



No. 2010-10
December 23, 2010

PROGRAM GUIDANCE

PROGRAMS: All Programs

FOR: Tribal Government Leaders, Tribally Designated Housing Entities, and the Department of Hawaiian Home Lands

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FROM: For Rodger J. Boyd, Deputy Assistant Secretary for Native American Programs

TOPIC: Federal Financial Report – Standard Form 425

PURPOSE: The purpose of this guidance is to update tribes, tribally designated housing entities (TDHE), and the Department of Hawaiian Home Lands (DHHL) on the reporting requirements for the Federal Financial Report (FFR). This guidance was previously issued as PIH Notice 2009-46.

As of October 1, 2009, the FFR replaced the Federal Cash Transactions Report (HUD-272-I and SF-272) and the Financial Status Report (SF-269 and SF-269A). The FFR applies to all Federal grants; however, this guidance focuses specifically on HUD programs used by tribes, TDHEs, and DHHL.

BACKGROUND: According to 24 CFR § 85.41 and 24 CFR Part 84, each recipient of Federal financial assistance must account for the funds received and disbursed and submit an FFR to their Area Office of Native American Programs (Area ONAP). Recipients of the following grant funds are required to prepare and submit a FFR:

- Indian Housing Block Grant (IHBG);
- Native Hawaiian Housing Block Grant (NHHBG);
- Indian Community Development Block Grant (ICDBG);
- Rural Housing and Economic Development (RHED);
- Resident Opportunities and Self-Sufficiency (ROSS);
- Native American Housing Block Grant (NAHBG) Recovery Act Formula;
- Native American Housing Block Grant (NAHBG) Recovery Act Competitive;
- ICDBG Recovery Act Competitive; and
- Native Hawaiian Housing Block Grant (NHHBG) Recovery Act.

PROGRAM GUIDANCE 2010-10 (RECIP)

FFRs are required to be submitted quarterly, semi-annually, or annually, depending on the grant type and applicable program requirements. The form must be submitted no later than 30 days after the end of the reporting period and the reporting frequencies are shown in the table below.

<i>Program</i>	<i>Reporting Frequency</i>
IHBG NHHBG ICDBG NAHBG Recovery Act Formula NAHBG Recovery Act Competitive ICDBG Recovery Act Competitive NHHBG Recovery Act.	Quarterly
RHED and Rural Innovation Fund	Annually
ROSS (2007 and prior years)	Semi-annually
ROSS (2008 and future years)	Annually

Recipients must submit an FFR for each open grant using the single grant reporting option. The financial data included in the FFR must be cumulative throughout the grant term.

Quarterly and semi-annual FFRs must be submitted to the respective Area ONAP no later than **30 days** after the end of the reporting period. Final FFRs must be submitted no later than **90 days** after the grant period end date. Reports may be submitted by regular mail, fax, or e-mail attachment.

INSTRUCTIONS FOR COMPLETING AN FFR: A copy of the FFR and instructions are attached. The form is available for downloading from the following website: <http://www.forms.gov/bgfPortal/docDetails.do?dId=15149> and the form’s instructions are available at <http://www.forms.gov/bgfPortal/docDetails.do?dId=15150>.

The FFR instructions attached to this guidance provide a line-by-line description of each component of the FFR. Recipients are expected to follow the instructions closely to ensure data accuracy, consistency, and reliability. All FFRs submitted to the Area ONAP are based on single grant reporting; therefore, only the SF-425 is used. The SF-425A is used for multiple grant reporting and is not applicable to any of ONAP’s programs at this time.

QUESTION AND ANSWER GUIDANCE: The following questions and answers are intended to address common issues pertaining to an FFR. This information should be used in conjunction with the FFR instructions attached to this guidance.

- A. When filling out the Federal agency name, do I enter “Department of Housing and Urban Development” and my Area ONAP? (Line 1)

Answer: Yes (e.g., HUD/Northern Plains ONAP or HUD/Southern Plains ONAP, etc.).

- B. What is my recipient account number or identification number? (Line 5)

Answer: This would be an account number or other identifier assigned by you, the grant recipient, not HUD. This is optional and, in most cases, this line will be blank.

