



Final Transcript

**HUD-US DEPT OF HOUSING & URBAN DEVELOPMENT:
Reviewing The Form SF-425 and Other Financial Reports**

March 15, 2016/2:00 p.m. EST

SPEAKERS

Robin Booth

PRESENTATION

Moderator Ladies and gentlemen, thank you for standing by. Welcome to Reviewing The Form SF-425 and Other Financial Reports. 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 would now like to turn the conference over to our host, Miss Robin Booth. Please go ahead.

Robin

Good afternoon, and welcome to the Reviewing SF-425 webinar. Going over some of the logistics, this webinar is being recorded and it will be available along with the PowerPoint at the HUD Housing Counseling webinar archive site indicated in this slide. You also already have the presentation. If you were registered, you received a PDF version of the presentation prior to the webinar. That will be the same presentation in PowerPoint at the HUD site.

Your lines have been muted during the presentation. However, at various points in the presentation, I will ask if there are questions. If you would like to answer your question live, then you would need to hit star zero. You will be put into a QA and then when I'm prepared to answer questions you will be allowed to answer your question live.

In addition to being able to answer questions live, you can actually enter a question in your webinar by going to the Questions box. I think it's in the left-hand corner of your screen. If you enter the question, we do have staff available immediately to respond, so you can also send a question and get an immediate response during the presentation.

When I ask for questions during the presentation, if there are certain questions that the staff can't respond and want to share with the group, I will read those questions aloud and respond to them accordingly.

However, if after the presentation you realize you have some questions, you can also send them to the housing.counseling@HUD.gov e-mail address with Preparing the Form SF-425 in the subject line. That just makes it easier for us to identify the webinar. You will definitely receive response in a timely manner.

If, in fact, we cannot answer any questions or need to do additional research and get further clarification, we will then make those responses available to you either on the webinar archive or through a direct response.

At the completion of the webinar, you will get a brief survey. We ask you to please complete the survey and provide any feedback, both positive and negative, because our goal is to give you training in webinars that's relevant, that add value, and that address your primary areas of concern.

So, we ask that you please complete those surveys and provide as detailed responses as you can.

In addition, as it relates to a certificate of training, you will receive an e-mail that says “Thank you for attending the go-to webinar.” This is, in fact, your training certificate. There’s no attachment nor will there be a subsequent communication with a certificate. Please print that out and save it for your records.

We will now begin the webinar on the Reviewing the Standard Form SF-425. If you are a local housing authority or if you are not an intermediary, MSO, or SHFA, then under the HUD Housing Counseling Grant, you are not required to submit the SF Form 425. So, this training is geared specifically toward intermediaries, multiple state organizations, as well as state housing finance authorities. If you are LHCA, we welcome you to participate and to share in this information. However, we do want to clarify that under your current HUD Housing Counseling Grants, you are not required to submit this form.

My name is Robin Booth. I’m Principal of Booth Managing Consulting. Our firm has the contract to provide the quality technical assistance, training, and financial and administrative review services for HUD’s Office of Housing Counseling Comprehensive Housing Counseling Grant. Not only are we providing this training, but if you’re given technical

assistance someone from our firm would provide that assistance as well as we are the firm that performs the financial and administrative reviews.

Topic today. We want to go over the purpose of the form, the requirements for submission, how to complete the total form, common errors, and things to remember. One of the reasons why we suggested this training to HUD was due to the fact that in our financial and administrative reviews we identified a need for further information on fully completing the SF-425. This is one area that we identified observations and/or findings if, in fact, the forms weren't completed at all.

But, we saw a trend where a lot of information was omitted from the form or the form wasn't properly signed, or it wasn't completed properly. So, we wanted to make sure we got information to you on how to properly complete this form. Hopefully, if and when your organization is subject to a financial and administrative review, this would not be an area of observation or finding.

The purpose of this form, this form is a required form of the Office of Management and Budget and its primary purpose is for reporting to track the status of financial data. What happens with this form is this

information is actually uploaded into a centralized database that HUD and other agencies then use to develop some of their financial information. For instance, this information is used to develop what's called grant accruals in the financial statements and/or to look at the expenditures in the agency's financial statement.

