Final Transcript

HUD-US DEPT OF HOUSING & URBAN DEVELOPMENT: Understanding Billing Methodologies

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SPEAKERS

Petergay Bryan

PRESENTATION

Moderator

Ladies and gentlemen, thank you for standing by. Welcome to the Understanding Billing Methodologies conference call. At this time, all participants are in a listen-only mode. Later, we will conduct a question and answer session; instructions will be given at that time. [Operator instructions]. As a reminder, this conference is being recorded.

I will now turn the call over to your host, Ms. Petergay Bryan. Please go ahead, ma'am.

Petergay

Hello, everyone. Welcome to the HUD Office of Housing Counseling's training on understanding billing methodology. This training is for participants in HUD's Office of Housing Counseling Grant Program. So, if you receive another HUD grant, but you are not a participant of the Housing Counseling Grant Program, then some of the things that we discuss today may not pertain to you.

There will be audio recorded, and the playback number, along with the PowerPoint and a transcript, will be available to you on the HUD Exchange. The training digest will also be updated once the webinar is posted on HUD Exchange. You can see the link that you could go to, to access that information showed on your screen.

Had you registered for today's training, you should have received a handout with a copy of a PDF document which entails everything that we're going to be going over today. However, if you did not receive that email, you can expand your control panel. There will be a section that says handouts with a copy of the PDF document there. You can just click on the document and download it, so you can go along and take notes for your records.

I will not be taking live questions today. However, if you do have questions that you want to ask as we go along the session, you can expand the control panel. There's a section that says Questions, you can type your questions there, and we do have staff from my company, Booth Management Consulting, who will respond to you immediately. I do ask that you go ahead and mute your phones now so that there will be no disruptions during today's training, since I won't be taking any live questions.

If you logged into the webinar, then within the next 48 hours you will receive a thank you for attending email. That will serve as your certificate as having participated in today's training. Please save that in your records as your certificate of training, and if you wish to receive credit, if you go to the HUD Exchange in the webinar archive section, you can search for today's training by the date or by topic, and then once you find the training, you can select the webinar and click Get Credits. Then you'll receive instructions for how you can get credit for having participated today.

I'm Petergay Bryan, Audit Manager at Booth Management Consulting. We are the contractors that work with the Office of Housing Counseling and we provide financial and administrative assistance to Housing Counseling participants. You may have worked with myself or someone from my company as participants in the Office of Housing Counseling program, whereby, we perhaps did an action plan or technical assistance session or did a financial and administrative review with you all.

Today, we're going to be talking about trying to get an understanding of what is a billing methodology. First, we'll look at what is that. We'll look at examples of acceptable billing methodologies. Bear in mind that these are examples just to be used as a guide in developing your own methodology, some ways that you could apply your methodologies at your company and some best practices based on our years of experience with working Housing Counseling participants as well as other agencies that receive federal awards.

We'll also talk about how to request assistance. We'll talk about the different types of assistance that's available to you and how you can request that assistance, and of course by being participants in the Office of Housing Counseling program, it is at no cost to your agency at all.

The first thing we'll look into is try to see what is a billing methodology, and pretty much for LHCAs and sub-grantees or agencies who are providing direct services under the grant, is pretty much your methodology for how you will build the grant periodically. You have to submit quarterly financial reports for the grant, so it's your methodology for how you will do that.

For intermediaries, SHFAs and MSOs, it takes it a step further to state what is your documented methodology for how you will bill HUD for the grant and also how you will reimburse your sub-grantees or your branches. You want to note that in your methodology you're detailing how you compute any hourly rates that you have associated with persons who submit direct cost for reimbursement, hourly rates, any fringe benefit rates.

If your agency chose to do a fixed fee reimbursement, it would also be how you've documented your methodology for that fixed fee reimbursement methodology. Then for any other budgetary line items that you submit to HUD for reimbursement it would be, what is your methodology for having computed those costs. So, we'll go through different types of methodologies based on the different types of expenses that we typically see being submitted for reimbursement under the grant.

Before we jump into that, though, I wanted to point to you all to the FY18 grant agreement. For LHCAs and sub-grantees, you are required to submit these seven items as part of your quarterly financial reporting to HUD in addition to some other reporting requirements.

