant, you are required to submit reports quarterly, and then for the final report, then you just indicate as such that is the final report.

In block 7, you will identify the basis of accounting that your agency uses for the HUD grants. This pretty much is just saying how does your agency account for expenses. So for the accrual basis, then expenses are recorded when incurred, for the cash basis, expenses are when they are paid, when cash disbursements are made.

In block 8, this is asking for the period of performance. So, the period of performance for this grant, your FY18 grant, if you look at your HUD grant agreement, you will see that is from October 1st, 2017 through September 30th, 2019, so any costs, and eligible costs, or allowable costs that you incurred during that period could be submitted for reimbursement. So, block 8 doesn't change for any of the FFRs that you submit. This usually doesn't change unless you received an extension to your period of performance, where you spoke to your HUD POC and you have in writing that hey, if, for example, they extended the period of performance to November 30th, 2019, then basically what that's saying is that costs incurred from October 1st, 2017 through November 30th, 2019, could be submitted for reimbursement. That's the only time when this part here changes, is when you have in writing an extension to your period of performance.

The reporting period end date is going to correspond to the end of each quarter, when you guys are required to prepare and submit and FFR. So, remember, in the scenario that I gave you in the previous slide, we were going to be preparing this for the reporting period ending December 31st, 2018. So, for the end of each quarter, of course, that will change to correspond with the quarter that you're reporting on.

The next section that we'll talk about is lines 10a through 10c, so here we're going to be entering dollar amounts. Just bear in mind that you should be entering the cumulative amounts each period for each of these line items. So line 10a is requiring you to enter the cumulative amount of cash that you actually receive from HUD as of the reporting period end date. So any amount that you process the drawdown request for, as of 12/31/18 and you actually receive those funds, that's what you're going to record here in 10a.

In line 10b, you're going to enter the cumulative amount of disbursements that you've made as of 12/31/2018. So, any expenses that you've incurred or paid for as of that date, that's what you're going to enter in line 10b.

Line 10c is a calculation where you're subtracting line 10b from line 10a.

Now, note that a negative balance here represents your immediate cash needs and I'll get into that in the next slide. However, if it's a positive balance, what that's telling us, or the reviewer, is that you received funds in advance and I'll explain that right now. Let me switch to the other slide. So here you can see a visual representation.

So, line 10a, that's where you're putting all of the HUD funds that you drew down for the period. 10b is showing the expenses that you are saying that you incurred or the disbursements that you have made for the corresponding period. 10c is the cash on hand and it's pretty much showing the immediate cash need. This should correspond to what you're drawing down from HUD for that period that you're reporting on. If it was a positive balance, so say, for example, you stated that you drew down \$40,000, but your disbursements were only \$35,000, then you'd have a \$5,000 positive number representing that you received more money than the expenses that you incurred for that period. If at any time, that is the case then you need to provide an explanation for why that happened.

The next section of the report, lines 10d through 10h, in line 10d, this is always going to represent your award amount, so remember, in the

scenario, we stated that the agency's grant award was \$100,000 for the grant year, FY18, so that's what you recorded here in line 10d. If, for example, the agency, for some reason, they had an increase in the amount that they have been awarded, then of course, you're going to reflect that here in 10d, so it should be the cumulative amount of your grant award to include any modification, so if your modification increased or decreased, it needs to be reflected here in line 10d, so it should match what your—at the time that you're preparing your report, it should match the total federal funds authorized to your agency at that time.

So, 10e, Federal Share of Expenditures, this typically, usually matches up to line 10b; sometimes it does, sometimes it doesn't, but pretty much what it's saying here is the cumulative federal dollars that you have spent as of the reporting period end date. Remember in our example, we said that they spent \$35,000. For any agency that's on the cash basis, it's going to be a summation of any direct expenses that you incurred, any indirect expenses you've incurred and any payments that you've made to your sub-grantees. For agencies that are on the accrual basis, then it's going to include all of that as well as any accruals that you have on your books relative to the grant. So that's line 10e.

On line 10f, in this example, we have zero here. Now, line 10f, it represents any unliquidated obligations that you have, so if you are on the cash basis, it's going to represent any obligations that you have incurred but you haven't yet paid, so pretty much your accruals if you're on the cash basis. If you're on the accrual basis, then it's going to represent any obligations that you've incurred but you haven't recorded it in your accounting system as of the end of the reporting period. So, you want to be very careful when you're completing line 10f to make sure that you're not including any amounts on 10f that's already included in line 10e, and also you want to make sure that on line 10f, you're not including any amounts that are for a future commitment. So, for any commitment or any instance where you have an obligation or where an expense has not been incurred, you want to make sure that that is not included in line 10f.