It's not just for the particular grant office or that program. This information is captured and is included in the ultimate financial statement for that respective organization. So, it's very important that it's completed accurately, fully completed, and that you're entering the right financial data in the right areas because when the forms are uploaded the information is pulled into the financial statements based on what you put into that form. So, if you're putting incorrect amounts on incorrect line items then, in fact, it's diminishing the integrity of the financial information.

Other than capturing cash receipts and cash disbursements, this form is also capturing obligations and disbursements. We recognize a certain government terminology like un-liquidated obligations and expenditures may not necessarily be terminology you use every day in your organization. So, part of what we hope to do is to clarify that terminology

so you know exactly what should be entered into the various sections of the form.

It's also important to note that a separate SF-425 must be done for each federal grant. So, if you have multiple federal grants you can't combine all of the information on one SF-425. You have to complete a separate form for each of your federal grants and note that I'm emphasizing federal grants. This form is only required for federal grants, unless, in fact, a state grant or another authority would require you to submit this form.

So, let's go over the submission requirements. Intermediaries, SHFAs, and MSOs, you are required to submit that form. Once again, LHCAs, you are not required under this HUD grant to submit the form. Now, you may be required under other federal grants, HUD just elected to not make that a requirement under this particular Housing Counseling Grant. That's not to say that under another HUD grant or another federal grant, you would not be required to submit this form.

It is due no later than 30 calendar days after the last day of a calendar year.

So, once you are awarded a grant and you get the final award package signed, from that point forward you are required to submit every quarter,

regardless of whether expenses were incurred or not, once that project has begun. So, let's say that you actually get awarded the final award information in May of a given year, then you would be required to submit a report for the quarter ended June 30th, although, in fact, it may be a zero report. But, you are still required to submit a report.

Every line on the form should have something in it; it should be completed. If it doesn't apply then you should indicate NA. If it's a zero dollar amount in that particular field, then you should enter a zero dollar amount. The biggest issue being that every field should have some data entered into it.

If you haven't yet begun to incur expenses for that grant then the cumulative total should be zero. Unfortunately, one of the common errors is that individuals get confused about what they're reporting on the line items, so they'll report the total grant amount awarded as accumulative amount to date, and that's supposed to be reflecting the cumulative expended amount to date, not the cumulative awarded amount to date. Those are the types of errors and omissions that we hope to clarify during this training.

If you know your report is going to be delinquent, one, you should request an extension in advance. Now, HUD can grant you an extension; however, you will need to go and submit a delinquent report for each quarter. Let's say you miss a quarter or two, you cannot go back and do a cumulative quarter reporting in the existing quarter. You have to go back and submit those prior quarter reports and the activity for each of those quarters separately.

For example, let's say the current reporting period is for the period ending March 31st and the grant is active, it's not expired. The grant was awarded for the period 10/1/2014, and the last report that you entered was 6/30/2015, then you would need to submit separate quarterly reports for each quarter after June 30th of 2015. So, you would have to submit a September 30th report, a December 31st report, and a March 31st report. You could not just submit a 3/31 report reflecting cumulative activity from your last reporting through this reporting. And, as I said, that is because this information isn't being integrated and included into the agency's overall financial statement and those agencies are reporting activity, really, on a monthly, but at the latest, on a quarterly basis.

So, your financial activity should correspond with their reporting requirements, which is quarterly. If you are, in fact, submitting the cumulative report on a quarterly basis, then that means you're sending them information for the wrong period and it's not reflective of the actual activity for a given quarter. So, it's important that you remember that requirement.

Now, looking at the form, and we filled in a form as if we were a grantee, some of the common errors, and we talk about it at the end, is you want to be sure, first of all, that you're putting in the right grant. Remember, you have to do one of these for each grant. So, if you have two active Housing Counseling Grants, because there are time periods where they overlap, you have to submit a separate form for each grant.

If you had a FY '14 and a FY '15 and both of them were still active, and they hadn't expired, and you hadn't closed them out, then you should have had two SF-425 forms submitted each quarter until, in fact, one of those grants were closed out.

