



## **ESG – Financial Management**



## Objectives of the Module

- Learners will be able to:
  - Describe the deadlines for obligation and expenditure of ESG funds
  - Describe elements of monitoring
  - Gain familiarity with ESG financial management reports in IDIS
  - Identify additional resources related to ESG financial management



## Relevant Federal Documents

<b>ESG Program Interim rule</b>	24 CFR Part 576
<b>Standards for Financial and Program Management, Property and Procurement</b>	2 CFR 200, Subpart D
<b>Cost Principles</b>	2 CFR 200, Subpart E
<b>Audit requirements</b>	2 CFR 200, Subpart F



## Key Financial Requirements

- Obligation Date
- Expenditure Deadline
- Quarterly Draws
- Expenditure Limits
  - Administrative Costs (7.5%)
  - Street Outreach/Emergency Shelter (greater of 60% or amount committed for FY 2010 Homeless Assistance activities)



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## Obligation Requirements

Type of Recipient or Subrecipient	Time elapsed from HUD's signature of Grant Agreement (or Grant Amendment for reallocated funds)
State Recipients	60 days
Subrecipients of States	120 days
Metro Cities, Urban Counties, Territories	180 days

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Once the recipient or subrecipient is awarded the funds, the funds must be obligated.

- States have 60 days to obligate to subrecipients. Subrecipients then have an additional 120 days to obligate funds.

- Metropolitan cities, urban counties and territories have 180 days to obligate funds to subrecipients. If subrecipients wish to further subgrant ESG funds there is not an obligation deadline.

## Expenditure Deadline

- The entire grant must be expended\* within 24 months of date HUD signs agreement
  - Recipients must draw down funds at least once a quarter, for each subrecipient with remaining funds
  - Recipients must reimburse subrecipients within 30 days of receipt of complete payment request

\* Expenditure means an actual cash disbursement for a direct charge for a good or service or an indirect cost OR the accrual of a direct charge for a good or service or an indirect cost



Once the funds have been obligated, there are certain expenditure deadlines that ESG recipients must meet.

All grant funds must be expended within 24 months of the date that HUD signs the grant agreement.

To assist recipients in meeting this 2 – year expenditure deadline, the regulation includes draw down and reimbursement requirements. Recipients must draw down funds from the annual allocation at least once a quarter during the program year, and probably, more important for subrecipients, recipients must reimburse subrecipients within 30 days of receipt of a complete payment request.

## Administrative Expenditure Limit

- Up to 7.5% of total fiscal year grant\*
- State recipients must share a reasonable amount of funds for administrative costs with subrecipients that are units of general purpose local government
- Staff /overhead costs directly related to one of the program components are NOT subject to the administrative cost limit

*\*This is a statutory requirement that cannot be waived.*



## Emergency Shelter and Street Outreach Expenditure Limit\*

- Combined **street outreach** and **emergency shelter** expenditures from each fiscal year's ESG grant cannot exceed the greater of:
  - 60% of that fiscal year's total ESG grant award
  - or
  - The amount of FY 2010 grant funds committed to homeless assistance activities

*\*This is a statutory requirement that cannot be waived.*





# MONITORING



## Financial Monitoring

- Financial Policies and Procedures
- Cash controls
- Recordkeeping, Record Retention and Tracking Systems
- Monthly tracking of grant revenue and expenses
- Timesheets and Activity Logs for applicable staff
- Match Documentation
- Audits and subrecipient monitoring
- Board minutes
- Procurement process documentation

Recipients can expect HUD monitors to focus on these topic areas when conducting a financial monitoring.

## HUD Monitoring Corrective Actions

- **HUD has two types of actions:**
  - Concerns: review recommendations and make changes, as appropriate
  - Findings: take corrective action
- See [CPD Monitoring Handbook, Chapter 28](#), for ESG Program monitoring exhibits

- After completing the monitoring, HUD will send written correspondence to recipients regarding the results. When HUD has a concern, it means that they are worried about something, they will make recommendations about how to fix it. Those recommendations are not required but, obviously, projects should take those recommendations seriously.
- If HUD has a finding, the finding will require a corrective action within a prescribed timeline. Recipients should NOT under any circumstances ignore findings –If corrective action is not taken, repayment or deobligation of funds could result.

