

**U.S. Department of Housing and Urban
Development
Office of Housing Counseling**

**Grant Financial Reporting
November 15, 2016
2:00 PM Eastern Standard Time**

Facilitated by
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FACILITATED BY:

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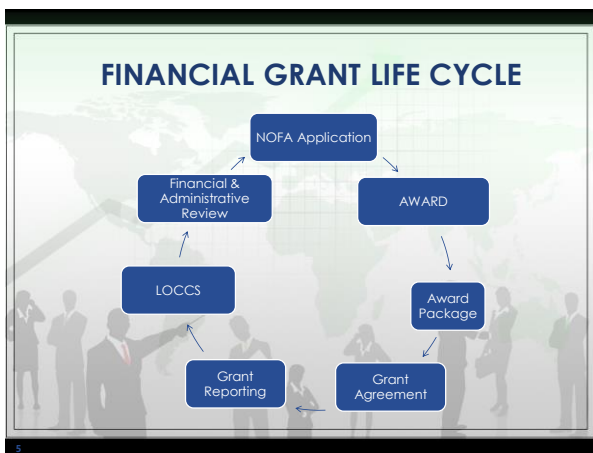


BMC
BOOTH MANAGEMENT CONSULTING, LLC

Training Topics

- Financial Grant Life Cycle**
- Budget Submitted for Approval**
- Financial Certifications and Disclosures**
- Quarterly Financial Reporting**
- Acceptable Accounting Practices**
- Things to Remember**





Slide 6 is titled "FINANCIAL GRANT LIFE CYCLE" and lists details for three stages:

- NOFA Application**
 - Pre-Award Accounting System Review
 - Leverage funds supporting documentation
 - OMB Circulars
 - Code of Federal Regulations
- Award**
 - Financial disclosures and certifications
 - OMB Circular A-133 submission
 - Indirect Cost Rate Documentation
 - Sub-allocation List (Intermediaries, MSOs and SHFAS only)
 - Billing Methodology (Intermediaries, MSOs and SHFAS only)
- Grant Agreement**
 - Article XI, Reporting
 - Federal Regulations

FINANCIAL GRANT LIFE CYCLE

- Budget**
 - Form SF-424 or Other Form
 - Budget Assumptions
- Grant Reporting**
 - Article XI, Reporting
 - Sub-allocations, administrative cost, billing methodology, SF-425 (Intermediaries, MSOs and SHFAS only)
- LOCCS**
 - Authorized Individual
 - Request for Payment
 - Draw-down funds with quarterly reports
 - Maintain documentation

Why emphasize this?



BUDGET SUBMITTED FOR APPROVAL

BUDGET FOR APPROVAL

- Based on the approved award amount
- HUD Form SF-424 CB or Other Format
- Detailed itemized budgetary line items, at a minimum salaries, fringe and other benefits, training, travel, rent, phone, postage, supplies, technology/ equipment, marketing and indirect costs
- Assumptions to support budgetary line items:
 - Salaries based on actual amounts to be paid
 - Administrative salaries must be justified
 - Fringes based on annual amounts
 - Indirect cost – Negotiated Indirect Cost Rate Agreement OR indirect cost rate tool to be provided by HUD

BUDGET FOR APPROVAL

- Allowable costs only (OMNI Circular, Subpart E)
- Unless otherwise stated, once submitted is considered the approved budget and draw down request should be based on approved budgetary line items:
 - After approval, request prior approval from HUD under 24 CFR Part 84 for any changes to the budgetary line items
- Signature and title of authorized person

BUDGET FOR APPROVAL

Additional budget related requirements for Intermediaries, MSOs, and SHFAs must include:

- Updated list of sub-grantees and funded branches and their corresponding sub-allocations
 - If reimbursing sub-grantees and/or branches at a fixed rate per counseling/education activity also have to submit budgets
- A detailed budget accounting for how all administrative funds (funds not passed through)
 - Includes funds for training, travel, salaries and equipment for each quarter and cumulative
 - If reimbursement period is for first two quarters, 3rd quarter budget shall reflect itemized accounting for each period

