



Final Transcript

HUD – US DEPT OF HOUSING & URBAN DEVELOPMENT:
Understanding Financial Management Systems

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SPEAKERS

Petergay Bryan – Booth Management Consulting

PRESENTATION

Moderator Ladies and gentlemen, thank you for standing by. Welcome to the Understanding Financial Management Systems call. At this time all participants are in a listen-only mode. Later, there will be an opportunity for your questions, and instructions will be given at that time. [Operator instructions]. As a reminder, today's conference is being recorded.

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

Petergay

Hello, everyone. Welcome to HUD Office of Housing Counseling training on understanding financial management systems. This training is specific to participants in the OHC, Office of Housing Counseling Grant Program. So, if you receive another grant award from HUD but you're not a participant of this grant program, then this may not pertain to you specifically.

As the moderator said, audio will be recorded during this training. The playback number, along with a PowerPoint and a transcript, will be available to you on HUD Exchange at the link that you can see here, hudexchange.info. The training digest on HUD Exchange will also be updated once the webinar is posted.

If you signed up for today's training, you should have received an email that included a copy of the PowerPoint that we're going over today.

However, if you did not get that email, if you expand your control panel there's a section for handouts, and if you extend that out you'll see a copy of the PowerPoint that you can download and take notes as we go along today for your records.

Due to the number of participants and the amount of information we'll cover, I will not pause for questions today. However, if you do have questions, we do have personnel here who will answer your questions in real time. So, if you expand your control panel there's a section for questions. Type your questions there and someone from our company will respond to you right away.

If you think of any additional questions after today's training, you can send an email to housing.counseling@hud.gov, and that's the email address that you can see here on your screen. But please include today's topic, which is Understanding Financial Management Systems in the subject line so that HUD can then be able to distribute your questions to the right personnel.

If at any time all of the phones are unmuted by the operator, please make sure that your phones are on mute so as not to disrupt today's session, unless you're trying to make a comment.

If you log into the webinar on your computer, you will receive an email stating thank you for attending today's webinar from GoToMeeting, and that will be sent to you within the next 48 hours. That email is going to be

your certificate of training, so please, go ahead and print that and save it for your records as proof that you have attended today's webinar.

Also on the HUD Exchange, you can search for today's training by today's date or by the topic. That's after they've updated the HUD Exchange information in the webinar archive. If you wanted to obtain credit, then you could select the webinar by the name and then click Get Credit, and it will give you instructions on how you can get credit for today's training.

I'm Petergay Bryan. I'm an audit manager with Booth Management Consulting, also known as BMC. BMC is the contractor that HUD has employed to provide technical assistance, facilitate training, conduct action plan assessments as well as financial and administrative reviews for compliance of participants who are in the Housing Counseling Grant Program. You may have interacted with someone from my company before, whether it's by attending one of these trainings or receiving an action plan or some form of technical assistance.

Today, we'll talk about the financial management systems. The Uniform Guidance, which hopefully everyone is at least a little bit familiar with by

now, it became effective in 2014, and so entities that have federal grants from the federal government are required to make sure that they're in compliance with the Uniform Guidance. It's pretty much your regulatory requirement for federal grant programs.

One of the things that was affected, or one area that was affected by the Uniform Guidance has to do with financial management systems, where agencies are now required to make sure that they're fully compliant with what is expected of them for grant management purposes. Today, we're going to talk about the definition of what's a financial management system, so hopefully you understand what that is.

During the grant execution process, this is something that you certify to, to say that your agency has a financial management system that is compliant with the Uniform Guidance requirements as well as HUD's requirement for the grant. You want to make sure that you clearly understand what it is that you certify to.

Also, we'll try to help you to understand what are the regulatory requirements for a financial management system, what are the different components of a compliance financial management system, or FMS, some

best practices for maintaining a compliant FMS based on our work with not just HUD, but other federal entities that have had to ensure that they have compliant FMS systems in place.

We'll also talk about some services that are available to you as participants in the Housing Counseling Program that HUD has. These services are at no additional cost to you all. It's just to make sure that you have the assistance that you need to be compliant with the requirements of the award. Then I'll remind you how to post any questions that you may have at the end of the session.