C. What should I enter for “basis of accounting?” (Line 7)

Answer: Enter which basis of accounting (cash or accrual) that was used to prepare the report. See page 5 of this guidance for a definition of cash basis accounting and accrual basis accounting.

D. What is my “Project Grant Period?” (Line 8).

Answer: This depends on which grant program you are participating in, as explained below.

- For IHBG and NHHBG, the “From” date should reflect the date that the grant agreement was signed by the recipient. Since there is no “To” date associated with the IHBG or NHHBG programs or identified on the grant agreement, this line may remain blank.
- For NAHBG or NHHBG Recovery Act, the “From” date should reflect the date that the funds were made available in the Line Of Credit Control System (LOCCS) and the “To” date should reflect the date that all funds must be expended as indicated in the grant award letter.
- For ICDBG, ICDBG Recovery Act, RHED, and ROSS, the “From” date should reflect the date that the grant agreement was signed by the recipient or the Department, whichever is later, and the “To” date should reflect the date that the grant is expected and/or required to be completed.
 - In the case of ICDBG, this date should coincide with the anticipated completion date identified on the latest Implementation Schedule (HUD-4125).
 - For RHED and ROSS, this date should coincide with anticipated completion dates identified in the approved application but be no later than the grant period end date identified in the grant agreement and/or applicable Notice of Funding Availability (usually 24 to 36 months from grant award).

E. What is considered “cash” for purposes of Line 10 a-c?

Answer: For Cash Receipts (Line 10.a), enter the cumulative sum of all LOCCS draw downs received for the subject grant from inception until the end of the identified reporting period. For Cash Disbursements (Line 10.b), enter the cumulative sum of all disbursements of funds drawn down from LOCCS for the subject grant from inception to the end of the identified reporting period. Cash On Hand (Line 10.c) is the result of subtracting Line 10.b from Line 10.a.

F. What should I enter for “Total Federal Funds Authorized?” (Line 10.d)

Answer: Enter the total anticipated Federal financial assistance (including the total grant amount) authorized for the subject grant. This amount should never be less than the total grant amount reflected in LOCCS but it may be more depending on the overall level of anticipated

Federal financial assistance. This also includes the value of third-party, in-kind contributions if those contributions will be financed with Federal funds.

- For IHBG, this includes any amounts identified as Federal resources on Part 1 of Table 2 of the Indian Housing Plan (IHP).
- For NAHBG Recovery Act, this includes any Federal funds budgeted for grant activities identified in the IHP Amendment (formula funding) or the Cost Summary-NAHBG (HUD-4123A) (competitive funding).
- For NHHBG, this includes any amounts identified as HUD resources and other Federal resources on Part 1 of Table 2 of the Native Hawaiian Housing Plan (NHHP).
- For NHHBG Recovery Act, this includes any Federal funds budgeted for grant activities identified in the NHHBG Amendment.
- For ICDBG or ICDBG Recovery Act, this includes any Federal funds budgeted for grant activities on the Cost Summary-ICDBG (HUD-4123).
- For RHED and ROSS, this includes any Federal funds reflected in the approved application.

G. Should I complete Line 10.m?

Answer: No, because none of the listed programs requires program income to be used to reduce the grant amount.

H. What should I put for remarks? (Line 12)

Answer: The remarks should clarify or explain information contained in the report. Additional pages may be attached. For ONAP programs, explanations should be provided for the following:

- Cash on hand identified on Line 10.c. Explain any cash on hand that exceeds the cash needs of 3 business days. Identify any funds drawn down for investment purposes.
- Amounts entered on Line 10.l. Explain amounts entered here that include, but are not limited to, the amount of interest earned on the investment of IHBG or NHHBG funds.
- Amounts entered on Line 10.n. Describe any new grant activities to be undertaken with these funds.

DEFINITION OF TERMS: The FFR and its instructions contain several technical terms and the definitions are provided below in alphabetical order.