## Property Control

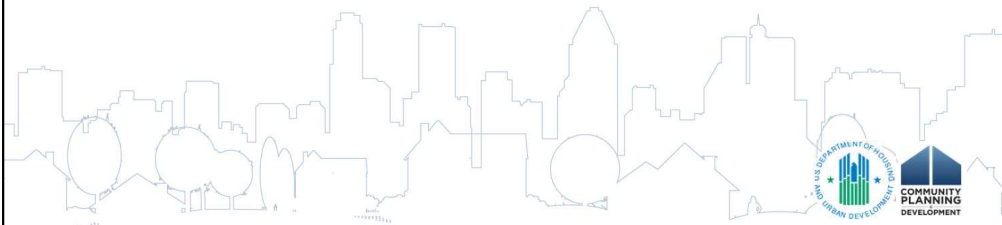
- Must maintain detailed property and equipment records for items purchased with ESG funds > \$2,000
- Recipient or subrecipient should conduct physical inventory once every 2 years
- Implement control system to prevent loss, damage or theft



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# SF-425

- SF-425 is the Federal Financial Report.
- This form is not required for the ESG Program, because HUD has determined that the data collected by the form is already accessible from other sources (e.g., IDIS).



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# IDIS



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## IDIS & Other Financial Reporting Systems

- **Integrated Disbursement Information System (IDIS):** ESG program financial management system of record, which interfaces with LOCCS.
- **eCon Planning Suite and Consolidated Annual Performance Evaluation Report (CAPER):** required reporting system for the ESG program located in IDIS



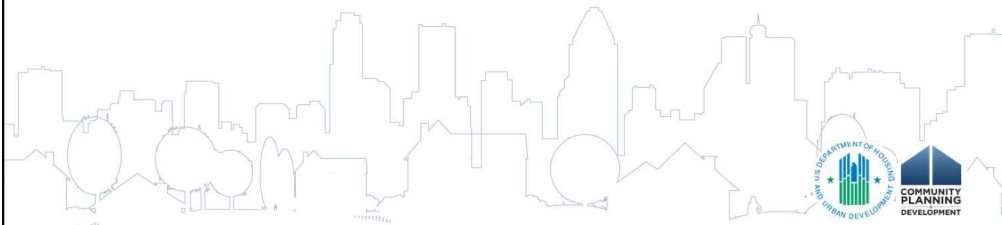
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ESG recipients use IDIS to fund activities, set up subrecipients, and draw down ESG funds.

The financial data reported in the CAPER is captured on screen CR-75, which tracks expenditure data (\*not draws). Recipients must populate these fields based on their internal financial records to also account for any ESG expenditures that have not yet been reimbursed through and IDIS draw.

## IDIS & Other Financial Reporting Systems

- **Internal financial management systems**  
Various systems at the local level that address the ESG recipient's financial data needs beyond IDIS



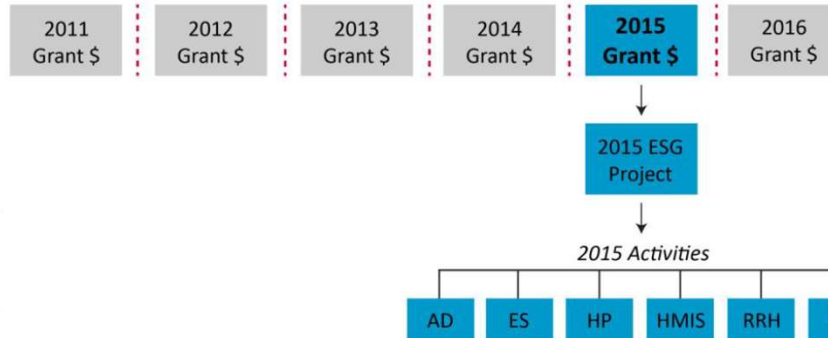
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# Grant Based Accounting Principles

## 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.

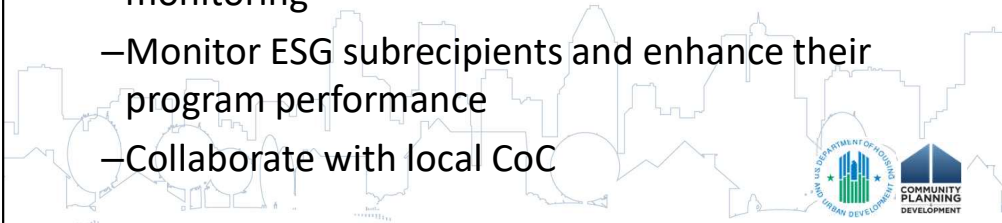


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FIFO – First In, First Out – former way of accounting for funds. Grant Based Accounting Principles replaced FIFO in 2011 and direct ESG Recipients to track commitments and expenditures by grant allocation and the corresponding 24-month expenditure deadline.