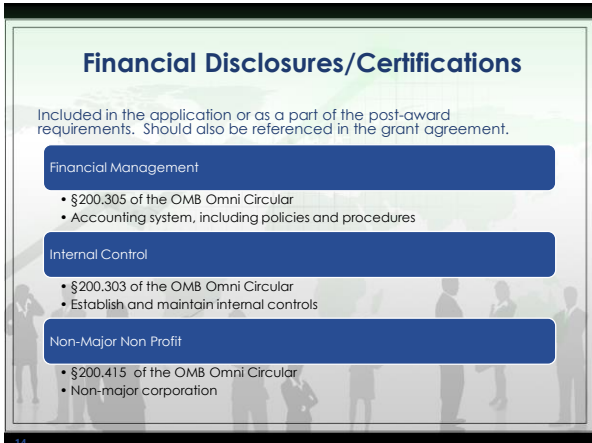
• Billing methodology

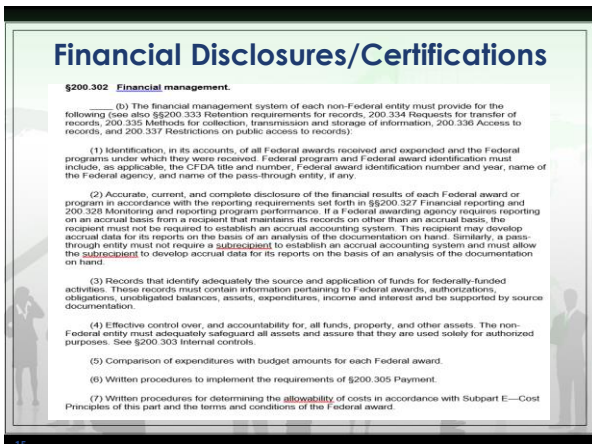
BUDGET FOR APPROVAL

Additional budget related requirements for Intermediaries, MSOs, and SHFAs must include (continued):

- Billing methodology
 - Explain clearly the methodology used to reimburse Sub- grantees or branches
 - If using formula, indicate hourly rate attributed to Grant or how each cost is calculated for fixed-cost reimbursement
 - Explain process to ensure method/ costs used do not exceed actual costs







Financial Disclosures/Certifications

§200.303 Internal controls.

 The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (c) Evaluate and monitor the non-Federal entity's compliance with statutes, regulations and the terms and conditions of Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.
- (e) Take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive or the non-Federal entity considers sensitive consistent with applicable Federal, state, local, and tribal laws regarding privacy and obligations of confidentiality.

I. as amended at 79 FR 75883, Dec. 19, 2014]

§200.415 Required certifications.

 c) Certifications by non-profit organizations as appropriate that they did not meet the definition of a major nonprofit organization as defined in §200.414 Indirect (F&A) costs, paragraph (a).



**QUARTERLY FINANCIAL
REPORTING AND PAYMENT
REQUEST**

QUARTERLY FINANCIAL REPORTING

All Grantees & Sub-Grantees

Unless this Agreement is executed on or after January 1, 2016, or the Grant has been fully expended, all Quarterly Performance Reports are due according to the following schedule

Performance Period	Quarterly Performance Report Due Date
10/1/2015 – 12/31/2016	Not later than January 31, 2016
1/1/2016 – 3/31/2016	Not later than April 30, 2016
4/1/2016 – 6/30/2016	Not later than July 31, 2016
7/1/2016 – 9/30/2016	Not later than December 31, 2016
10/1/2016 – 12/31/2016	Not later than January 31, 2017
1/1/2017 – 3/31/2017	Not later than June 30, 2017

If this Agreement is executed on or after January 1, 2016, the first Quarterly Performance Report reflecting activity for each performance period plus cumulative activity will be due not later than 30 days after the end of the performance period in which the Agreement was executed. E.g. If the Agreement is executed February 1, 2016, the first performance report is due not later than April 30, 2016.