The other thing to really be cognizant of is your basis of accounting. Your basis of accounting should be consistent with your basis of accounting in

your organization. If you maintain your accounting on a quarterly basis, I'm sorry, on the accrual basis then this report should be on the accrual basis. If you're maintaining your accounting system on a cash basis then this report should be reported on a cash basis. It's up to whomever's completing this report to confirm with accounting which basis of accounting is being used for the organization—really it should be for the organization, not just particular grant, because it should be a consistent application of the basis of accounting throughout the organization for all grants.

So, if you're a program person and you're filling out this form, make sure you confer with accounting to verify the basis of accounting. And, you may want them to review this form.

We also, on Block 8, where it says Project Grant Period. This is the actual period for the entire grant. This grant goes from October 1st, 2014 to March 31st 2016. They're not talking about the period for this reporting. This should be the entire grant period. Box 9 is asking you for the reporting period end date. One of the common errors we see here is in Block 8 it would say 7/1/2015 to 9/30/2015 and then in Block 9 it will say,

again, 9/30/2015. That is inaccurate; Block 8 is asking for the grant's period of performance; not the reporting period of performance.

This section is dealing just with grant—I'm sorry, cash. This is only looking at your cash in and your cash out. You should be entering cumulative amounts. That means that if you've submitted prior reports and that you received cash, and you've dispersed cash, each quarter you should be reporting cumulative incorporating the prior balances and rolling them forward on a cumulative report. This is not just for this particular reporting period.

For those in accounting or those under financing, the SF-425 is more like a balance sheet in that it's looking at cumulative activity, not just activity for that particular grant period but activity through that particular grant period. That's why, in fact, instead of—and I'm going to go back up a screen, instead of asking for the reporting period in Box 9 they're asking for just the period end date because they want to recognize that you're reporting on activity through that end date. So, this form is more like a balance sheet or a statement of financial position which is looking at cumulative results versus results for a given quarter or that particular quarter.

Cash receipts, cash on hand, one thing to remember; cash-based accounting should be zero, as you should not have drawdown any funds other than that expended. So, if you're reporting on a cash basis of accounting, then that means your cash receipts and cash disbursements should always match because you're only reporting actually cash received and cash dispersed.

However, if it's on the accrual basis of accounting it's not uncommon for there to be a negative number because you may have accrued costs where you haven't received your request for reimbursement back yet to be able to show that you've paid those costs and/or you've received your request for reimbursement so you got the cash from your request for reimbursement but you haven't yet dispersed it to the various third parties whether it be your sub-grantees or for other expenses.

It's not uncommon on the accrual basis of accounting for that to be a negative amount. What it should not be is on a cash basis accounting unless you are advancing funds or paying obligations before you receive the cash, then on a cash basis of accounting, that may result, too, in you

having more cash disbursements than cash receipts, but that's usually not the case.

This section is where we get into some of government accounting kind of language. When we say total federal funds authorized that means awarded. So, that should include your total award amount for this grant period. Remember, you have to do a separate report for each grant. So, this shouldn't be cumulative of all of your grants but the amount awarded for this particular grant.

Then of that, the total federal funds that were authorized, federal shares of expenditures. What this represents is this is your cumulative federal dollars spent as of the reporting period end date. So, when you're looking at Block E you're looking at what have you expended from federal funds, it should be all of what have you expended through the reporting period date. Remember it's cumulative, not just for that quarter. Everything is through whatever that period reporting date is.

When you're talking about un-liquidated obligations in Block F, what you're talking about is amounts that are owed to third parties to which you have not paid yet. Usually this is referring to sub-recipients. This is

where you may have included, or if you have sub-grantees and you've included their request for reimbursements and your request for reimbursement from the government, so you do have these obligations, you owe them these dollars but you have yet to pay them because generally you're waiting to be paid from the federal government.

So, here is where you should be reflecting those dollars owed to third parties, that are obligated out to third parties, that you have not paid but are, in fact, a part of your expenditures. And this is important because if you're using the accrual basis of accounting this, in fact, generally, there should be something on line F. If you're using the cash basis of accounting that may not be the case because, in fact, you're using the cash basis of accounting where you're only recognizing transactions based on actual cash.

