



Guidance for ESG Recipients:

Grant Based Accounting

INTRODUCTION

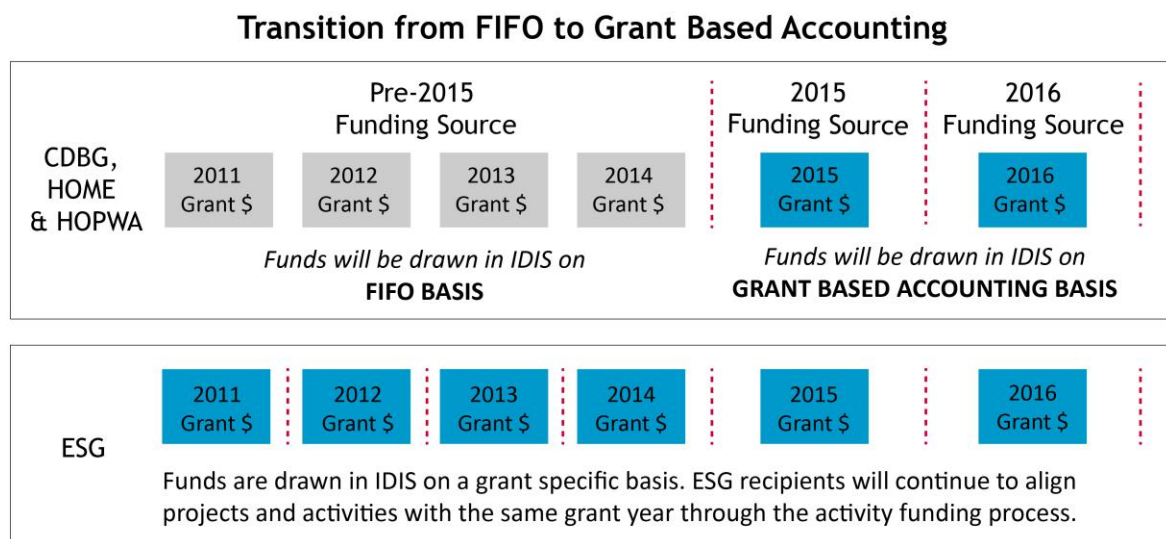
The Integrated Disbursement and Information System (IDIS) historically operated on a first-in, first-out (FIFO) basis to fund activities and disburse grant funds. Under FIFO, funding and disbursements were automatically made from the oldest grant with available funds. The Office of the Inspector General (OIG) determined that the FIFO accounting methodology does not comply with federal fiscal standards. Therefore, IDIS will specifically tie activity funding and activity draws to a specific grant beginning with Fiscal Year (FY) 2015 allocations for CPD formula programs (Emergency Solutions Grants (ESG), Community Development Block Grant (CDBG), HOME Investment Partnerships, and Housing for Persons with AIDS (HOPWA)).

This document explains how Grant Based Accounting principles are operationalized in IDIS for the ESG Program, and shows ESG Program recipients how to effectively manage their programs in IDIS in accordance with those principles. While reading this document, recipients may want to refer to the [Using IDIS Online for the Emergency Solutions Grants Program](#) manual for step-by-step instructions and screen shots. For additional resources and tools related to Grant Based Accounting, please visit the [HUD Exchange](#).

ESG AND PRE-2015 GRANT FUNDS

Each CPD program has adopted certain conventions of activity set up, funding, and disbursement in IDIS to address its unique requirements (see [Matrix of Key Changes by Program](#) on the HUD Exchange). The following exhibit shows how ESG transitioned to Grant Based Accounting principles in 2011, as the other programs are transitioning beginning with grant year 2015.

