



NSP Data Clean-Up: Financial Report Guidance



FC#	Label	Criteria	Condition	Grantee Action	HUD Action
FC1	Cancelled > \$0	Cancelled activities have financial data.	One or more activities with status equal to “cancelled” in the action plan have financial reporting that does not equal zero.	<p>Revise draws and cancel program income receipts to result in zero. Cancelled activities may then be deleted.ⁱ Make prior period corrections in the current QPR.ⁱⁱ The cumulative sum of financial data should equal zero.</p> <p>GO TO: Financial for draws and receipts, current Quarterly Performance Report (QPR) for expenditures. See report F67.</p>	Verify all activities with status equal to “cancelled” in the action plan have a cumulative sum of financial data that equals zero.
FC2	Completed Not Equal	Completed activities have inconsistent financial data.	At completion, activities with status = “completed” in the action plan should have the same value for the following metrics: Budgeted, Obligated, Drawn (PF+PI), and Expended.	<p>Make changes at the activity level to correct the budget in the action plan. Revise obligated to match budgeted. Revise vouchers to correct amount drawn. Make prior period corrections in the QPR to correct the amount expended.ⁱⁱ</p> <p>GO TO: Action Plan for budgets, Financial for draws and obligations, current QPR for expenditures. See report F67.</p>	Verify all activities with status = “completed” in the action plan have the same cumulative value for the noted metrics. Other activities known to be completed, but not marked as completed, may also be checked.



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FC3	Expended <> Drawn	Total funds expended (QPR) does not equal total funds drawn.	Total funds expended (QPR) at activity does not equal total funds drawn (PF+PI) at activity.	<p>Verify that amounts drawn at the activity level are correct and current. Revise draws (program funds and program income) as necessary. Correct current QPR expenditures to reflect actual expenditures to date.ⁱⁱ At closeout, cumulative draws (PI+PF) should equal cumulative expenditures reported (QPR).</p> <p>GO TO: Financial for draws, current QPR for expenditures. See report F67.</p>	Ensure that total funds drawn at the activity level equal the total reported as expended in the current QPR by activity. Ensure that the grantee has drawn for all costs and QPR reporting is correct and current.
FC4	Planned > \$0	Planned activities have financial data.	One or more activities with status equal to “planned” in the action plan have financial reporting that does not equal zero.	<p>If the activity has been undertaken, edit activity status to “underway” or “completed” in the action plan.</p> <p>If the activity has not been undertaken, revise draws with the advice of the field office, cancel program income receipts, and cancel the activity. Cancelled activities may be deleted.ⁱ</p> <p>GO TO: Action Plan to revise status, Financial to revise draws or receipts, current QPR to revise expenditures. See report F67.</p>	Ensure activity status has been changed to “underway” or “completed” if funds are drawn or expended, as appropriate. If the activity was abandoned, ensure the grantee has edited the activity action plan status and noted the cancellation in the action plan submission comments and the current quarter QPR general narrative.



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FC5	Receipts in Admin	Activities with an administrative activity type show as having generated program income.	Program income receipts are associated with activities having an administration activity type.	<p>Cancel program income receipts associated with activities having an administration activity type. Receipt the program income to the activity which generated the program income. Administrative activities by nature cannot generate program income (PI).</p> <p>GO TO: Financial to cancel and create receipts. See report F67.</p>	Ensure that PI is receipted to the correct activity or activities. Administrative activities by nature cannot generate PI.



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FC#	Label	Criteria	Condition	Grantee Action	HUD Action
FC6	Use of PI Account	The grantee has created a program income (PI) account. ⁱⁱⁱ	There is a program income account other than the "General Account" in the grant.	<p>PI accounts are to be used ONLY when an entity other than the grantee retains program income for subsequent re-use. Activities in the PI account should be related to the activities of a single responsible organization.ⁱⁱⁱ</p> <p>If a PI account has been created for a purpose other than holding out PI retained by a separate entity, it must be deleted.</p> <p>Add a statement in the activity description that the subrecipient may retain PI. Developers do not earn PI. They may have proceeds from sales of homes or rents. This should be articulated in appropriate written agreements.</p> <p>GO TO: Financial to delete PI account, Action Plan to revise activity description. See report F12.</p>	<p>Discuss with grantee the rules for PI accounts to ensure that they are set up properly and have a written agreement with the Responsible Organization to support the retaining of program income.</p> <p>Review any activity that has a PI account set up and ensure that the Responsible Organization is allowed by written agreement to retain program income.</p> <p>Review action plan narratives.</p>



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FC#	Label	Criteria	Condition	Grantee Action	HUD Action
FC7	Use of RLF	There is a revolving loan fund (RLF).	Activity is in a project flagged as an RLF.	<p>RLFs are to be created ONLY when the grantee retains program income for a single use. An RLF must have written guidelines and be approved by the HUD field office.^{iv}</p> <p>If a project has been marked as an RLF for a purpose other than indicating the presence of an actual RLF, it must be revised in the action plan to un-check the box.</p> <p>GO TO: Action plan to revise project.</p>	Discuss the requirements for establishing and administering an RLF with the grantee. Ensure that the grantee has not indicated an RLF in error.