So, with the cash basis of accounting it's not uncommon for there to be no obligation. Obligations is pretty much an accrual-related transaction. On the accrual basis of accounting if you have outstanding requests for payments at the end of the month or at the end of a quarter when you have to do this reporting, and those payments include request for payment, and those requests for payment include requests from sub-grantees, and you're

using the accrual basis of accounting, you should, in fact, have an amount in that federal share of un-liquidated obligation.

Then from that point it just becomes basic math with Block G requiring you to add up E through F and then you're subtracting the total from G to A. Then we just get—I'm sorry, from G to D. Then we're just getting at basic math. But what it should be in an unobligated balance of the federal funds, that should be the amount that you still have available that's not owed to anybody else but you still have available for this grant.

That's why the basis of accounting becomes so important. If you're doing it on a cash basis there could be a difference in the amount versus doing it on the accrual basis because on the accrual basis you're recognizing those obligations that haven't been liquidated that were accrued but have not yet been paid.

That, again, begs to why it's important that you're communicating with accounting to know, one, make sure you have the right information and, two, what is that basis of accounting so you're asking them for the right information to complete this report.

Most organizations do this report on the accrual basis of accounting. In fact, you're almost required to do it on the accrual except if you can evidence that your primary accounting system is maintained on a cash basis, which is usually inconsistent with generally accepted accounting principles. So, most organizations, it's on the accrual basis and, in fact, it would include un-liquidated obligations, which I'm emphasizing because that's a line that a lot of organizations get incorrect when they're completing this form.

This is cumulative reporting and it's a sum of expenditures for the life of that grant period of performance. Once again, that, too, means that you need to be coordinating with accounting if, in fact, accounting isn't preparing these reports. So, make sure you have cumulative activity and not just the activity for that quarter.

This also is different from your quarterly reporting under the HUD grant which requires you to do quarter-to-date and then cumulative-to-date.

There could be a difference in what you report in an SF-425 based on that because for the HUD report they're asking pretty much on the cash basis, but on the SF-425 they're asking for this information on the accrual basis because they want to know what you've accrued during that time period.

Now, I strongly recommend that when you're doing the HUD reports, too, that you're also including those un-liquidated obligations such as the amounts owed to sub-grantees and other third parties where you've received their invoices, you're processing them, and you're waiting to pay them once the government pays you. Those amounts should be reflected in your cumulative-to-date and your quarter-to-date data for HUD.

You should make sure that whatever basis you're using to do your reporting for the SF-425 you're using the same basis to do your quarterly reporting, otherwise there's going to be major discrepancies which could result in questions asked about the accuracy of the information on either report.

In the example that follows in Block 10 E, Federal Share, it continues to increase in each successive S-25. We're showing you the total amount of expenditures to date. If you find that a reporting error has occurred and in order to correct that a deduction from either block is necessarily you are required to make a notation in Block 12, Remarks.

So, if you're making any adjustments because maybe you realized that in a prior period you might have reporting error—notice I'm saying adjustments; I'm not saying that you're going back and doing the first quarterly report from a prior quarter in this report, but you're making an adjustment from a prior report. It's important that you put those kind of notations in Block 12.

In this instance, for the reporting period 7/1 to 9/30, cumulative federal expenditures equaled \$5,000 and then for the next reporting period, and I apologize because I notice in red that it says \$3,320 but it's really \$3,310. Note that it's cumulative to reflect the total of \$8,310. So, let's say you made a math error or you somehow, like I just did, you made a math error, then you could use the remarks box to explain that math error because you're not doing the initial filing of a prior quarterly report in this form, but you're just annotating that there may have been an error.

As it relates to recipient share, you have to complete this section if there is a cost share match required by the agreement, which, of course, we know it's not for HUD. If it's not then you would just indicate NA, but you have to complete that section. When you leave a response blank, then you're asking the user or the reader to make an interpretation of whether

it's blank because it doesn't apply or blank because you forgot to complete it. So, that's why we're emphasizing that you need to indicate either a zero response or a NA response in the appropriate boxes so it's clear that you understood, or you read the requirement but it just did not apply to you, and not that you omitted it or simply just forgot to complete that section.