The Uniform Guidance, Part 200.302, it talks a lot about financial management. One of the things that it specifies for financial management is an entity's financial management system, including their policies that procedure is regarding compliance with federal and HUD-specific requirements, making sure that they have something in place that's sufficient to producing the required reporting as well as ensuring that you're able to trace the funds to a level of expenditures that are adequate to establish the fact that the funds that you've used, they were used in accordance with the federal as well as HUD's requirement.

It further goes on to talk about identification of federal awards, accurate, current and complete financial disclosures that must be maintained, grant awarding records that you must have, internal controls that should be consistent with Part 200.303, how to do budget versus actual reporting, written procedures for payments, and also written procedure for determining the liability of costs. These are things that we'll cover during our training today.

Before we get into that, the federal acquisition regulations Part 44.303 kind of mirrors the Uniform Guidance and pretty much it says, your accounting system is an oddity system where they have their accounting methods, procedures, controls that you establish together, record, classify, analyze, summarize, and interpret as well as to present accurate and timely financial data for the reporting in compliance with the applicable laws as well as your HUD agreement requirements. It's not exactly the same as what the Uniform Guidance requires, but it pretty much mirrors it.

Now, there are ten steps or ten keys to some criteria for an effective financial management system. We have them here in a cycle, and it's important to note that all of these are interrelated. So, first, you start off with the regulatory requirements. You need to know what are the

regulatory requirements that you need to adhere to in order to make sure that your financial management system is running properly to meet the objectives of your agency.

The next thing is to maintain an efficient accounting system. This is pretty much your general ledger and how you're recording the transactions in your accounting system specific enough so that you can run reports for the different programs that you're running. You also need to make sure that you have written policies and procedures for the key business process areas. This has to do with how you are sharing that information with employees in your company, how you are making sure that is continuously updated, and always accurate and always accessible to your employees.

The documentation of expenses. What are you requiring your employees to maintain as supporting documents for the expenses that you use federal funds to pay for? Also, the next step has to do with compliance with a cost principle. For all of the expenses for the HUD grant, how are you making sure that these expenses are reasonable, allowable, and allocable to the HUD grant? What are your policies for those and what documents are you maintaining, and how are you communicating to your employees what are the compliance requirements?

As for budget controls, throughout the period of performance of the HUD grant, how are you making sure that there are no deviations between the budget that was approved during the grant execution process—there are no deviations between that and the actual cost that you incur for the period. Then if there are deviations, how do you treat that?

The next step has to do with the time and activity of that documentation, because of the fact that in our experience, the largest line item that agencies submit for reimbursement under the HUD grant has to do with direct services. So, it has to do with salary and fringe benefit expenses. For employees who are charging time to the award, what kinds of documents are you maintaining on file to ensure that you are able to trace that back to the HUD grant award and how are you making sure that the services provided are specific to the HUD grant program?

Leveraged funding. During the application process many agencies reported leveraged funds, so you need to have a system in place that's tracking your leveraged funding. So, what is your company's policy and procedures related to that and how do you treat leveraged funds?

Reporting. How are you making sure that you are processing reports for the HUD grant? How can you make sure that it's being done timely and that the information is accurate?

The final step has to do with internal controls, where in each step you want to make sure that there are internal controls in place so that you're managing the funds properly and efficiently.

The first thing that we discussed in the previous cycle had to do with the different regulatory requirements for the HUD grant. When you talk about code of federal regulations Part 24 CFR 1.6, it talks about the compliance information that each agency needs to ensure that they're aware of. Also, it goes further as Part 84.21 to talk about the different standards for financial management systems. In Part 200 of the Uniform Guidance, Part 200.302 talks about financial management, which we're covering today, and then Part 200.303 talks about internal control.

Your HUD grant agreement, Article 10, gives you the requirements for making sure that you're complying with the financial management requirements of the grant. It also included certain certifications in your grant execution package. From your client management system

certification to your financial management system certification and any other certification that you need to submit, you want to make sure that you're fully compliant with what the requirements prescribe.

The HUD handbook also is a resource for what's required of agencies who participate in this program, so you want to make sure that you've read it.

And personnel who are involved in the accounting need to make sure that they're compliant with generally accepted accounting principles as well as generally accepted government accounting standards.