Exhibit 1: Transition from FIFO to Grant Based Accounting



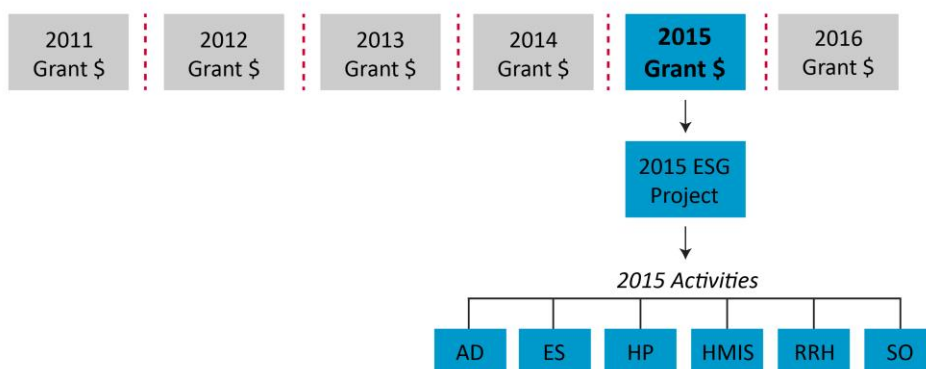
The biggest difference concerns the funding and disbursement of pre-2015 funds. While other CPD formula programs consolidate all grants through PY 2014 into one pot of funding that is disbursed on a FIFO basis (within each fund type and recipient), the ESG program treats FY 2011, 2012, 2013, and 2014 as separate pots of funding that must align with projects and activities set up under the specific grant year as shown in the graphic above.

No Changes for Emergency Solutions Grants Program Recipients

In 2011, HUD created in IDIS the HEARTH-ESG (HESG)¹ program path for the Emergency Solutions Grants Program. HESG implemented Grant Based Accounting practices in ESG activity setup, funding, and draw down procedures by requiring recipients to set up a single project for each year's grant, under which all activities must be funded with that specific grant year allocation. Because the HESG program path already functions in accordance with Grant Based Accounting practices, the setup and funding of ESG projects and activities will not change for FY 2015 and later allocations. Carefully following the protocols established in the Using IDIS Online for the Emergency Solutions Grants Program manual and highlighted in this document will help ensure that recipients fund and draw against the correct grant year.

Grant Based Accounting for the Emergency Solutions Grants Program

Funds are drawn in IDIS on a grant specific basis. ESG recipients will continue to align projects and activities with the same grant year through the activity funding process.



Importance of Project and Activity Naming Convention

Following the prescribed project and activity naming convention will help recipients avoid activity setup, funding, and drawdown errors. In addition, this naming convention allows HUD to track ESG funds consistently across the nation.

¹ The Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH Act) amended the McKinney-Vento Homeless Assistance Act. Among other changes, the HEARTH Act revised the Emergency Shelter Grants program and renamed the program the Emergency Solutions Grants program. In IDIS the Emergency Solutions Grants program is set up in the HESG program path. References to ESG in this document are applicable for the HESG program path.

- **ESG Projects required naming convention:** start with the program “ESG” followed by the two-digit federal fiscal year (FFY) (usually, but not always, the Program Year) and then the recipient’s name, leaving a space between “ESG15” and the recipient name.
- **ESG Activities required naming convention:** Start with the program “ESG” followed by the two-digit FFY and then one of the six allowable Activity Categories. The naming convention includes a space between “ESG15” and the Activity Category.

Example
ESG15 HUDville

Example
ESG15 Street Outreach

Consistently following the naming convention is also an important way to enforce correct activity setup and disbursement of funds in cases where the IDIS staff responsible for setting up activities differs from those who fund and draw activities. Including the FFY in the project and activity titles helps highlight the grant year throughout IDIS and reinforces the linkage of a single grant year’s project, activities, funding and draws. The category name (i.e., Street Outreach) in the title helps ensure that funds are committed and disbursed for the intended ESG component, and that funds for different ESG components are kept separate and not budgeted together under the same IDIS activity.

ESG Recipients should ensure that the program year matches the grant year of funds when funding/drawing activities. IDIS restricts the funding of ESG activities to the same grant year as its associated project. For instance, an ESG activity set up under a 2015 project can only be funded by the FY 2015 grant.

REPROGRAMMING FUNDS

In some situations, a recipient may not be able to expend funds as originally planned. While complying with the amendment and substantial amendment requirements at 24 CFR 91.505, recipients may

Reprogramming Funds Reminder
Remember that the total sum of a recipient’s activity funding amounts cannot be greater than the recipient’s grant amount for that specific Federal Fiscal Year. Therefore, if reprogramming unspent funds in IDIS, the recipient must first DECREASE one activity’s funding amount in order to add funds in the “Available to Fund” amount. After this reduction is saved in IDIS the recipient can then increase the funds to the second activity.

reallocate or reprogram those funds to other subrecipients or activities set up under the same project to ensure they are expended within the 24-month expenditure deadline. Remember, funds can only be moved from one activity to another activity set up under the same FFY project.