The first thing, of course, you want to report on your name, address and grant number and the start and end dates of the reporting period that you are reporting on. Specifically, you want to, in item 3, identify any housing counselors or any employees whose time you're going to be billing to the grant, and in order to do that you would have to determine their hourly billing rate. So, what we're going to cover today is going to speak to how agencies can actually do that calculation.

For any agency that has a fixed price reimbursement methodology, you do have to document your actual expenses and how you made sure that the costs that you're submitting under this methodology doesn't exceed the actual cost. So, we'll address that also today. You also have to speak to any itemized accounting of actual costs that you incur. So, anything in addition to the salary and fringe benefits, perhaps you have training, marketing, and outreach and any indirect costs, your methodology should also capture those aspects as well, and it should document how you're making sure that you are properly calculating these costs that you're going to be submitting.

For intermediaries, you also have to report on the items that I just discussed. If you're providing direct services, but in addition to that you want to also report on any sub-allocations that you've made to your branches or your sub-grantee, so your methodology would have to capture that information. If you have administrative costs as an intermediary, you would have to provide a detailed accounting of how those administrative funds were spent during the period, and so your methodology would have to speak to that as well.

Specifically in item 12, you're required to provide your billing methodology. So that is what we're talking about, how you documented how you're going to reimburse your sub-grantees and your branches and your plans for how you will be determining the costs that you submit to HUD for reimbursement.

In determining acceptable billing methodologies, we went through and we looked at the typical costs that agencies submit to HUD for reimbursement, and we separated between acceptable methodologies and some unacceptable ones based on errors that we've seen agencies make from time to time. So, we would like to encourage you guys to take a look at this and make sure that you're using this as a guide as you're developing your own methodologies, depending on the different types of cost that you submit to HUD for reimbursement.

As you're thinking about your billing methodology, you have to really think about the fact that this is a cost reimbursement type grant, and I always emphasize that because whenever you have a cost reimbursement-type grant with the federal government, the burden of proof remains with you as an agency where you have to have supporting documents to substantiate the fact that you actually incurred those costs. If it is a $10 cost that you submit for reimbursement, you have to show that it cost you that amount, and the supporting documents that you have on file have to justify that.

As we go through each of these different line items that agencies submit for reimbursement, we'll talk about some things that you want to think about as you're developing your own methodology for how you will come up with certain costs. For direct labor, like salary expenses, you want to make sure that you're using the actual hourly rate for your hourly employees. So, if you need to speak with your HR department to find out what the actual hourly rate is, of course go ahead and do so.

If your employees are salaried, you want to have a methodology for how you got to the hourly rate, because they're salaried employees and you want to work closely with accounting to make sure that it's actually based on the annual hours worked by the employee and that you have supporting documents on file to back that up. We'll look at some examples on how you and your accounting department would work to do that calculation.

Some unacceptable methodologies that we've seen—we've seen where entities have used a percentage of a person's salary based on their estimated level of effort. You want to make sure that it's based on actual hours worked by the employees when you're doing this calculation. Also, we've seen where entities have included non-salary-related costs in determining their hourly rate, so they may use office space that the person occupies or supplies used by the employee into determining their hourly rate, and that is completely unacceptable. You want to make sure that it's specifically based on salary, as these are salaried employees, and it's also based on the annual hours worked by the employee in determining their hourly rate.

In calculating fringe benefits, some acceptable methodologies would include to make sure that you're computing the fringe benefits cost based on the actual fringe benefits paid on behalf of the employees. So, fringe benefits typically would include any health insurance, life insurance cost, dental, vision, the employer's share of FICA or Medicare. If your company pays for a compensated leave or unemployment or workmen's compensation, then those are typically the things that would be included as fringe benefits.

You also want to ensure that you're using the annual cost for any fringe benefits to then use those annualized amounts to compute the hourly fringe benefit rate. Some errors that we've seen—sometimes we'll see where the rates would be computed based on an estimate versus using the actual cost for fringe benefits. You want to make sure that you're using the actual amounts and not estimates. Also, we've seen where agencies have changed the fringe benefit rates each period versus using the annualized amount. We want to encourage you to make sure that you're using the annualized cost and you're not changing it from period to period.