The next step is ensuring that you have an efficient accounting system.

The first thing, once you get a HUD award, is that you want to make sure that you have a separate account for each HUD award that you get. So, every year that you receive a HUD grant in your accounting system, what is your capacity to make sure that you're setting up a different fund or a different account for the HUD grant? What is the general ledger looking like? Are you able to enter a transaction specific to the HUD program?

Can you produce reports specific to the HUD grant by grant number or by the grant year, because you would have received a grant award each year, hopefully, by fiscal period and then also by budgetary line item. Is your system capable of doing that?

They talk about the chart of accounts, this is pretty much what drives your financial management system. It tells you pretty much the types of support that you could receive when you set it up and also the different types of expenses that you could incur for your different programs and also whether or not those expenses are indirect versus direct specific to the program.

You want to make sure that your accounting system is capable of segregating between direct and indirect expenses, and this is critical especially for agencies that will be submitting indirect costs for reimbursement. For agencies that have a negotiated indirect cost rate agreement, they would have already been through the process with their cognizant agency to make sure that their accounting system can do that. For agencies that will be using the 10% de minimis rate and using that to determine their indirect cost, you have to be able to make sure that you are separating your direct cost in your accounting system, and make sure that your direct cost includes only costs that can be a part of Modified Total Direct Cost per the definition of the Uniform Guidance.

Also, segregation of unallowable costs. You know that Subpart E of the Uniform Guidance has a list of costs that could never be submitted to a

federal program for reimbursement because they're just expressly unallowable. So, things like debts, fines and penalties and things like that, you want to make sure that your accounting system is capable of being set up in a way where those costs are expressly unallowable in your accounting system.

Also, identifying costs specific to the budgetary line items. In your grant execution package you would have identified the different types of costs that you will be submitting for reimbursement, so it should really match up in your accounting system when you set up the fund for the HUD grant to the different budgetary line items that you proposed in your budget during the grant execution packet.

Also, for leveraged funds you want to be able to make sure that you're accounting for your leveraged funds in your accounting system and that you're able to show the receipt of leveraged funding and also how those funds were spent during the period of performance of the grant.

The next area has to do with written policies and procedures. This is necessary for proper financial management, but it's also very beneficial for strong internal controls in your company. So, you want to make sure

that for the key business process areas, you have documented policies and procedures in place.

I know a lot of agencies—you know, you've been doing this for a long time or employees have been working on it for a number of years, we know exactly what to do, but nothing is documented. If you guys get selected for a review, then that could possibly result in an observation or a finding, because you must have written policies and procedures in place for your company and also, you have to make sure that your policies and procedures are communicated to each employee.

When an employee comes in to your company, and depending on what department they go in, one of the first things that they do is they read your policies and procedures so that they know how do we treat certain transactions based on my company's documented policies and procedures. They don't have to guess what to do, when to do it, because it's already written in your documented policies and procedures.

Some of these policies and procedures that we look at would be your basis of accounting, whether or not you're using cash versus accrual. Accrual basis is what should be used for the HUD grant. If your accounting

system is on a cash basis, then you want to make sure that you're separately recording for the HUD transactions on an accrual basis outside of the system and then doing your reconciliation.

Also, what's your policies and procedures for budgeting? How do you monitor the budgeting process? Who's involved? When did they get involved and how do the different departments work together to make sure that the budgeting process goes through smoothly?

We also look at your policies and procedures for cash management, so that's your receipt of funding and also how you treat your expenses.

Payroll—how does payroll get processed, who's involved in that process, who authorizes payroll? Leveraged funds—what are your policies for leveraged funding? How do you treat leveraged funding? So, non-cash transactions, how do you treat that? All of that should be documented.

If you will be submitting indirect costs for reimbursement, you should have a cost policy that talks about your policy for treating costs, how you determine the direct costs, and things like that. Unallowable costs should also be included somewhere, probably in your grant management or in

your fiscal policies so that your accounting personnel are aware of what costs cannot be submitted to federal awards for reimbursement.

Your policies and procedures for timekeeping and personnel activity reporting, also for travel, a lot of agencies submit direct salary and fringes as well as travel expenses for reimbursement. So what is your company's policy for treating those transactions and how do you ensure that that's properly communicated to your staff?