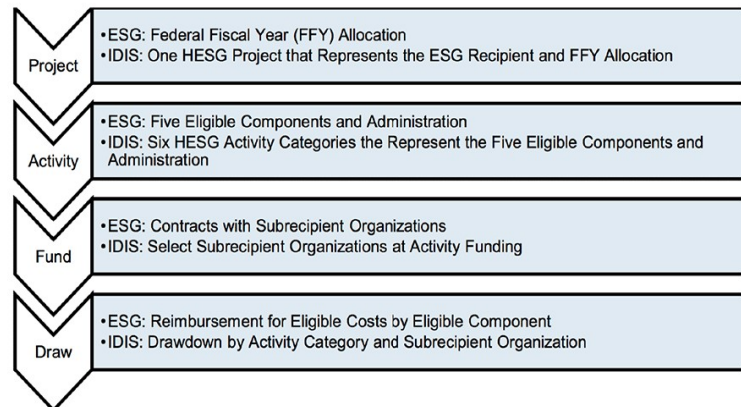
## Evaluating ESG Program Performance

- ESG recipients are evaluated by HUD on their financial performance using data within IDIS
- ESG recipients are encouraged to use IDIS data and reports available in IDIS to:
  - Inform financial management and regular self-monitoring
  - Monitor ESG subrecipients and enhance their program performance
  - Collaborate with local CoC



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## Using IDIS for ESG Reporting



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### Eligible Program Components:

- Data Collection (HMIS)
- Emergency Shelter
- Homelessness Prevention
- Rapid Re-housing
- Street Outreach

Plus admin (eligible activity, but not considered a component type)

## ESG Financial Management Reports

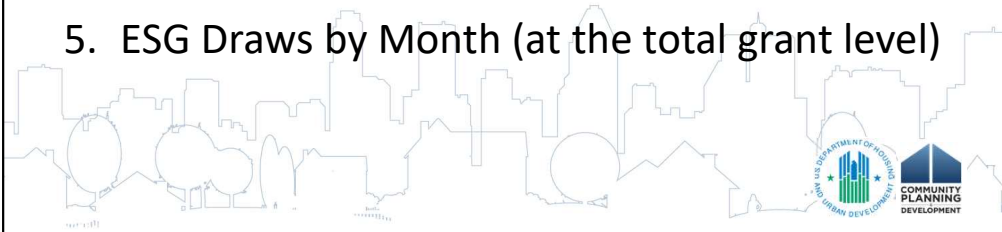
- HESG\* Specific Reports
  - PR91 ESG Financial Summary
    - Part 2: ESG Subrecipient Report
  - PR92 ESG Financial Summary National and Field Office Report
  - PR93 ESG Risk Status Report

\*HESG is the grant path in IDIS that refers to the Emergency Solutions Grants program



## PR91 ESG Financial Summary

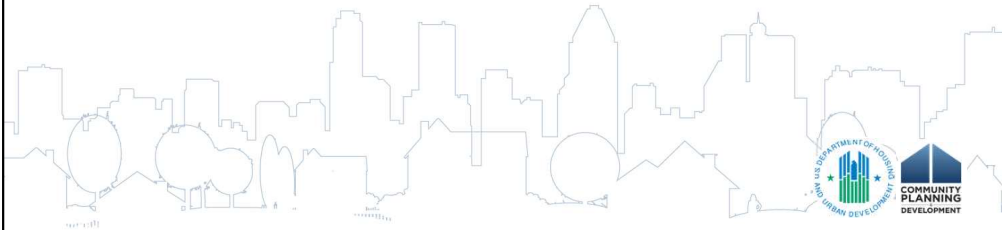
1. ESG Program Level Summary
2. ESG Program Components
3. 24-month Grant Expenditure Deadline
4. Expenditure Limit on Emergency Shelter and Street Outreach
5. ESG Draws by Month (at the total grant level)



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## PR91 ESG Financial Summary

6. ESG Draws by Quarter (at the total grant level)
7. ESG Subrecipient Commitments and Draws by Activity Category
8. ESG Subrecipient by Activity Category