If, when you're completing your final reports, you notice that we need to do a true-up, or we need to do an adjustment, then that is fine, you can do that in the last period. But we do not anticipate that it would be changing each period you're submitting your quarterly financial reports.

Also, we've seen where sometimes agencies have included benefits that are paid by the employee instead of benefits that are paid by the organization. That's not accurate. You want to make sure that it's the fringe benefits that are paid by the employees that are included as fringe benefits.

In calculating indirect cost, agencies really have two options for indirect cost. If you have a negotiated indirect cost rate agreement or a NICRA, then you can use your NICRA to determine how to account for the indirect cost for the period, and you want to make sure that you're following your NICRA and applying the rates properly. And you can also say, for example, if your NICRA specified a rate of 20%, you can go lower than the 20%. You just want to make sure that you don't exceed that NICRA rate that is specified.

If you don't have a NICRA you can elect to not use a rate, or if you are eligible then you can use a 10% de minimis rate. But of course in the grant application process you would have had to certify to the fact that you are in fact eligible to use the 10% of modified total direct cost rate and you would certify to that, and then you could use the 10% de minimis rate to capture any indirect costs that you incur during the period.

Some errors that we've seen, or some unacceptable methodologies that we've seen agencies use, include the fact that agencies have used rates that haven't been approved by a federal cognizant agency. If you're not using the 10% de minimis rate, then any other indirect cost rate that you use would have had to have been approved by a federal cognizant agency.

We've seen where sub-grantees have assumed the indirect cost rate of their parent agency. That is completely unacceptable. Each agency has to have their own indirect cost rate. If you have your own NICRA, and you wish to chart indirect costs, then you can use your own NICRA. Otherwise, if you are eligible to the 10% de minimis rates and you wish to charge indirect costs, you can elect to use the 10% de minimis rate. However, you cannot assume the indirect cost rate methodology of another agency if it doesn't apply to you specifically.

We've seen where agencies have elected to use the 10% de minimis rate even though they were not eligible. One of the requirements for using the 10% de minimis rate is the fact that you have never received a NICRA before. So, we have seen where agencies who have had a NICRA—perhaps it was 10 years ago, but it was sometime in the past, they've had a NICRA, and now their NICRA has expired, they don't have it in place anymore, but they want to charge indirect costs. The fact that they ever had a NICRA excludes them from ever using the 10% de minimis rate.

So you want to be very careful and you want to make sure that when you're talking about indirect costs, you have all your facts together and you're working with your accounting department to see which one of these methodologies you can use. You don't want to select to use a rate that is not applicable to you or that you're not eligible to use.

We've also seen where agencies have tried to apply an overhead rate to the grant, and that is not acceptable. You must have a rate that's approved by a federal cognizant agency, or if you're eligible to use the 10% de minimis rate, you can use that. Otherwise, you just would not charge an indirect cost rate to the grant.

For fixed price reimbursement, even though that HUD allows agencies to use a fixed price reimbursement methodology, and we'll talk about that later, where they pretty much have a fixed price for different types of services that they provide, this is something that would have had to be agreed to during the grant application process between your HUD POC and your agency in order for you to do so. An acceptable methodology would include multiplying actual hourly rates times the actual hours that it takes to provide a certain type of service based on data that you've used, so data that you have used or gathered over a number of years to substantiate the fact that it takes a certain numbers of hours to provide that type of service.

We'll look at an example, for those who aren't familiar, but in order to do this you want to make sure that you have an agreement and that you are approved to do so by your HUD POC. Some unacceptable methodologies that we've seen—we've seen where agencies have used estimated levels of effort in doing their analysis. You have to show actual. You cannot use estimates. We've seen where agencies have used percentages of salaries based on level of effort to compute the hourly rates, and we've also seen where agencies haven't maintained sufficient supporting documents to back up their methodologies. If you're going to be using something like this, you need to have a substantial amount of supporting documents to verify the methodology that you're going to be using.

For travel, an acceptable methodology would include using actual costs incurred by the person who travels for the purpose of the grant or per diem rates. If you were to use a GSA per diem rate, that's fine.