Also, financial reporting—the reporting process. Then record retention, are you making sure that everyone in your company knows or anyone who's involved in the HUD OHC grant program process, do they know that they need to make sure that records are retained for a period of three years after the end of the period of performance?

The next section has to do with the documentation of expenses. The grant that you have from HUD for the OHC grant program is a cost reimbursement-type grant. The costs that you submit for reimbursement have to be based on actual expenses that you incurred for the program. You have to be able to substantiate those expenses by having proper supporting documents on file.

For your typical expenses, you want to make sure that you have the invoices. Also you need to show proof of payment. If it's in the form of a cancelled check or a bank statement, then those will suffice as proof of payment. But a credit card statement, that wouldn't qualify as supporting document. You want to look at the different types of expenses that you would be submitting for reimbursement and making sure that for each of those types of costs you have proper source documents on file and that those source documents are readily accessible for review.

If you will be submitting indirect costs for reimbursement, are you using a negotiated indirect cost rate agreement? If so, do you have that on file? Are you reviewing that agreement to see what the rate is? Are you looking at the period that the rate is applicable to, and also, are you looking at the base that you can apply that rate to? The negotiated indirect cost rate agreement will tell you, for example, you can only apply the rate, and say it's a 17% rate, you can only apply that to direct salary and fringes. So, you want to make sure that whoever is involved in that process, that they're reading these agreements and making sure that when you're documenting your expenses, you're looking at the timeframe for when these rates are applicable.

If you elected to use the 10% de minimis rate of Modified Total Direct Cost, how are you making sure that you have a sourced document for your Modified Total Direct Cost and what are the documents that you're maintaining on file?

When you talk about travel, this is another huge line item for agencies. Someone may have traveled to go to a training or a conference or something like that, you want to ensure that your employees are maintaining expense reports on file. The expense report should indicate the purpose of the travel, the grant that it's applicable to, so you want to document your grant number.

Also, you want to make sure that you're keeping the receipt for your travels. So if it's for airfare, hotel costs, and things like that, you want to make sure that you're documenting the invoices and you're showing proof of payment. For travel expenses, you can show a bank statement or a credit card statement to say it was paid. That's on the employee side. But then the company itself needs to show where they reimburse their employees for those costs through use of cancelled checks or through their bank statements.

For training expenses, you want to make sure that you're maintaining your proof of training on file. If you received a certificate of training, you want to save that in your records. Also, you could keep the agenda or something that includes the purpose so that if you guys got selected for a review, we could review the data of the training to say, okay that is something that is applicable to the housing counseling grant program, so it could be allocated to the HUD award. Also, you want to document the date, the number of participants, if it's a training that you facilitated, and any fees that are associated with that training.

Note that documentation must be made available to HUD or HUD's contractor, if requested. That is something that you agree to when you signed your grant agreement. Again, all of the costs that you submit for reimbursement should be based on actual expenses that you incurred, so they cannot have been based on estimates or anything that was not actual expenses that you incurred for the period.

Then also you want to make sure that you're keeping your supporting documents for a period of three years after the submission of your final report. So, the due date for your final report for the end of this grant year is September 31, 2019. You want to make sure that you're maintaining

the documents for this grant year for another three years after the end of that date.

The next phase for our next area of compliance, financial management system has to do with making sure that the costs are compliant with the Uniform Guidance cost principles. So, if you go to Subpart E of the Uniform Guidance, there are specific cost principles there that you could familiarize yourself with. You need to make sure that the costs that you submit for reimbursement are reasonable, allowable and allocable and that you're treating those costs consistently across the board for all federal funds that you may receive.

In determining whether or not a cost is allowable, first, you want to take a look at your NOFA. That has a wealth of information. It will tell you the types of expenses that you can submit for reimbursement. Your HUD grant agreement also has that information, and your HUD book can also be a good source. If you've read all of those and you still have questions on certain costs, of course you would turn to turn to your HUD POC for more information.

In determining the reasonableness, if these are costs that a prudent person would pay for that expense, that's how you kind of determine whether or not it's reasonable. And to be allocable to the HUD grant, it has to have been incurred specifically for the program and that you can allocate it to the HUD grant program.