QUARTERLY FINANCIAL REPORTING

LHCAs & Sub-Grantees
FY16-17 Grant Agreement

Grantees must submit a separate report containing the following:

1. **Grantee's name, address, and Grant number** as they appear on the Grant document.
2. **Start and end dates** of the report period.
3. **Hourly rate.** Identify each counselor or other employee whose time/activity is being billed to the Grant, the individual's title, and the hourly billing rate used to calculate reimbursement from HUD for that individual's time/activity. Explain the method used for calculating hourly rates, e.g. where benefits are included in the rate.
4. **Fixed-Price Reimbursement.** Grantee must document actual expenses which must be reasonable and cannot not exceed actual costs.
5. **Staff hours.** Indicate for each relevant counselor and other employee the total number of hours being billed to the Grant cumulatively and for the quarter. For each individual whose work time will be reimbursed from the Grant, multiply the relevant hours by the relevant hourly rate (see item #3) and indicate the cumulative total and total for the quarter.
6. **Itemized Accounting of Actual Costs.** Submit a detailed, comprehensive itemized accounting of actual costs listing expenses for each distinct quarter, and the Grant period to date, under the Grant. At a minimum, the accounting must include the following as applicable: salaries, fringe and other benefits, training, travel, rent, phone, postage, supplies, technology/equipment, marketing, and indirect costs. The accounting must itemize the expenditure of each dollar being billed to the Grant. The itemized accounting of actual expenses may be submitted on form HUD-424 CB, or in a format of the Grantee's choosing if the form HUD-424 CB does not provide enough detail. Any deviation between the itemized accounting of actual costs and the budget submitted at the time of Grant execution must be explained in detail and approved by the GTR.
7. **Required Certification:** In accordance with 2 C.F.R. § 200.415(a), include a certification, signed by an individual who is authorized to execute the certification on behalf of the Grantee, which reads as follows: "By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise. (U.S. Code Title 18, Section 1001 and Title 31, Sections 3729 - 3730 and 3801 - 3812)."

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QUARTERLY FINANCIAL REPORTING

For each Sub-grantee and Branch, Grantees must submit a separate report containing the following items. Grantees that manage networks of counseling agencies and also provide direct housing counseling services at the Grantee's main office must also submit a separate report containing the following items for the direct housing counseling services provided at the Grantee's main office.

1. **Grantee's name, address, and Grant number** as they appear on the Grant document.
2. **Start and end dates** of the report period.
3. **Hourly rate.** Identify each counselor or other employee whose time/activity is being billed to the Grant, the individual's title, and the hourly billing rate used to calculate reimbursement from HUD or a Parent Organization for that individual's time/activity; or, in the event of fixed-price reimbursement, document actual expenses. Explain the method used for calculating hourly rates, e.g. where benefits are included in the rate.
4. **Fixed-Price Reimbursement.** Grantee must document actual expenses which must be reasonable and does not exceed actual costs.
Intermediaries, SHFAs, MSOs
5. **Staff hours.** Indicate for each relevant counselor and other employee the total number of hours being billed to the Grant cumulatively and for the quarter. For each individual whose work time will be reimbursed from the Grant, multiply the relevant hours by the relevant hourly rate (see item #3) and indicate the cumulative total and total for the quarter.
6. **Itemized Accounting of Actual Costs.** Submit a detailed, comprehensive itemized accounting of actual costs listing expenses for each distinct quarter, and the Grant period to date, under the Grant. At a minimum, the accounting must include the following as applicable: salaries, fringe and other benefits, training, travel, rent, phone, postage, supplies, technology/equipment, marketing, and indirect costs. The accounting must itemize the expenditure of each dollar being billed to the Grant. The itemized accounting of actual expenses may be submitted on form HUD-424 CB, or in a format of the Grantee's choosing if the form HUD-424 CB does not provide enough detail. Any deviation between the itemized accounting of actual costs and the budget submitted at the time of Grant execution must be explained in detail and approved by the GTR.