As it relates to program income, this should be completed if you generated any income as a result of the work performed under this agreement. This is consistent with any program income you reported in your application process or, in fact, on your budget and your quarterly report. If you put program income on your HUD reports then you need to ensure and be consistent that you're reflecting this program income here on the SF-425, and more importantly you need to confirm with accounting that they're posting this program income or charging this program income to the respective HUD grant in the accounting system.

When we do financial and administrative reviews we're looking at all of these different sources to make sure they're reconciled; if your HUD grant reportings you reconciled through your SF-425 which got reconciled to your accounting system. Once again, this emphasizes the importance of

program areas communicating with accounting even if accounting is performing the report, because program areas, generally, are doing certain reporting to HUD on the grant and then accounting maybe doing another, or one is doing both sides of it. So, there needs to be a checks and balance which is consistent with better internal control as well.

For Block 11, indirect expenses. Now, under the new uniform grant guidance or OMNI Circular or Super Circular, some of you even as intermediaries, MSOs, and SHFAs, if you've never had a negotiated indirect cost rate agreement, which probably doesn't apply to most of you who participate in this training, then you would be indicating—and you elected to use that 10% de minimis rate, you would be indicating that 10% rate in this box and under type you would put de minimis so it's clear that you're electing the de minimis rate.

Otherwise, if you have a negotiated indirect cost rate agreement, under type you need to indicate whether it's predetermined, final, or fixed, or what type of rate you're including. Then, under the rate you should be indicating the rate that you're charging to this particular grant. We know that some of you may have indirect rates, negotiated indirect rates that are higher than the rates that you're charging to the grant. So, in this box you

want to use the rate in effect during the reporting period and whatever rates were actually approved as a part of the grant.

Then, from the reporting you're indicating the reporting period that this rate is effective. This is coming off of your negotiated indirect rate agreement. You're indicating what the dollar amount of your base is. So, for instance, if this was the de minimis rate, this base would be your modified total direct cost rate. If it's based on, let's say that if it's based on your negotiated indirect cost rate agreement, it would be the base whatever it is as defined in your agreement. And then you're showing the actual amount of indirect cost that you're charging, of course, your federal share.

If you're electing the de minimis rate, you now have to complete this section. Otherwise, you will be pulling this information directly from your negotiated indirect rate agreement. The kind of—how do I say this—the kind of glitch here is that a lot of you do not charge your negotiated rate so in Box 11B where it says rate, what happens is that really should be the provisional rate and you may need to put in Box 12 an explanation to say that the provisional rate or the actual negotiated rate is X, but Box B reflects the rate that we've agreed to with HUD to charge for this grant.

That's so it becomes clear, one, why you're using a rate that's not your negotiated rate, and, two, how you're coming up with the base amount.

Because, if you are using a rate that's other than your negotiated rate and you put that rate in B, and then they look at the calculation like based on your base and they look at the rate it doesn't compute, so you need to explain the discrepancy.

You can either put in 11B your actual negotiated rate but then explain in Block 12 in remarks that, however, for the HUD Housing Counseling Grant we agreed to an 8% rate as opposed to our negotiated rate of 10% to ensure that more dollars are used for programmatic purposes. And then, explain accordingly in Box 12 we applied that 8% rate to the base which comes up to our computation for the amount charged.

If you do not explain the exception, then mathematically it could appear incorrect. Either you had the wrong amount here or you had the wrong amount in your request for payments in eLocc and/or your quarterly report. So, if you are using the rate that's other than the negotiated indirect rate, you do have to do some explanations in Box 12 so that this table makes sense.

One point of emphasis here, and that's where, notice Block 12 I'm referring to because that's where you should put all explanations so that someone reviewing this could understand if there are deviations or how I just went over extensively what could happen as it relates to your indirect rate. Use that box to explain any deviations in the exceptions or any ambiguous or unusual transactions.

However, Block 13, this signature of authorized certifying official. This signature now has become even more important based on the new uniform grant guidance because this should be somebody certifying that this information is true and accurate, they're knowledgeable enough to have completed this form, or at least to sign off that it is accurate and correct. So, this gets into who is the best individual to sign it.