Line 10g, you're just adding together lines 10e and 10f, and line 10h, you're just subtracting line 10g from 10d and that is pretty much showing the amount of Federal Funds remaining. So, in this example, remember the agency was awarded \$100,000. To date they have incurred expenses of \$35,000, and so they're also submitting this \$35,000 for reimbursement at that time and now they only have \$65,000 left on the grant from which they can process the drawdown in the future.

In the next two slides, I want to show you guys how you would do the cumulative reporting. You want to make sure that for each subsequent period that you're preparing the FFR report, you're showing the cumulative totals of any expenses that you've incurred to date and also the cumulative total of any funds that you've drawn down and received to date. So, in the example that's going to follow, I'll show you how you would go about doing that, but you also want to make sure that if, for any reason, you had to go back and correct a federal financial report where you're making a deduction from any of the blocks, then you want to include an explanation in block 12, in the remarks section of the financial report, and we'll look at block 12 in a couple of slides to follow.

So here in this example, we're continuing to build from the previous slide, so remember we stated that federal expenditures for 10/1/17 through 12/31/18 was \$35,000, but that really represented costs that they incurred as of 12/31, for that quarter specifically, was \$35,000. Now, for the period 1/1/19 to 3/31/19 the agency had expenditures of \$20,000. So, the first block for the period ended 12/31/18, so look at the first table. This mirrors the tables that we looked at the in prior slides where the federal funds authorized was \$100,000, 10e they had federal share of expenditures of

\$35,000, they had \$0 in unliquidated obligations, line 10g was a summation of 10e and 10f, and in 10h, they are just subtracting the total federal share of expenditures from their total federal funds authorized to show that they had \$65,000 left on the books.

Now, in preparing their FFR for the subsequent quarter, ending 3/31/2019, their federal funds authorized remains at \$100,000 because that's their grant award amount, right? Now, their federal share of expenditures, it increased because here, if you look at the top, we said for that period, they had federal expenditures of \$20,000. So, their federal share of expenditures, because of cumulative reporting, is going to increase from \$35,000 to \$55,000 based on that \$20,000 that they incurred for the next period. Their federal share of unliquidated obligations remained at \$0 and their total federal share, so line 10g, is just a summation of 10e and 10f, so it's \$55,000, and now, on line 10h, they are showing that their unobligated balance as of March 31st, 2019 is \$45,000. So they can only submit and request for reimbursement up to \$45,000 for the remaining of the grant year.

I'll go through another example in a couple of slides to follow just to make sure that we're reinforcing the cumulative reporting to you guys and

hopefully it will clarify if you have any questions about the cumulative reporting. In the recipient share section, this is always going to be not applicable to you because this is not required by the HUD grant, so you can either put zero or N/A for this section and you can always do that for the HUD grant because it's not required for you. You guys aren't required to have a matched share.

For program income, so this is lines 10l through 10o, and the example, remember in the scenario that I gave you guys, the agency received \$15,000 worth of program income for the period, so you would put that here in this section. For the HUD grant, you are required to use the deduction alternative to account for any program income that you receive and pretty much what that means is that you—well, I'll show you an example in a slide to follow, but pretty much you have to reduce your housing counseling budget by any program income that you receive to then determine what to submit to HUD for reimbursement.

So, line 10n will always be not applicable because you're not allowed to use the additional alternative for the HUD grant. You must use the deduction alternative. And then, in calculating that, line 10o is just deducting line 10m from line 10l.

So, here's the example for program income. Your program income funds should be deducted from your total award of all allowable costs that you've incurred for your housing counseling department. So, as an example, you have an agency whose budget for their housing counseling program as a whole is \$200,000 and they received \$15,000 in program income. So, that income should offset the costs for running the housing counseling program, so any award that they receive from HUD should not exceed the \$185,000 in this particular scenario. That's what we mean by using the deduction alternative. You're making sure that you deduct that amount from the housing counseling budget that you have at your agency.