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QUARTERLY FINANCIAL REPORTING

All Grantees

- Reporting requirements are detailed in Article XI of the Grant Agreement
- Varies depending on grantee type
- Required
 - If not requesting payment
 - If there is no activity (No Activity Report)
- Submitted to the HUD POC directly
- Once grant has been fully expended, submit a final report to close out the Grant, quarterly financial reporting no longer required.
- Final report due no later than June 30, 2016

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QUARTERLY FINANCIAL REPORTING

LHCA & Sub-Grantee Requirements

Grantees Name, address, and grant number

- Full legal name used on the grant application)
- Notify HUD of any name changes

Start and End Dates

- Quarter reporting period date, not period of performance date
- If over multiple quarters, use the actual dates of performance through the quarter
- Financial activity should be during those dates.

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QUARTERLY FINANCIAL REPORTING

LHCA & Sub-Grantee Requirements

Hourly Rate

- Identify each counselor or other employee whose time/activity is being billed to the grant. Include title and hourly billing rate
- In the event of fixed-price reimbursement, document actual expenses
- Explain methods used to calculate hourly rates segregating direct rate from fringe benefits

Staff Labor Hours

- Indicate the total number of hours billed to grant cumulatively and for the quarter
- Multiply relevant hours by relevant hourly rate for cumulative and quarter totals
- Time shall be broken down by type of service provided

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QUARTERLY FINANCIAL REPORTING

All Grantees

Fixed Price Reimbursement

- Grantee must document actual expenses which must be reasonable and cannot not exceed actual costs.

Itemized Accounting of Actual Costs.

- Detailed, comprehensive itemized accounting of actual costs listing expenses for each distinct quarter, and the Grant period to date, under the Grant
- Consistent with approved budgetary line items
- Any deviation between the itemized accounting of actual costs and the budget submitted at the time of Grant execution must be explained in detail and approved by the GTR.
- A sample template is provided as an attachment to this presentation.

Other Requirements

- Written prior HUD approval for all extensions
- If amending report, recommend indicating "AMENDED" or "CORRECTED" on the top of report
- Signed and dated by authorized individual

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QUARTERLY FINANCIAL REPORTING

All Grantees

Required Certification

"By signing this report, I certify to the best of my knowledge and belief that the report is true, complete and accurate and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information or the omission of any material fact, may subject me to criminal civil or administrative penalties for fraud, false statements, false claims, or otherwise."

Signed by an individual who is authorized to execute the certification

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QUARTERLY FINANCIAL REPORTING

Intermediaries, MSOs and SHFAs

Sub-allocations

A listing of:

- All sub-grantees and funded branches and the corresponding amounts/allocations
- Dun and Bradstreet Universal (DUNS) Identifier number for each

Administrative Costs

- Detailed budget accounting for all administrative funds, i.e. funds used to run the program and not passed through to Sub-grantees or branches
- Includes funds for training, travel, salaries and equipment for each quarter and cumulative
- If reimbursement period is for first two quarters, 3rd quarter budget shall reflect itemized accounting for each period

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QUARTERLY FINANCIAL REPORTING

Intermediaries, MSOs and SHFAs

Billing Methodology

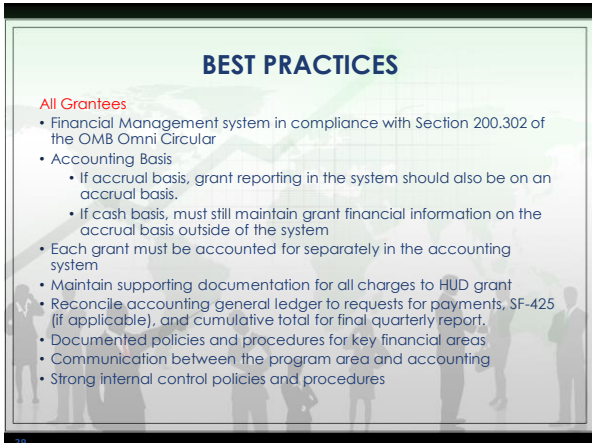
- Should be consistent with the methodology submitted with the approved budget.
- Clearly demonstrate that the agreed upon methodology is being used to charge HUD
- Ensure method/ costs used do not exceed actual costs