As the certification says, I certify in Box 13 by signing this report, I certify that it is true, complete, and accurate. I am aware that any false, fictitious, or fraudulent information may subject me to criminal, civil, or administrative penalties. You should not just be having your administrative assistant sign this form because it's expedient. The person signing this form must be able to comply with the terms of that

certification and can be ultimately held responsible for the information being reported on that form.

I just want to emphasize that you want to be clear who's signing it and that they're clear what they're representing when they make this certification.

At this point, I'll ask if there are any questions. Are there any questions in the queue?

Moderator There are none from the phone lines.

Robin Okay. There's also none on the webinar. So, I will proceed with some common errors. I'm kind of explaining to you the errors throughout the process, but these are the glaring errors that we see in our financial and administrative reviews that ultimately result in either observations or findings.

Incomplete forms. Like I said, most times people will complete the cash part but they're not sure how to complete the other sections that may be dealing with terminology they're not familiar with. Every box should be

completed. If it doesn't apply indicate NA, if it's requesting a dollar amount that does apply but it's just no activity, indicate zero.

Not reporting the correct grant number, each report there should be a separate report for each grant so you need to make sure that number is correct. That number is what's part of that uploading process into this master database issued. So, a lot of times there's also other kinds of reporting that's pulled from that database where they're looking at grant activity and doing analysis of grant activity. So, if you're putting in the wrong grant number then you're skewing the overall database.

Not capturing the accurate reporting type. This is quarterly. That's Box 6. This is not semi-annual; this is not annual. Even though you may be doing a report that appears to be annual to your fiscal year, it's still quarterly for purposes of reporting. Your report type is always quarterly unless this is your final report. It is critical that if this is your final report you check that correct box. If not, in the system, it doesn't trigger that this is the final report so it will be expecting you to continue to submit quarterly reports. You need to make sure you indicate final.

Of course, we see a lot not reporting the accurate reporting period end date. We've seen that date be the end of the grant versus the end of the quarter, or sometimes get confused and it will be the beginning of the quarter not the end. So, just be cognizant of putting the correct end date.

Other errors, and this is getting into the next block for lack of federal cash.

Not reporting the correct amount of the grand funds authorized. That's what's been awarded to you, that's what you've been awarded as of that beginning grant reporting period. Not reporting the correct amounts of federal funds dispersed from the start of the award to the reporting end date. Notice this is cash receipts. So, if you have un-liquidated obligations, they should not be included under cash disbursements. You haven't dispersed the cash because you don't have it.

Or, let's say you received one of your requests for payment on the last day of the quarter. Needless to say, unless you were able to get those cash disbursements out that day, your cash disbursements would have occurred in the subsequent quarter. So, you will have more cash receipts than cash disbursements. Please pay attention, once again communicating with accounting, so that you're accurately completing this section.

Notable reasons for the net effect of cash on hand. Sometimes you'll have excess cash flow because your rates may be too high or you may have negative cash flow because your rates may be too low. That's what happens with the cash on hand, and I kind of explained it just now, too, it's also timing can result on your cash on hand balances because of when you receive the cash receipt and when you made the disbursement, or if you disbursed in advance of receipt, then, in fact, you may have more cash disbursed than you have received which could result in a negative balance.

Other errors; not reporting the correct amount of actual disbursements, direct and indirect, charged to that grant. Sometimes they're just including direct disbursements but if you have an indirect rate, and you charge those indirect costs, then you have to make sure they're included and remember it's cumulative to date. That's why we keep saying as of the reporting end date because that's through that reporting end date. So, for that period, it's always cumulative to date.

Do not include any program income expended. There's separate reporting for program income. So, if you do have program income and some of that program income has been expended, you are not to include that in this

section of the report. That goes in a subsequent section where we ask about program income and program expenses.

Then, of course, not reporting all and current expenses owed but not yet recognized. That's not understanding what un-liquidated obligations are and the fact that if you have amounts that are owed to sub-grantees but you haven't paid them yet, but they've submitted the invoice before them or the request for payment but it's just a matter of waiting for payment from the Federal Government or processing it, you need to recognize that it's un-liquidated obligations. Because, ultimately, you're responsible for making those payments.