For example, if a recipient is reprogramming FY 2015 funds, those funds must be

reprogrammed to an activity set up under the FY 2015 project. Those funds cannot be reprogrammed to an activity set up under a project with any other FFY.

Reprogramming funds from an admin activity to a program component activity requires an extra step. The recipient must first DECREASE the admin activity funding amount, and then reduce the admin subfund (accessible under the Grant Tab in IDIS). Many recipients mistakenly omit the second step,

leaving funds “trapped” in the admin subfund. The funds will not appear as “Available to Fund” on the EN fund type line until the admin subfund is reduced. See detailed screenshots and instructions on how to edit the admin subfund in Section 5.2 of [Using IDIS Online for the Emergency Solutions Grants Program](#).

CORRECTING FUNDING AND DRAW ERRORS

Recipients should confirm funded and drawn amounts before processing final drawdowns for each activity so draws can be revised if necessary. In order to revise a draw that was made under an incorrect activity or subrecipient, the recipient must have funds remaining in their “Available for Funding” line in the Activity Funding screen in IDIS (see section 6 of [Using IDIS Online for the Emergency Solutions Grants Program](#)). If the amount under “Available for Funding” reaches a \$0 balance, committed funds will need to be uncommitted from activities from the same grant year to increase the “Available for Funding” line. If all funds have been drawn and the “available funds” reaches a \$0 balance, recipients will not be able to revise the draw themselves and will need to contact HUD through the [Ask A Question](#) to assist them with the revision. Therefore, it is better to make changes earlier in the process to activity funded and drawn amounts.

EXAMPLE OF CORRECTING A DRAW ERROR WHEN FUNDS ARE FULLY COMMITTED

A recipient has set up four activities for FFY 2015 (Shelter, Street Outreach, Rapid Re-Housing, and Administration). The recipient discovered that it had mistakenly drawn down \$5,000 for a subrecipient under the ESG15 Shelter activity rather than the ESG15 Rapid Re-Housing activity as intended. Upon further review, the recipient finds that it had over-funded the ESG15 Shelter and under-funded the ESG15 Rapid Re-Housing activities by the same \$5,000.

To correct the error, the recipient will need to follow these steps:

- 1. Temporarily reduce the funded amount of the ESG15 Street Outreach activity (or other activity with a sufficient fund balance).**

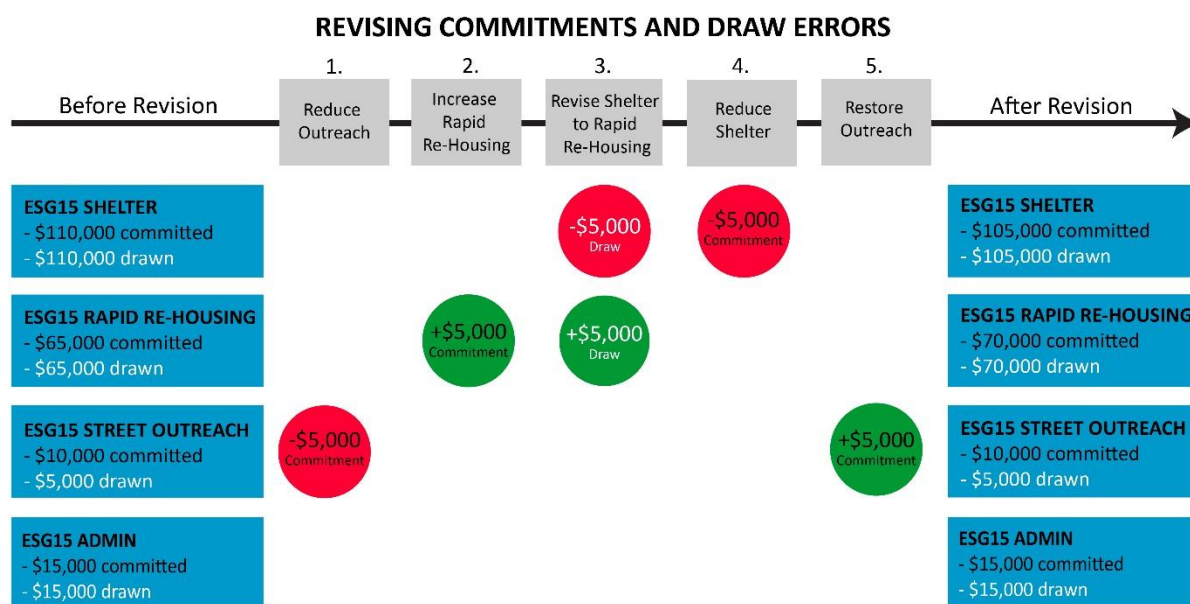
While all FFY 2015 funds have not yet been drawn down, the recipient sees that all of its FFY 2015 funds are committed to activities, leaving \$0 in its “Available for Funding” line. Therefore, the recipient will first need to identify a FFY 2015 activity that is not fully drawn and temporarily reduce that activity’s “Funded Amount” by \$5,000, which will increase the EN funds on the “Available for Funding” line. In this case, the recipient decides to temporarily reduce the “Funded Amount” of the ESG15 Street Outreach activity, which has \$5,000 of undrawn funds.