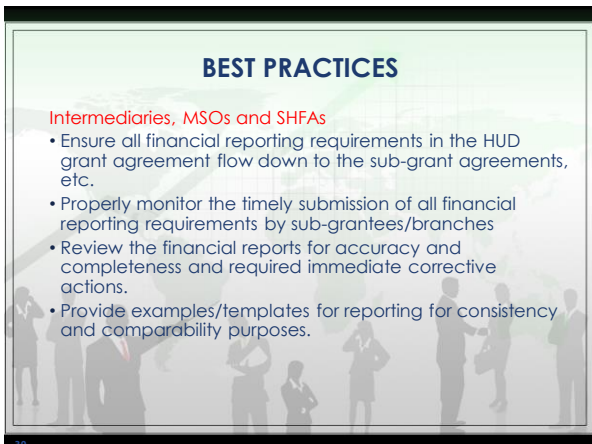
Federal Financial Report

- Summarizes financial data, including program income for each quarter
- Submit to HUD POC
- Access the form and instructions at:
http://www.whitehouse.gov/sites/default/files/omb/assets/grants_forms/SF-425.pdf or
<http://www.archives.gov/nhprc/pdfs/sf-425-fillable.pdf>


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FREQUENTLY ASKED QUESTIONS



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Frequently Asked Questions

Q1. Who is required to submit Standard Form 425 (SF-425), Federal Financial Report (FFR) and who can sign the quarterly report?

A1. As indicated in the HUD grant agreement, Intermediaries, State Housing Agencies (SHAs) and Multi State Agencies (MSOs) are required to submit quarterly FFRs. The person signing the quarterly report should be the grant manager or an individual with specific grant knowledge related to the HUD award. LHGAs are not required to submit the form.

Q2. Are Federal grantees that expend less than \$750K in Federal funds required to submit independent audited financial statements?

A2. HUD Handbook 7610.1-REV 5, Section M, states that "Housing Counseling participants that do not expend \$500,000 or more in a year in Federal awards, must have an independent audit every two years. The audit must be prepared in accordance with generally accepted accounting principles and reporting practices and must include an auditor's review report, a treasurer's report and any supplemental schedules." HUD has not updated the Handbook to increase the threshold to \$750,000 consistent with the revised single audit requirement in the Uniform OMB Circular.

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Frequently Asked Questions


Q3. I am a pass-through (Parent) entity, am I required to accrue for costs incurred by my sub-grantees in my accounting system on a monthly basis?

A3. Pass-through entities should account for the payments made to its sub-grantees in general. In almost every case, pass-through entities, will not have the knowledge of the accruals made by its sub-grantees to be able to record the accruals on their accounting system. While it is the responsibility of each sub-grantee to accrue for their own costs and then submit an invoice to the parent entity to be reimbursed, the parent should make every effort to obtain the accrual information as a part of their month end closing process and should ensure that all costs are accounted for prior to submitting their final reports.

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THINGS TO REMEMBER

- Read the HUD Grant Agreement
- Read the Uniform Grant Guidance specifically Subparts D and E
- Send all financial reporting, except for requests for payments, to your HUD POC
- File reports timely, if necessary, request a prior written approval for an extension before the due date
- Be sure to use the approved rates for labor
- Do not hesitate to contact your HUD POC if you have any questions



Questions
Please forward any questions to
housing.counseling@hud.gov with
Grant Financial Reporting
in Subject line

THANK YOU