The next section, number 11, has to do with indirect costs. So, in this example, the agency, they're using the 10% de minimis rate to calculate indirect costs. So, in the type, if you don't have any indirect costs, of course, this would all be either zero or not applicable, but if you do, in the section that says type, you'll want to specify what type of indirect cost rate methodology you're using. If you have a NICRA, you may have a provisional rate, a final rate, a fixed rate, so you want to put that there, or if you're using the 10% de minimis rate, then you'll put the de minimis rate as your type.

The rate, item 11b, if you have a NICRA, you want to look at your NICRA to see what is your indirect cost rate per your NICRA and you'll document that here if you're using the full allowable amount per your NICRA. Some agencies, they may have a NICRA of 30%, but they choose to only charge 15% of indirect costs to the grant and that's perfectly fine, as long as you're not exceeding your NICRA. If you're using the 10% de minimis rate, of course, this is going to be up to 10%. If an agency chooses to go lower than the 10%, that's fine, but you cannot exceed the 10% rate.

The period from and to, if you have a NICRA, you want to specify the period to which that rate is applicable to, so make sure you're talking to your accounting department and you're looking at what is documented therein as the period that you can apply that rate to. If you're using the 10% de minimis rate, then you can use the period of performance of the grant as the period that you have here. In this example, remember previously, the cost that in the scenario that I gave you, the cost that their federal share of expenditures was \$35,000 in the example that I gave you; note here that we're using a base of 30%. Now, remember when you use the 10% de minimis rate, you can only apply that to modify total direct

costs. So you multiply that there to get the amount that you're going to be charging to the HUD grant and then the federal share would pretty much match up.

Now, in block 13, you will attach item 12. Remember, you're going to attach any explanations deemed necessary, so if you had to put any explanations, you would input that information here. Any certifications, the certification, we're pretty much saying that by signing the report, you're certifying that it's true, complete and accurate to the best of your knowledge. In 13a, you will type the name of the person. In 13c, you put the phone number, email address, the date the report is being submitted and you have the signature.

Okay, so we'll move on to a second example. Now, in this example, example number 2, we have a different scenario. So, the grant award amount for this example is \$98,171.87. They have an approved NICRA that they're using and the rate, per their NICRA is 23.46% of total direct costs. Draw down requests, they haven't drawn down any funds as yet and they have no program income in this example. Now, this agency submitted their, this is their quarterly financial report, or an excerpt from the quarterly financial report that they are using to prepare their FFR

report. So, the agency has salaries, rent [ph], travel to get subtotal direct costs or \$48,839.70 to which they apply the indirect cost rate, per their NICRA, of 23.46% and that is calculated as \$11,457.79.

Now, I've had agencies where say, for example, they have their budget that they submitted during the grant execution process and their budget allows for \$20,000 in indirect costs. Some agencies may try to put the entire \$20,000 here in this line item. You cannot do that. When you have an indirect cost rate, you can only apply the indirect cost rate to direct costs that you've incurred for that period. If you're using the modified total direct cost methodology, you can only multiply the indirect cost rate of 10% to modified total direct costs incurred during that period in order to get what the indirect cost amount will be. You cannot look at your budget and say, hey, my budget allows for \$20,000 so I'm just going to lump it here. It doesn't work that way. You have to apply your indirect cost rate to direct costs for that period based on what your NICRA or your 10% de minimis rate methodology specifies.

Anyway, to get the total cost that they've incurred for this period, you'll just add the direct cost of \$48,839.70 to indirect cost of \$11,457.79 to get total costs of \$60,297.49. On the FFR report, remember, in this scenario,

they haven't done any drawdowns as yet. This is their first one, so cash received is going to be zero at this time. That's line 10a. Line 10b, cash disbursements, is going to be \$60,297.49 to correspond with what we've just looked at in their—let's go back, here, their total costs that they incurred for the period.

The cash on hand, negative \$60,297.49, that what they are submitting for reimbursement at this time from HUD. So, when they process the drawdown, they're going to do a drawdown request for \$60,297.49. Line 10d, total federal funds authorized. Remember in the scenario, we said that was the amount of their grant award for this year. Federal share of expenditures, \$60,297.49, they didn't have any unliquidated obligations. Their total federal share is just a summation of lines 10e and 10f and their unobligated balance is just deducting the total federal share of expenditures from the total federal funds authorized and now you can see they only have \$37,874.38 that they can drawdown from in the future. They have no recipient share [ph] or program income.