We just talked about the program income. This is where you would report program income expended, not as I said in the prior section that dealt with federal expenditures. Here is where you have to put the cumulative amount of program income, not just the amount during the grant period, and then whatever expenditures you made with that program income, once again cumulative, through this reporting period.

Don't make the mistake of including—that means that your accounting system should also allow you to identify expenditures associated with

program income. Your accounting system should be set up where you can clearly identify those expenditures that are related to program income.

I think I emphasized the importance of using Block 12, Remarks, to clarify your reporting, especially noting exceptions like cash on hand, or if you have unobligated balance of funds, or you've got some program income that you didn't expect to get. Or, as I said, if you were explaining that you're not using your negotiated indirect cost rate, you agreed to a rate lower than that and those kinds of explanations. So, use that Block 12, Remarks, to clarify any exceptions and any other notes.

What I'd like you to remember: double check the form, make sure it's completed, and make sure every field is completed and it's signed by an authorized person who's in a position to comply with that certification. Have a copy of your award notification, a 1044 somewhere handy so you can check the grant date, especially if you're doing the first reporting so you can check the grant date, check the award amount, check the period of performance even though you most likely know it. But, especially that grant number and the award amount to make sure it's correct.

When you're doing the most recent quarterly report, have the prior quarterly report available or open up the prior report and use that and start from there. If this is a new grant, once you do that first report, it's just—this is just good practice of minimizing errors, making sure it's consistent reporting and things like that. You would go look at the last report that you filed unless there were some issues with it, then I would suggest that you look at any corrective reports from that point forward.

Report program outlays and income on the same accounting basis. I think I told you that, either cash or accrual and they should be consistent with your normal. Don't report your HUD quarterly reports under cash and then your SF-425 under accrual. One thing is that we know your accounting system isn't doing both so it should be based on your normal accounting system and that method should be consistently used for all financial reporting.

You must submit a final report at the end of the grant and when you do, there should not be any un-liquidated obligation. You really should not submit a final report until you've paid everybody. So, let's say you actually have received all the funds but due to the timing issue it came close to the end of the quarter, you still haven't paid everybody. So, you

would not report a final report for that reporting period. You would need to file one more report reflecting that everything is paid and that would be your final report.

And, you need to request an extension in writing prior to the due date when you're not going to make that quarterly reporting filing due date. You should do it in writing, e-mails are fine, and request a verification that they've received a request. Really, request a response that it's been approved or denied.

If you have any questions following, we didn't have any questions online or in the queue, so if you have any questions following this presentation then I would ask that you please—we did get a question so I'm going to answer that.

“Regarding program income, I'm a little confused on how part E should not program income. Program income has to be expended first and included as the total expenses.”

It is being included but it's being included in the appropriate section. When you go back and look at E, what it's basically saying is the first part

of it dealt with the federal share. Everything kept saying the federal share of expenditures, the federal share. Well, the program income isn't a federal share, which is why they're asking you to—I'm going back to that section so you can see, hopefully, see what I mean. So, total federal program income earned, program income expended in accordance with the deduction alternative, expended in accordance with the addition alternative.

So, you know you have two alternatives of program income. You can either deduct it from your grant award amount or you can include it, you can add it to additional expenditures in your grant. Basically, what they're saying is that they want to see what election you took. Did you decide to add it into your program as program income or did you decide to deduct it from your award amount and then spend less? Which one did you do? Did you decide to increase the award amount and spend up to that amount or do decrease the award amount and spend down to that amount with program income covering those other areas?

This is really asking you to demonstrate which election you took. The bottom line is whatever's left from program income, they want to know what else is out there for you to spend because if you don't spend all of the

program income they could suggest that you—well, like you know, they could require you to offset it against your award amount. So, that's what this reconciliation does for them.

If there are no other questions, as I said, you can send them or if you have questions later please send them to housing.counseling@hud.gov and you will get a timely response. I thank you all for your time today and, hopefully, we were able to provide you with some additional information. 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 Service. You may now disconnect.