Also, you want to look at being able to segregate unallowable costs. Again, Subpart E, from Part 200.420 to 200.475, has a list of expressly unallowable costs that you could not submit for reimbursement on any federal grants that you may receive. Then also you want to make sure that all of these are documented in your policies and procedures at your company and that you're making sure that this is shared with the employees who will be participating in the HUD grant program.

The next component has to do with budget controls. So, when you submit your budgets during the grant execution process, your HUD POC and you essentially agree to what budgetary line item you'll be submitting for reimbursement during the period of performance. You want to make sure that you're monitoring your actual costs that you incur during the period of performance so as not to have any deviations or variances between the budgetary line item and the actual costs that you incur.

So if you budgeted that you would be incurring \$20,000 for salary and fringe benefits and then another \$5,000 for travel, but throughout the process you didn't travel at all for the grant program and you wanted to use that extra \$5,000 to account for some additional salary expenses that you incurred, you have to make sure that you're communicating to your HUD POC and you submit a revised budget to them, get that approval in writing before you can submit those costs for reimbursement.

So, someone has to be reviewing the budget continuously to make sure that there are no such deviations. And if there are instances where there would be a deviation, you want to make sure that you have a revised budget in place before you submit that for reimbursement.

In your controls, you want to make sure that all of that is explained in your policies and procedures, so whoever is involved in that process will be aware. Also, you want to be able to track by program or grant year. We know that for the HUD grant, the grant is awarded a couple months in the period of performance, so it gets a little bit tricky for some agencies. You want to be able to first, make sure that you're setting up separate funds for the different HUD grants so that you can properly track the transactions related to the current HUD grant that you're working on properly.

Also, you want to have procedures for how to request your budget modifications or budget revisions and ensuring that your costs are reasonable, allowable and allocable to the HUD award. All of those should be documented in your policies and procedures.

As far as time and activity documentation, this represents an after-the-fact determination of actual activity worked by the employee. Whatever process you have in place for tracking time and attendance as well as personnel activity, you want to make sure that it's not based on estimates. You want to make sure that it's an employee who actually performs the service that's documenting their time. You want to make sure that you are specific in charging that time to the HUD grant and that that will reflect in your accounting records as well. So, whenever a reviewer looks at the transaction for the HUD grant, they will see that there were some personnel costs that were charged there.

Also, in your activity reporting you want to make sure that the employee's documenting their name and the dates that they performed the services, and then also that the activities performed are allocable to the HUD grant. You want to make sure that your accounting system is detailed enough to show that kind of information.

The report that you use should be signed and dated by the employee as well as a supervisor who's knowledgeable of what that staff worked on. You should have policies and procedures specific to this area so that anyone who's going to be charging time to the grant, they'll know what's required of them, they'll know what they need to document each period and you'll have a supervisor who's signing off on that.

Specific to leveraged funds, again, during the application process, a lot of agencies state that they will be receiving leveraged funds, so you must maintain documentation for your leveraged funds that you did receive and also how you use leveraged funds. You should have documentation for that.

For any non-cash leveraged funding that you received, you want to make sure that your policies and procedures clearly state how you'll determine the value of those costs. For example, if you have personnel services, or anything that you receive in kind, you want to document, did we use the fair value basis to determine how we're going to value these leveraged funds that we received and then entering those into your accounting system. You should be able to produce reports on your leveraged funding

through your general ledgers just as you would for any other transaction related to the Housing Counseling Program.

When we talk about reporting, you should be using the accrual basis of accounting to do your reporting for the HUD grant. Your accounting system should be able to produce basic financial statements for the HUD grant. Also, you should be able to run a general ledger or trial advance [ph] reports by the grant and by the grant year in your accounting system.

Also you should be able to look at the specific costs that were charged to the grant by the budgetary category. So, when someone is doing a review, looking at the budget, comparing that to the general ledger for the grant, they should be able to do a comparison easily. It should also include any leveraged funds for your housing counseling program that you received in your reporting.