Now, look at item 11 down here. They're using the NICRA specified here. The rate is 23.46% per their NICRA. The period, they looked at their NICRA and it was applicable to costs incurred from 1/1/2016

through 12/31/2020. The base is \$48,839.70. The amount charged, \$11,457.79. We'll go back to the quarterly financial report excerpt here, total direct cost, subtotal of direct cost was \$48,839.70 and the indirect costs that they incurred was \$11,457.79, so that's where these numbers are coming from. And the federal share pretty much matches up because there are no variances between what this agency is submitting.

Okay, in the next period, and this is going to be their final quarterly financial reports, it's going to be their final report and their final FFR for this grant. Now, in this current period, remember the quarterly financial report that we looked at prior was for Q1. Now, in their Q2, the second quarter, they incurred salary expenses of \$23,000; fringe benefits costs were \$4,617.25; travel \$2,973.93; and subtotal of direct costs for the period was \$30,677.45. They apply their indirect cost rate of 23.46% to get \$7,196.93 and their total cost for this new period is \$37,874.38. In the third column, we have the year to date amount. So, here, we are summing up what they incurred in the prior quarter as well as what they incur in this current quarter. So, total salaries for the year was \$59,574.54; total fringe, \$11,914.90; total travel, \$8027.71; so a subtotal of direct costs was \$79,517.15; and indirect costs, \$18,654.72; and total costs, \$98,171.87.

Now, remember, this matches up to their grant award amount in this example.

On the FFR, remember, Q1, they processed their drawdown, they received \$60,297.49, right? So, that's what they drew down in the prior quarter, they received it so now, when they're preparing this FFR, they're showing that hey, we already got \$60,297.49 from HUD. In the cash disbursements, cumulative reporting, remember, you have to add up the cash disbursements made for this period and any prior period, so their total cash disbursement for the period is \$98,171.87. Cash on hand, you're just subtracting the cash disbursements from the cash received and you'll show \$37,874.38. So this is the amount that they are drawing down from HUD at this time in their final report.

Total federal funds authorized, that doesn't change. There were no amendments to this agency's grant agreement, so it stays the same at \$98,171.87. Federal share of expenditures, again, cumulative reporting, you show the total amount of your federal share of expenditures through the period that you're reporting on, so it's \$98,171.87. They don't have any unliquidated obligations. Their federal share of expenditures, therefore, is the same as \$98,171.87 and when you subtract the total

federal share of expenditures from the total federal funds authorized, you have a zero balance here, so after this drawdown of the \$37,874.38, they won't have anything else to draw down from HUD.

Again, recipient's share is zero, they don't have any programming coming in this example, so those are also zero. They are using the NICRA rate of 23.46%. The period stays the same, 1/1/2016 to 12/31/2020. The base to which they apply that to is \$79,517.15 and the amount charged, therefore, is \$18,654.72, and that is pretty much just 23.46% of the \$79,517.15 and here are all of the amounts here that we calculated. It is based on the year to date amount. When you're computing and completing your FFR report, you want to make sure that you are using cumulative amounts to do your calculations. Note that the total cost in the Q2 column, look at your second column, total costs, \$37,874.38, those are the costs that they incurred for the current period and that is what they are drawing down currently, and if you look here on line 10c, it's reflected there. They are drawing down \$37,874.38.

Now, again, if you look in the year-to-date column, subtotal of direct costs, \$79,507.15 and the indirect cost cumulative amount it \$18,654.72.

Look at item 11, look down here at the bottom at indirect cost. The base is \$79,507.15, and the amount charged is the \$18,654.72.

Okay, some common errors that we've noted from agencies, a lot of times, we'll see where forms have been incomplete, agencies forget to complete a line item, remember you have to always document zero or not applicable if something is not applicable because otherwise, the HUD POC or the reviewer does not know what you mean. You have to tell them what you mean. Is it not applicable to you or is it representing a zero balance?

Also, not submitting a report each quarter—you want to make sure that for each quarter, you're submitting an FFR report and this should correspond with the quarterly financial reports that you're preparing or the final financial report that you're preparing and it should also correspond with the drawdown request that you're making at that time. We've seen a lot where agencies have submitted late reports, not including the proper reporting type or the proper reporting end dates, just not completing the form properly.

In this section, a lot of times, we'll see where agencies, they are not reflecting the cumulative amounts of the drawdowns that they've made in

line 10a, or in line 10b, they're not showing the cumulative amount for the disbursements. Sometimes you'll look at the FFRs and agencies are just reporting on the current quarter. No, you have to make sure that the reports are cumulative, so that's why if you miss a quarter, you can go back and submit for delinquent reports, like if you missed a quarter, just do one for the quarter that you missed, but you have to make sure that they are cumulative each period.