We've seen where something unacceptable is seen, where agencies have tried to use the per diem rates for federal awards only, and then for non-federal awards they've tried to use the lower of per diem or actual. Just bear in mind that consistency is key with federal grants. You want to make sure that you're consistent across the board. So, if it is your company's policy to use actual costs for travel reimbursement, then you want to apply that consistently to all programs, federal and non-federal.

For training costs, acceptable methodologies would include doing reimbursement based on actual costs incurred to conduct the training. If it is for a fixed fee type training, then it should be based on the pre-approved fixed fee rate that was approved by your HUD POC during the grant application process. Unacceptable methodologies would include using estimates again for training without having supporting documentation and requesting reimbursement based on budgetary versus actual amounts. Again, I can't stress enough, because of the type of grant that it is, you can't really use estimates. You want to show that the costs that were incurred are based on actual amounts versus estimates.

For any other line items that you would submit, you want to make sure that you are fully explaining during your grant application process how you determine the cost and make sure that they are based on actual expenses and not using estimated or projected amounts in order to come up to those totals. In this next section, we'll talk about applying the methodology.

One of the areas that agencies struggle with has to do with the salary and fringe rates, and this is because otherwise a lot of agencies, they use the actual cost for any other type of expenses. So, we'll spend some time looking at how agencies can calculate the hourly rates and the fringe benefit rates correctly and methodologies for the fixed fee type reimbursement, we'll do that subsequently, because the other types of costs are usually quite straightforward for agencies to make sure that their billing methodologies are based on actual costs incurred.

The first thing I wanted to address was converting from salaried to hourly rates, because a lot of employees may be salaried employees, and for doing the standard hourly rates typically you divide the annual salary for that employee by the available work hours per year. The average full-time person works 40 hours a week for 52 weeks per year. That is 2,080 hours per year, which would include any compensated leave, so any holidays, vacations, sick leave, etc. would be included in those 2,080 hours. Another method would be to compute it based on the actual hours that they worked if they it's less than the standard hours. We do note that the lower the actual hours then the higher the actual hourly rate, so we do pay attention to that whenever we do our review for reasonableness.

Fringe benefits. Fringe benefits typically would include any compensated leave, the employers' share of payroll taxes, any pension payments, workers' comp, group insurance, tuition reimbursement, any training that the employer pays for, any employee health and welfare program. All of these costs that the employer would pay for, for the employee would constitute as fringe benefits. And to get to the fringe benefit rates, you're simply just dividing the cost of the fringe benefits by the wages paid to the person for the hours that they have worked for the year.

In this scenario, we'll show you how to do the calculation to convert from salary to actual hourly rates. In this example, we have a full-time employee whose salary is $40,000 per year. The company operates five days a week for eight hours per day, 52 weeks per year, so in that example that we looked at two slides prior, that would work out to be 2,080 hours for the year. In this example, each year the employee is entitled to 20 days of paid time off and eight paid holidays.

On the fringe benefit side, the company pays $7,200 for the employees' health, life and disability insurance. They pay $2,000 for their retirement benefits, $1,100 for workers comp insurance, $210 for unemployment insurance, and 7.65% of the hourly rate for the employers' share of Social Security and Medicare taxes.

The first step, we'll take the total available hours for the year, which in a couple of slides before, I showed you how we got to the 2,080 hours, which is the 40 hours per week for the 52 weeks, and their salary in this scenario is $40,000. So when we divide the two, we get and hourly rate of $19.22 as this employee's hourly rate. In calculating fringe benefits, remember in the scenario, we've stated that the employee was entitled to eight paid holidays and 20 days of paid time off, so that resulted in a total of 224 hours in total for the compensated leave that's paid for by the employer.

Here, we're going to plug in all of the numbers that we provided on the prior slides, where we stated that the employer's share of taxes was 7.65%. We multiplied that by the $40,000 in salary to get $2,060 for the employer's share of taxes. The group insurance was $7,200 as we stated in the example. The compensated leave, which we calculated in the last slide to be 224 hours times their hourly rate, which we also calculated as $19.23, would give us $4,307.52 for compensated leave.

The retirement benefits in the example is $2,000, unemployment insurance is $210, and the worker's compensation was $1,100 in the example. So, when we totaled all of this, their total fringe benefits—the cost for that was $17,877.52. That is pretty much where I totaled the $3,060, $7,200, $4,307.52, $2,000, $210, and $1,100 to give a total amount of $17,877.52 for total fringe benefits.

