

## HOPWA IDIS Approximate Cost Incurred Date Functionality

### **How will this change affect the HOPWA voucher process?**

The process for creating and processing HOPWA vouchers will remain largely the same; however, this change does introduce one new step.

When creating a voucher associated with a particular activity, Grantees will now be asked to select, assign, and confirm a single “approximate cost incurred date” for the expenditure being drawn. (See below for guidance on how to identify which date to select for the “approximate date”.)

By selecting this approximate date on which the vouchered costs were incurred, the Grantee is also associating those expenditures to *a specific Grantee accomplishment year*. Previously, it was not possible to connect particular draws with particular accomplishment years. For example, costs incurred near the end of a reporting year are often not drawn in IDIS until the following program year due to time needed for invoice processing and review. However, this new field will enable Grantees and HUD to connect all draws in IDIS with a specific accomplishment year based on when the expenses were actually incurred. After selecting and assigning an approximate date incurred to vouchered costs, the updated MicroStrategy reports (HOPWA PR05 and HOPWA PR07) will indicate the Grantee’s accomplishment year to which the expenditures have now been affiliated, based on award and operating year data already stored in IDIS. This, in turn, allows IDIS to better align draws with the appropriate reporting year needed for the HOPWA Consolidated Annual Performance and Evaluation Report (CAPER) for formula Grantees and Annual Performance Reports (APR) for competitive Grantees.

### **What does “approximate cost incurred date” mean and how should it be identified and assigned?**

HUD recognizes that virtually every HOPWA expenditure drawn in IDIS will represent costs that were incurred by the Grantee or a project sponsor *across time* and not on *a single date*. As already noted, the **purpose** of assigning a single “approximate date” to an activity cost is to affiliate that cost with a particular *12-month accomplishment period*; it should not be understood to indicate that all expenditures actually took place *on that date*. This will now allow the Grantee and HUD to connect line item-level activity expenditures with a specific accomplishment year and the related CAPER and APR performance data.

With that in mind, in selecting an approximate date, Grantees should primarily consider to what *accomplishment year* any given HOPWA activity costs should be affiliated. The selected date should fall *within* the dates covered by the invoice being drawn against. The examples below clarify this guidance.

**Example 1:** HOPWA formula Grantee A has an operating year that runs from July 1, 2019 through June 30, 2020. It is September 15, 2020 and the Grantee is entering draws for a HOPWA Project Sponsor based on a submitted invoice. The invoice represents the *final* draw for that Sponsor’s operating year and covers May and June of 2020. When entering the voucher request, the Grantee must select an ‘approximate cost incurred date.’ In this case, the date chosen would be between May 1 and June 30, 2020. The result of this selection is that the costs will be affiliated with the July 1, 2019 – June 30, 2020 Accomplishment Year, even though the “draw date” (the date when the expense was processed in IDIS) is in September 2020.

Example 2: HOPWA competitive Grantee B has an operating year that runs from March 1, 2020 – February 28, 2021. This operating year is the 2<sup>nd</sup> award year of Grantee B’s 3-year award. It is June 5, 2020 and the Grantee is entering draws on its own behalf. This draw covers HOPWA activities conducted in May 2020. The Grantee selects a date between May 1 and May 31, 2020 in the ‘approximate cost incurred date’ field. This will ensure that the costs are affiliated with the Grantee’s Accomplishment Year 2 (March 1, 2020 – February 28, 2021) of the Grantee’s competitive award.

Example 3: HOPWA formula Grantee C has an operating year that runs from October 1, 2019 through September 30, 2020. It is November 21, 2020 and the Grantee is entering draws for a Project Sponsor based on a submitted invoice. However, in this case, the invoice covers September 2020 and October 2020. This means that the invoiced HOPWA activities *took place in two separate accomplishment years* (the first accomplishment year ending September 30, 2020 and the second accomplishment year beginning October 1, 2020). In this case, the Grantee should determine if the invoice provided can be broken down into two invoices reflecting the two different accomplishment years, or request that the Project Sponsor provide an invoice that breaks out costs based on the separate accomplishment years. The Grantee can then create two separate vouchers for each accomplishment year (It is important to note that it has always been a requirement that the Grantee delineate invoiced expenses by the correct accomplishment year in order to correctly complete annual performance reporting (HOPWA APR/CAPER)). The first voucher would cover September 1, 2020 – September 30, 2020 and would have an ‘approximate cost incurred date’ selected *in that month*. The second voucher would cover October 1, 2020 – October 31, 2020 and would have an ‘approximate cost incurred date’ in that date range. This would ensure that **all** drawn funds would be connected to the appropriate reporting year.