In this section, agencies will make a mistake on the actual disbursements that they've made for the period. Again, there are always a lot of mistakes where agencies aren't reporting cumulative amounts and that's really important for you to do, and any unliquidated obligations that they may have, sometimes agencies aren't sure what to record in that line item, so that's why I wanted to highlight and let you guys know what do you record in line 10f based on your basis of accounting.

In the program income section, agencies may not be using the deductible alternative for calculating program income, so that's very important. For this grant, you are required to use that alternative. You want to make sure that you're not using the addition alternative.

Also, any cash on hand, so line 10c, if they amount is positive indicating that you received an advance, noting that this is a cost reimbursement type grant so agencies should not have received an advance. If there is an advance that you received, you have to provide an explanation for what that exception represents.

If you have any unobligated balance at the end of the year, so that's line 10h, if after the end of the period of performance, you still have a balance there that you haven't drawn down, why? There needs to be an explanation for that. Any unexpended program income, remember, you should be using the deductive alternative, so there shouldn't be any unexpected program income in your FFR that you report.

Some things to remember, you want to make sure that you're always double checking your FFR, making sure that you're completing all of the sections. Again, I can't stress enough, if it's not applicable to you, you want to indicate that. If it represents a zero balance, you can just put zero there. Also you want to make sure that it's being signed off by an authorized official, you're not leaving anything blank or incomplete. If you need to have supplemental information, go ahead and attach those and send it. You also want to make sure that you have a copy of your grant

award agreement while preparing this as well as any quarterly financial reports or final financial reports as well as any previously submitted FFRs so that you can make sure that you're reporting cumulative amounts each period.

Any program outlays or program income should be reported on the same accounting basis as you are preparing any quarterly reports to HUD. So, you want to make sure that everything is being done consistently.

A final FFR should be submitted for the grant and there shouldn't be any unliquidated obligations there, so that's line 10h. There should be a zero balance by the time you get to the end of your grant unless, for some reason, you have an unliquidated obligation, which you need to provide an explanation to HUD for.

If you need an extension, you have to submit that in writing to your HUD POC and you have to receive that extension in writing from your HUD POC and keep that in your records.

As recipients in the Office of Housing Counseling Grant Program, there is a wealth of information and training that's available to you. We provide

one-on-one training with staff on how to complete a Federal Financial Report, so we can work with your agency to help you to prepare your Federal Financial Report using your quarterly financial reports. We also do training on the financial management system where we help configure accounting systems to make sure that they are compliant with the grant agreement as well as the uniform guidance. Also, for grant financial reporting, we provide training on all of the required reporting elements for quarterly financial reporting and final financial reporting relative to this grant.

We also talk about the document retention period, what types of supporting documents you have to make sure that you maintain on file for this grant and we also review quarterly financial reports prepared by agencies for accuracy and completeness. So, we don't just look at your FFRs, we'll look at your entire quarterly financial reporting package or your entire final financial reporting package, make sure that it is complete and it is accurate.

If you are interested in any of these types of assistance, you would send an email to your HUD POC letting them know the type of assistance that you need and who, at your agency, should be contacted if approved. If your

HUD POC agrees, then he or she would communicate that to our HUD GTMs and the GTMs are pretty much the representatives who we, as the contractor, work with. They approve all of the work that we do. If they approve that then they would let us know. Once approved then we would contact you directly to set up the training or the technical assistance needed.

For agencies that have received the assistance that we provide, we see that information that we share with you guys can be transferred to other federal programs that you may receive. For our agencies that have subgrantees, we see that it reduces the administrative burdens for parent agencies or pass-through agencies as they monitor their subgrantees. And we believe that this could potentially reduce the risk for findings on your performance reviews or your financial reviews because you are fully aware of what the compliance requirements are. Let's see if there are any questions here.

Okay, so I don't see any questions that have not been responded to online and because of the timing, I won't be taking any questions live; however, if you do think of any additional questions, please send them to housing.counseling@hud.gov, again, that's housing.counseling@hud.gov, with the name of today's training in the subject line. Hopefully this

information was helpful to you as you are preparing your own FFRs for submission to HUD.

Thank you so much, and have a good day.

Moderator

That does conclude our conference for today. Thank you for your participation. You may now disconnect.