If you divide the total fringe benefits by the total labor or the total salary of $40,000, you'll get the fringe benefit rate of 44.69%. Remember a couple of slides ago I said that pretty much that's how the fringe benefit rate is calculated. You divide your total fringe benefits for the period by the total salary. So, we have 44.69% as the fringe benefit rate, and if you multiply the hourly rate of $19.22 by that fringe benefit rate, you'll get $8.60 as the fringe benefit amount for each hour worked. That's their fringe benefit cost for each hour.

In this slide we wanted to show you how to apply the fringe benefit rate to labor costs to therefore determine the fully loaded hourly rate. In the cost element column, you will see we [indiscernible] out the direct labor cost of $40,000. So, that's the person's annual salary that we were provided in this scenario, and we also calculated their hourly rate as $19.23, if you remember. The fringe benefits, we calculated the rate as being 44.69%, so 44.69% of the $40,000 is $17,877. Also, the 44.69% of the hourly rate is the $8.60 that we showed you just now.

The total direct labor and fringe benefit amount is just adding the $40,000 to the $17,877 to get $57,877. That is pretty much the total money that are paid for the employee for their labor as well as their fringe benefits, and the total hourly rate is just adding the two— $19.23 to $8.60 to give us $27.83.

Here, as we're continuing to compute the fully loaded rate, we start off with the $57,877, which we took from the prior slide, and divide that back by the 2,080 hours. Remember, that's one of the first things that we computed—is the total available hours for that employee was 2,080 hours. That will give you $27.83. You can break that down further. That is composed of the $19.23 in the hourly rate and $8.60 in the fringe benefit rate to give us a fully loaded rate of $27.83.

In doing your budgets, some agencies break out salaries and fringe benefits separately. If you're doing that that way, where you're going to be showing the hourly amount and then the fringe benefits amount, then of course, you'd show these two different amounts and then multiply that by the hours worked. If the person worked 100 hours for the period, then in the salary line item, you would show $19.23 times 100 to get that total, and then in the fringe benefit line item, you would show 100 times $8.60 and show those two amounts separately. But if you were showing salary and fringe or a fully loaded rate, then that would be, of course, $27.83 multiplied by 100 hours worked, and the amounts would be the same. It's just that you are showing it as one line item versus the two line items. We just wanted to take the time out to show you guys how to properly do that calculation.

We do know that some agencies, usually larger agencies, may choose to do a fixed fee or fixed price reimbursement, and that is where typically the agency is saying we've been doing this for many years, we have enough supporting documents to justify that in order to provide this type of housing counseling it costs our agency $250, and it takes us four hours to provide this service. Whatever that methodology is, you have to be able to substantiate it. So, here we're going to show you how you can go ahead and document your methodology and information that you want to make sure they have on file to justify that methodology.

The first thing you want to do is to determine your hourly rate. You can use the same approach that we just did for determining hourly rates just now. The second step you want to do is to determine your fringe benefit rate, and of course, you can use the same computations that we've used to develop and determine what your fringe benefit rates are.

The next step that you take is to determine the number of hours of service to provide that type of service. Now, here you have to do some analysis to determine what is the level of effort for the types of services that I provide, and maybe it's like a pre-purchase-type counseling or the different types of counseling sessions that your agency provides. You have to be able to justify the level of effort to provide that service and you have to be able to show historical information.

We recommend you use not less than two years. You can go three years, five years. The more historical information you have to support your methodology, the better it is for you. So, if you need to go up to five years or so to justify the level of effort of service, then we do recommend that, and work with your accountant and your analyst to determine the typical amount of time that is spent over a certain period of time to provide the types of services that you provide.

Then you want to compute the fixed price for each service by adding the hourly rates and the fringe rates to get a fully loaded rate. We showed you how to do that previously. Then you'd multiply that fully loaded rate by the number of hours that you've determined it takes to provide this service in step three to compute the fixed price.

As I've mentioned before, you have to be able to document your process for determining the level of effort. You have to do so over a number of years. The more years that you use, the better it is for you, because you can really substantiate that the level of effort that you claim, it requires to provide the service, you can justify that based on historical information.