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FC#	Label	Criteria	Condition	Grantee Action	HUD Action
FC8 ^v	LH25 < 25%	LH25 expenditures (50% AMI) are below the required 25% minimum.	The cumulative sum of all reported expenditures (QPR) for LH25 activities is less than 25% of total expenditures.	<p>This requirement must be met prior to closeout for any activity funded from the line of credit. The grantee has three years from the date of closeout to meet the LH25 requirement for activities funded with PI earned prior to closeout. Verify that reported expenditures are current and correct for each activity. Pay attention to the allocation of expenditures by National Objective LH25: LMML. Enter prior period corrections as needed. Be sure to move draws and accomplishments along with expenditures. Consult with the field office if LH25 has not been met.</p> <p>GO TO: Financial for draws and obligations; current QPR for expenditures, housing units and households; Action Plan to create new activities. See report F67</p>	Work with grantee to ensure LH25 National Objective threshold is met before spending ALL grant program funds. At closeout, grantees must meet the LH25 requirement for grant funds. 25% of PI earned before closeout must be used within three years after closeout. Ensure that the grantee is current and correct with reporting expenditures and program income. Stress that the LH25 requirement is met by producing housing units that are restricted to occupancy by low-income households, not by a low-income household occupying a housing unit. Ensure that the grantee is using the correct income range for low-income (0-50% AMI).



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FC#	Label	Criteria	Condition	Grantee Action	HUD Action
FC9 ^v	Admin > 10%	Administrative expenditures are above the 10% cap.	Cumulative sum of all reported expenditures (QPR) for activities with an administration activity type is greater than 10% of total QPR expenditures.	<p>This must be corrected prior to closeout. Verify that expenditures are correct by activity. Check that the correct activity type has been used. Revise if incorrect. Consult with the field office if the administration cap has been exceeded.</p> <p>GO TO: Current QPR for expenditures. Action Plan to revise activities. See report F67.</p>	Ensure that the grantee has correctly categorized expenditures, that expenditures have been reported against the correct activities, that the correct activity type has been used, and that the grantee is current with reporting QPR expenditures.

* Represents criteria highlighted in yellow on NSP Data Clean-Up Financial Report; data for that activity should be confirmed by the grantee and field office representatives. Grantees are not required to make corrections to criteria highlighted in yellow if the data entered is correct, but criteria will remain yellow if no change is made to the activity. Criteria highlighted in yellow are not considered data errors by HUD OBGA: NSP team staff.

ⁱ See *DRGR Webinar: Upcoming DRGR Changes, July 24, 2018* <https://www.hudexchange.info/trainings/courses/drgr-webinar-upcoming-drgr-changes/>, the DRGR Release Fact Sheets for Release 7.15 <https://www.hudexchange.info/programs/drgr/releases/>, and DRGR Fact Sheet “Delete and Restore Activities” <https://files.hudexchange.info/resources/documents/DRGR-Fact-Sheet-R-7-15-Deleted-Activities.pdf>

ⁱⁱ See FAQ: *Can I correct performance data from prior QPRs in my current QPR?*, February 2015: <https://www.hudexchange.info/faqs/2023/can-i-correct-performance-data-from-prior-qprs-in-my-current-qpr/>

ⁱⁱⁱ See HUD NSP Policy Alert: *Program Income in NSP*: <https://www.hudexchange.info/resource/361/hud-nsp-policy-alert-program-income-in-nsp/>; *DRGR User Manual*, Section 5.2.5, Managing Program Income: <https://www.hudexchange.info/programs/drgr/guides/#drgr-user-manual>; FAQ: *How is Program Income reported in DRGR?*: <https://www.hudexchange.info/faqs/599/how-is-program-income-reported-in-drgr/>; and *DRGR Fact Sheet: Setting Up Revolving Loan Funds and Program Income in DRGR*, October 2013: <https://www.hudexchange.info/resource/3672/drgr-fact-sheet-setting-up-revolving-loan-funds-and-program-income/>

^{iv} See HUD NSP Policy Alert: *Guidance on Revolving Funds Under NSP*: <https://www.hudexchange.info/resource/347/hud-nsp-policy-alert-guidance-on-revolving-funds-under-nsp/>

^v This is a grant-level flag. It indicates a condition at the grant level only.