You also want to make sure that you have a system that can produce complete and accurate reports. We know that sometimes agencies will have a CPA come in at the end of the year to report the transactions in their accounting system, but you really want to be posting your transactions timely, so that's at least monthly, so that you can properly

account for the transactions in the grant. Also, you want to make sure that you're reviewing and reconciling the reports that you produce for accuracy.

When we talk about internal controls, which is the final component in compliance financial management systems, we're talking about your policies and procedures that you have documented. Upper level management will have decided what policies and procedures to put in place to meet your company's objectives. That information should be shared with everyone in the company, especially if they're involved in those key business process areas.

The key areas for this grant would be having to do with your timekeeping. So for your salary and fringe benefits it would have to do with any travel reimbursement policies that you have, how you treat contractual agreements, how you manage the grants, how you treat the funds that you receive from HUD or any leveraged sources, and then the disbursements and then the assets related to the grant.

For strong internal controls, you want to make sure that the transactions are all authorized, approved and recorded in compliance with your

program objectives. Also, strong internal controls helps you to make sure that your funds and other assets are safeguarded, and also making sure that you're communicating your internal controls to employees, your Board of Directors and your grantors.

Some best practices with each of these areas, in our experience, and we'll go through that in the next section. For an accounting system, we always recommend that you keep it simple, especially for this HUD grant, typically the transactions, unless you just by nature have a very complex accounting system, but otherwise we recommend that you keep it simple.

Also, you want to revise your chart of accounts periodically and use account numbers for each of the different accounts so as to not have any confusion during the grant year. If you are using a for-profit accounting software, than you want to work with your accountant to design your grant reporting specific for you. Also, you want to make sure that your system users are trained and that they are knowledgeable of the different financial management system requirements for federal awards, because they would be different.

Some best practices for your written policies and procedures, you want to make sure that they're consistent with the federal requirements as well as HUD-specific requirements. You want to make sure that you get those in there if applicable. They should be approved by your Board of Directors, and you want to make you're reviewing and updating them every two to three years just so that that the information is current and that the policies and procedures that you have in place, they're current and they really reflect the activities that are being performed by your employee.

Also, we recommend having ongoing training if necessary or if possible. They should be distributed to all program management for your federal awards.

Pertaining to supporting documentation, you want to make sure that you have documents in electronic and hard copy. That's a recommendation. You want to also ensure that everyone is aware of what the record retention policy is, especially your accounting department. They need to know that the documents must be readily acceptable for at least another three years.

You want to archive your documents so that you can retrieve them easily.

If you get selected for a review, you can pull it up, or if your HUD POC asks for it before they process a draw down, you want to make sure that you have that information.

For any hard copy documents that you have, you want to keep those in fire-proof file cabinets, and any electronic documents that you have, you want to make sure that you have a backup system in place so as to not lose your information.

Also, we recommend that you centralize your documents so that people can access it easily. Sometimes employees leave and they leave with pertinent information. First, you need to safeguard for that, but in addition to that, you want to make sure that someone can easily access it. If supporting documents are included in emails, you want to save that as well electronically and a hard copy.

Also, you want to train your staff on what's required for supporting documents. So, for timekeeping and travel, each employee who's involved in the HUD grant needs to know what they need to do to have good supporting documents available.

Relative to maintaining compliance with the cost principles, some of the best practices would include making sure that you're communicating to employees, your Board members and any sub-grantees that you have so that everyone is on the same basis. You also want to facilitate training on unallowable costs. It's always good to make sure that everyone is aware of what type of costs are not allowable for the grant if they're going to be preparing the report. Also, reviewing each grant or the funding source to verify the allowability of the cost that you're trying to submit for reimbursement.

Budget controls. We always encourage agencies to work with their accounting department to prepare the budget. So, during the grant execution process you want to talk to your accounting department and get them as involved as possible. When doing that, you want to look at your chart of accounts to determine the budgetary line items so that you can match those up.

Also, you want to give a copy of your approved budget from the grant execution package to your accounting department, or whoever is going to be doing the quarterly financial reporting or the financial report for the

HUD grant, and also who's going to be recording those transactions in your accounting system.

You want to periodically review actual cost versus the budget, so as to avoid having any discrepancies or variances. And then if there will be a deviation, then you want to make sure that you're requesting approval from your HUD POC as soon as possible and having a revised budget in place and on file.