You want to make sure that all of your input in developing your methodology is allowable, the costs are allocable and reasonable to the grant. Any of your inputs that you use, they have to be justified and you want to document how each of your inputs were determined to meet the cost principles of uniform guidance. HUD has to also approve this methodology during the grant approval process, so once you submit your grant application and the grant execution package, this is something that HUD will make sure that is reviewed and if HUD approves it, then of course you can go ahead and use it during the period of performance.

In this example, we have ABC organization that's been providing housing counseling services for over five years. They maintain an electronic timekeeping system, whereby they're requiring each housing counselor to charge their time by agency as well as by client.

On an annual basis, the accounting and finance department do a staffing analysis of hours spent providing services to different types of clients and reviewing the data from their timekeeping system and comparing that to their CMS system for the five-year period to see over the past years, depending on these types of clients, this is the level of effort for servicing these types of clients. These are the costs that we incur in providing these types of services to these clients.

Basically, the analysis that's being done by your accounting and finance departments, they determine that each client receives 11 hours of counseling service. The accounting and finance departments submit a detailed billing methodology, including a written documentation of how they determine they're fixed price for the counseling services. All of the counselors who provide these types of services in this example have the same hourly rate of $25 per hour including fringe benefits, so there loaded rate is $25 per hour.

Here, typically in their quarterly financially report, in determining the cost for the specific type of service in this example, they would just multiply the hourly rate of $25 per hour times the number of hours per client, which is 11 hours per this example to give us $275 as a fixed price per client for that type of service. Now, note that there can be different types of services that your agency provides and different prices, fixed prices for the different types of services that are provided. It's just that for each type of service that you provide, you have to make sure that you have the proper supporting documents to justify that.

Regardless of whether or not you're going to be using a fixed fee reimbursement or you're going to just be charging hourly rates, salary and fringe benefits cost, we do have some best practices for agencies to make sure that they have in place. We cannot stress enough the importance of having proper time sheets, making sure that your employees are signing their timesheets and that supervisors are reviewing and approving those timesheets.

We also cannot emphasize enough the importance of personnel activity reports. If your employees are documenting the activities that they're performing each period, and they're signing off on that and they are attesting to that, and there supervisors are also signing off on that, that is supporting document that can be used in case you got selected for a review, whether by HUD or by reviewers of HUD, perhaps OIG or someone like that.

If you have these systems in place, you save yourselves a lot of issues that could come up if you don't have the support to show or to substantiate the costs that you submit for reimbursement. You want to make sure that you have proper timesheets in place, that you have some level of personnel activity reporting or some method for personnel activity reporting in place to justify these charges, and that you have employees as well as your supervisors were signing off on them to certify that these costs were actually incurred, these services were actually performed, and that someone can come and inevitably [ph] look at that, and be able to say these costs are submissible or they are allocable to the HUD grant. That would make things so much easier for you.

On the billing rates, you want to make sure that they're based on approved billing methodologies and that those methodologies are documented. Note that the rates can, of course, be different for each person and they should not include indirect costs. Remember, indirect costs are captured by your NICRA rate or the 10% de minimis rate, so any billing rates that you have, they should not include any indirect costs. Those should be strictly based on direct costs that are incurred.

In your invoices, or your payment requests, or your quarterly financial reports, you want to make sure that they are calculated based on HUD hours identified on your time sheets, and you're multiplying that by the billing rate that you calculated. If you have indirect costs, you want to make sure that they're computed based on the approved base.

Now, with the NICRA, your NICRA document is going to specify what the base is that you can multiply your indirect cost rate to in order to get your indirect cost rate amount. If you are using the 10% de minimis rate, you have to multiply that 10% by your modified total direct cost, not just total direct cost, but modified total direct cost in order to determine what the indirect cost charges will be for the period. So you have to pay particular attention when you're applying the indirect cost, and make sure that you're computing those based on the approved basis.

We always encourage that program personnel meet with accounting or financing staff to compute hourly rates, fringe benefit rates or fixed prices, because it gets complicated. Typically your accounting department will know what supporting documents are necessary to justify these charges that you're submitting to HUD for reimbursement. You want to make sure that everyone is on the same page, and that the calculations are being done properly, for one, and two, that you have documents to back up what you submit for reimbursement.