- 2. Increase the funded amount of the ESG Rapid Re-Housing activity by \$5,000 and correct the subrecipient’s funded amount on the Activity Funding screen.**

With funds now available from reducing the Street Outreach funding in step 1, the recipient can then increase the funding of the ESG Rapid Re-Housing activity by \$5,000.

3. **Revise the incorrect draw from the ESG15 Shelter activity to the ESG15 Rapid Re-Housing Activity.** For detailed directions, including screenshots, on revising vouchers please see section 7.3 of the “[Using IDIS Online for the Emergency Solutions Grants Program](#)” manual.
4. **Decrease the ESG15 Shelter activity’s funded amount by \$5,000.**
Now that the draw has been revised, the ESG15 Shelter activity funding can be reduced to allow the funds to be reprogrammed to another activity.
5. **Restore the activity funding for the ESG15 Street Outreach activity back to its original amount.**
Since the ESG15 Street Outreach activity was temporarily decreased by \$5,000 in order to increase the “Available for Funding” line, the recipient should now once again edit the activity funding amount to increase the funding back to its original amount to complete the process.

Exhibit 3: Correcting Draw Errors



WHAT IF FUNDS WERE DRAWN FROM WRONG GRANT YEAR OF FUNDING?

If funds were drawn from the incorrect grant year, recipients will need to submit a question to the IDIS [Ask A Question](#). These cases will be reviewed on a case-by-case basis for final processing. Recipients should review all vouchers prior to approval to ensure that funds are drawn from the correct activity and from the correct grant year of funding.

USING PR91 REPORT TO MANAGE PROGRAM ACCURACY

The *ESG Financial Summary Report* (PR91) contains two separate reports: the *ESG Financial Summary* and the *ESG Subrecipients Vouchers*. Used together, the two parts of the PR91 provide a powerful way for recipients to monitor progress and draws (which generally correspond to expenditures) for subrecipients and for the overall ESG award. Reminder: recipients should not use the PR01 or PR02 for the HESG program path; the HESG selection criteria were removed from the PR01 in the 11.8 IDIS Release in May 2014.

The *ESG Financial Summary* report can be run for a single FFY grant, showing the amounts committed and drawn in a variety of ways, including pie charts, line graphs, and totals by ESG component type and by subrecipient. It is recommended to export the PR91 report as a PDF. This report enables ESG recipients to analyze their progress on a grant-specific basis with markers for important requirements such as the 24-month expenditure deadline and the expenditure cap on Emergency Shelter and Street Outreach activities.

When reviewing this report, recipients should consider the following:

- Do the committed and funded amounts for each component match the recipient's internal records?
- Were activities set up and named correctly?
- If funds show as available to commit, is there an intended use for these funds?
- Are draws lagging for certain types of activities?
- Does the HUD Obligation Date match the date of HUD's signature on the grant agreement?
- Are expenditures on track to meet the 24-month expenditure deadline?
- Are funds being drawn each quarter?
- Is there a risk of exceeding the Emergency Shelter/Street Outreach cap, which may result in returning funds to HUD?
- Are all of the subrecipients reflected on the correct program year report?
- Do the committed and drawn amounts for each subrecipient match the recipient's internal records?
- Are certain subrecipients behind in spending?

Please note that the information contained in the RP91 does not reflect any changes made in IDIS during the same business day. Updates take 24 hours to refresh in IDIS reports. Recipients can confirm any changes by reviewing the PR91 on the next business day.

QUESTIONS?

Submit any questions about Grant Based Accounting through the [Ask A Question](#) on the HUD Exchange.