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## PR91 Analysis

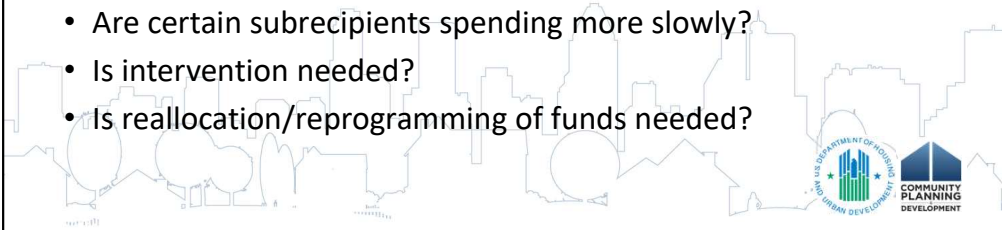
- Do the Total Funds Committed and Grant Funds Drawn match internal financial records?
- Are there funds still available to commit?
- Do the draws to date reflect all of the draws the recipient has completed?
- Do activity category types committed and drawn amounts match internal financial records?
- Were activities named and set up correctly?
- Are expenditures lagging for different types of activities?
- Is the HUD Obligation Date (HUD's signature date) correct?
- Are there un-drawn funds in previous grant years?



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## PR91 Analysis

- Are draws on track to meet the 24 month deadline?
- Is the recipient drawing funds each quarter?
- Is the recipient at risk of returning funds for exceeding the Emergency Shelter and Street Outreach expenditure cap?
- Are all of the recipient's subrecipients reflected on the report?
- Do the Committed and Drawn Amounts for each subrecipient match internal financial records?
- Are certain subrecipients spending more slowly?
- Is intervention needed?
- Is reallocation/reprogramming of funds needed?

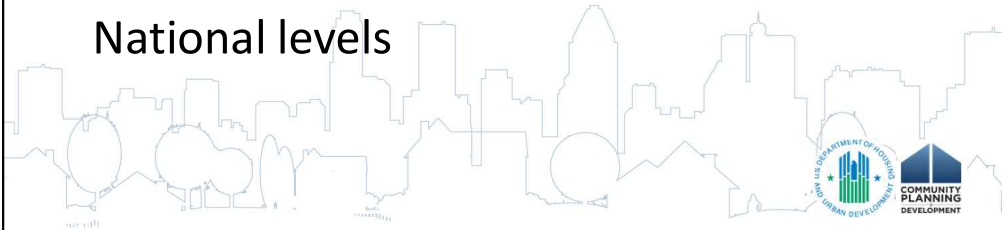


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## PR92 ESG Financial Summary National and Field Office Report

- Comparative analysis opportunities for ESG Recipients
- Similar data elements as the PR91 summarized at the Field Office and National levels



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## PR93 ESG Risk Status

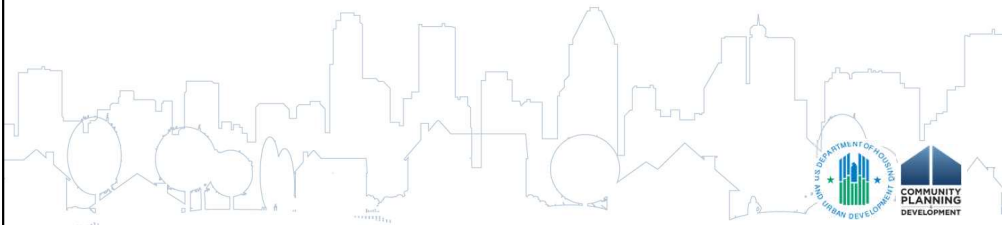
### INDICATORS:

- A. 120 Day Obligation
- B. Less than 100% Committed
- C. Less than 50% Drawn at 1 year
- D. Less than 80% Drawn at 1 ½ years
- E. Less than 100% Drawn at 2 years
- F. All Activities Completed at 2 years
- G. Administration Subfund remaining funds

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## PR93 Analysis

- Do the indicators represent a risk?
- If there is a risk, what assistance would benefit the ESG Recipient?



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## Resources

- [Guidance for ESG Recipients: Grant Based Accounting](#)
- Additional financial management training is available on the HUD Exchange: [Financial Management Curriculum](#)
- [Using IDIS Online for ESG Manual](#)
- [PART 200—UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS](#)
- [FAQS: OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards At 2 CFR 200](#)



## Resources

- [Notice SD-2015-01: Transition to 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Final Guidance](#)
- [Notice CPD 16-04: Additional Transition and Implementation Guidance for Recipients of Community Planning and Development \(CPD\) Funds for 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#)
- [ESG Financial Management Webinars](#)



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