Also, you want to document the better [ph] methodology for review by your accounting or your attendance personnel, so that they can take a look at it and make sure that it is meeting the uniform guidance requirements as well as your HUD requirements. You want to make sure that they meet the applicable guidance.

Also, you want to ensure that your accounting or your finance personnel have final approval for your billing methodology as a best practice. We always encourage that because typically, they should be aware of what the uniform requirements are. If you do have changes to your methodology, you want to notify your HUD POC in writing of these changes and provide an updated billing methodology for them to review, and if they have approved the updated methodology, then you want to keep notification of that in writing.

When you come to talking about time and attendance, we always stress this because it is really so important. You want to ensure that time is being tracked by task. You also want to ensure that actual hours worked are documented because that is the only way that we can say the hours that you charge that you submitted for reimbursement to the HUD grant were actually were if someone documented that somewhere.

The hourly rate should only include the direct costs associated with the HUD grant. You want to include any indirect costs in determining the hourly rate because, as I've said before, your indirect costs are captured separately by using your NICRA rate or the 10 de minimis rate. You want to ensure that the timesheets are being completed timely and that they're being approved by an authorized official.

If you are using personnel activity reports, we always encourage that you use a billing code or an activity code. For example, here, you could do a code for direct counseling, a code for marketing outreach, a code for following up with a client, a code for file management or support, things like that so that employees can charge their time to these codes, and then be able to allocate them to the grant accordingly.

As participants in the Office of Housing Counseling Grant Program, there is a number of assistance that's available to you. Again, it's of no additional charge by being participants in the program. Some of the things that we can help you with is providing training for new agencies or agencies that have had changes in personnel. We can provide training on how to submit a budget or how to prepare your budget. Also, with grant financial reporting where we go through the different reporting requirements, reporting due dates, we also provide training on personnel activity reporting and timekeeping and we also provide templates for preparing personnel activity reports and timekeeping.

We also provide training on staff on maintaining compliant financial management systems, and we also actually go into an agency's accounting systems and we do reconfigurations to make sure that your accounting system is properly tracking for the HUD grant transactions. We [indiscernible] financial analysis as well, where we do quarterly financial reporting reviews. We can take a look at your quarterly financial reports for compliance as well as accuracy. We'll look at the agency's billing methodologies to see if it's compliant with the federal requirements as well as HUD requirements.

We do accounting system reviews, where we take a look at your accounting system to see if you have the ability to account for the HUD grant in accordance with the federal requirement. Agencies can directly request service or they may get recommended for assistance in other ways through an action plan or a financial and administrative review.

If you were to request the service yourself, what you would do is you would speak with your HUD POC. You can send an email or letter letting them know the type of assistance that's needed and who at your agency should the assistance be approved, who would be responsible for us to communicate with. Your HUD POC would then notify our HUD GTMs. These are the government technical monitors who are responsible for all of the work that we perform with your agencies, and if they approve that, then you would notify us and once we're notified of approval then we contact your agency and facilitate the work.

Other ways that you could get assistance if you got an action plan or if you were to receive a FAR or some type of—then we would be able to provide training or technical assistance to your agency based on the results of those action plans. Of course, those would have to be approved by your HUD POC as well.

In providing these types of assistance to agencies, we've seen where we have helped agencies a lot. We've provided assistance that has helped them to minimize the burden of implementing new regulations for the uniform guidance. We've seen the potential for reducing the possibility of findings, because agencies are now more aware of what the requirements are and what they need to do, and if they need assistance, they know that help is here for them.

We have also provided financial and administrative assistance to agencies that can be transferred to other federal programs. For parent agencies in particular, we have seen where we've helped to reduce the administrative burden through the training of sub-grantees, and parent agencies have really been appreciative of that.

Okay, I do not see that there are any questions unanswered here. Therefore, if you think of any additional questions, please send them to housing.counseling@hud.gov with Understanding Billing Methodologies and Practices in the subject line. That way, HUD will be able to get the questions to the correct personnel.

I want to thank you all for having participated today, and have a good rest of your day. Thank you.

Moderator: Ladies and gentlemen, that does conclude our conference for today. Thank you for your participation and for using AT&T Executive TeleConference. You may now disconnect.