For time and activity documentation, you want to ensure that you're providing a written notification to individuals who are going to be working on the grant. So, you want to let them know what's the project code that they should be charging to, if your accounting system is able to do that, or letting them know, you may want to communicate the different grants or the grant years that they'll be charging their time to.

We also encourage you to use activity codes on your timesheets so that it's easy to identify what specific activities are going to be charged for the HUD grants. Complete your timesheets frequently, because the longer you wait to do your timesheets, the harder it is to complete it, because you really don't remember what you did a week or two ago. It's not as fresh in

your memory as if you were to do your timesheet on a daily basis. Then, also providing training to new employees and then to existing employees every two to three years so that it's always fresh in their mind on what your company's policies are.

For leveraged funds, we always recommend that you have written documentation on file for your leveraged funds and also working with your accounting department to make sure that you're treating leveraged funds properly and recording the transactions properly in your accounting system.

For reporting, you want to review the grant agreement and the reporting requirements when you're preparing your quarterly financial reports or your financial reports so that you're keeping the format, the content and the due dates, you know what those are and you won't have any pushback from HUD when you submit the report to them.

Also, you want to keep in communications with your accounting department so that you know what transactions will be submitted for reimbursement and that also your accounting department will make sure that the transactions are processed properly in their accounting system.

Also, if you submitted a couple of reports in the past and you want to review those previous reports and compare them to the grant agreement just to make sure that everything is consistent. We also always recommend that you are reconciling your accounting records to the reports that you produce as well as a report that you submit to HUD.

For internal controls, we always recommend that you involve someone who's knowledgeable, so this could be an accountant or your auditor, and potentially have them to complete an internal control assessment for your agency so that you know where you stand. For smaller agencies, a lot of times you're not able to segregate certain duties or fully implement certain controls, but we always recommend that you get your Board of Directors involved to do that. Your Board of Directors can approve transactions, they can review documents as well, just to help you have stronger internal controls.

Finally, to develop a compliance program for internal tests within controls. You want to do like spot checks, peer reviews, quality control reviews. Those are always good for helping you to develop and monitor your internal control policies and procedures.

As I mentioned earlier, there is a lot of assistance that's available to you all as participants in the housing counseling program from HUD. Some of the services that are available to you include training. We do facilitate training on understanding internal controls, where we talk about what are controls, how do you determine proper internal controls, and how you can implement them. Also, we do training on the financial management system, letting you know what a compliance financial management system is and how you can configure your accounting system to ensure compliance.

We do financial analyses on your financial management system, where we could take a look to see whether or not your financial management is adequate to meeting the requirements of the Uniform Guidance. We also do financial reviews of sub-grantees for parent agencies, so we could do financial capability assessments, we can review their grant execution documents, or just review financial data of sub-grantees for parent agencies.

We also actually configure agencies' accounting system, where we go in and we set up your accounting system specifically just for the HUD grant

to make sure that the transactions can be recorded properly and that you can produce reports for the housing counseling grant requests.

For action plans, we also do assessments of agencies' financial management systems, and then we provide recommendations for corrective action plans if necessary. We also do assessments of agencies' compliance with the Uniform Guidance, where we look at where we look at where they stand today for the different Uniform Guidance requirements and provide a recommendation of what they need to do in order to be compliant.

We also do internal control assessments where we do an assessment of your agency's internal control process to verify whether or not you're in compliance with the requirements of the Uniform Guidance.

In order to receive assistance, you would first email your HUD POC and let them know the type of assistance that you need and then let them also the key personnel at your agency who we would reach out to. Your HUD POC would then communicate that to a HUD GCM and if the HUD GCMs approve it, then they would let us at BMC know and then we

would contact you directly to meet with you, get an understanding of what exactly you need, and schedule a time to provide the assistance.

If you have questions, you could send those questions to housing.counseling@hud.gov. I am looking here to see what questions you have online. I don't see that there are any. Okay, so there are no questions on here that haven't already been responded to. But if you do have additional questions, please send them to housing.counseling@hud.gov with Understanding Financial Management Systems in the subject line.

Hopefully, today's training was informative, and I want to thank you again for having participated. Have a good day.

Moderator

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