- *Accrual Accounting:* An accounting method that records revenue and expenses when they are incurred, regardless of when cash is exchanged. In general, economic events are recognized by matching revenues to expenses (the matching principle) at the time in which the transaction occurs rather than when payment is made (or received). This method allows the current cash inflows/outflows to be combined with future expected cash inflows/outflows to give a more accurate picture of a recipient's current financial condition.
- *Cash Basis Accounting:* An accounting method where income (or revenue) is recognized only when payment is received and expense is recognized only when payment is made. Basically, when cash is received for the sale of property, it is recorded in the accounting records as

revenue at the time. This is in contrast with accrual accounting, where the sale would be recorded in the books of account when a contract is executed rather than when cash is actually received.

- *Cash Disbursements:* Payment for goods or services in cash or by check.
- *Cash on Hand:* Cash in actual possession; also called cash-in-hand or cash-on-hand.
- *Cash Receipt:* A printed document that is logged by a recipient each time that cash is received for a good or service.
- *Federal Share of Un-liquidated Obligations:* Based on legally binding agreements between the recipient and the Federal government, the amount of Federal funds that have not been expensed, for example, an account payable for items ordered or received but the supplier has not been paid. See below for the definition of obligation.
- *Fund Accounting:* A system used by nonprofit and government organizations, including tribal governments and TDHEs. Their accounting records take the form of a collection of funds, each fund having a distinct purpose, ranging from operating expenses to funding the various activities of the organization.
- *Obligation:* Any legally binding agreement to pay a particular sum of money for contract labor, supplies, materials, or services. Please refer to PIH Notice 2000-26 (TDHEs) for a description of the different types of funding obligations.
- *Program Income Earned:* Represents gross income earned by the recipient that is directly generated by a supported activity or earned as a result of the award.
- *Total Federal Funds Authorized:* Represents the total amount of Federal funds awarded for approved activities or projects.

PROGRAM INCOME: Additional information on program income accounting and reporting requirements is detailed in the documents listed below.

<i>Document</i>	<i>Topic</i>
Section 104(a) of Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA), as amended	Treatment of program income
24 CFR Part 85 and § 85.21(f)	Effect of program income
24 CFR § 1000.62	Program income and restrictions
24 CFR § 1000.26(a)(8)	Program income and proceeds of sale of equipment
PIH Notice 2000-18(TDHEs)	Accounting for program income under NAHASDA (Q&A)
NAHASDA Guidance 2002-12	Program income requirements
NAHASDA Guidance 2001-03t	FAQs regarding program income accounting
NAHASDA Guidance 2000-06t	Accounting for program income under NAHASDA

SOURCE DOCUMENTATION RETENTION: Recipients of Federal funds are required to maintain relevant and reliable accounting systems to ensure that the information provided in the FFR is consistent and fairly presented, as required by 24 CFR § 85.20. Furthermore, recipients are required to maintain all source documents and accumulated transactional documents for expenses included in the FFR, as required by 24 CFR §§ 85.42 and 85.20.

SANCTIONS: In the event that HUD determines that a recipient has failed to comply with its financial accounting, documentation, and reporting responsibilities, HUD is authorized to initiate sanctions against the recipient, as stipulated at 24 CFR 85.43; 24 CFR Part 1000, Subpart F; and 24 CFR 1003.701-703. These sanctions include the suspension, limitation, and/or termination of the recipient's HUD-funded grants.

ADDITIONAL GUIDANCE: Contact your Area ONAP if you have any questions.

Attachment

Federal Financial Report Instructions

Report Submissions

- 1) Recipients will be instructed by Federal agencies to submit the *Federal Financial Report (FFR)* to a single location, except when an automated payment management reporting system is utilized. In this case, a second submission location may be required by the agency.
- 2) If recipients need more space to support their *FFRs*, or *FFR Attachments*, they should provide supplemental pages. These additional pages must indicate the following information at the top of each page: Federal grant or other identifying number (if reporting on a single award), recipient organization, Data Universal Numbering System (DUNS) number, Employer Identification Number (EIN), and period covered by the report.

Reporting Requirements

- 1) The submission of interim *FFRs* will be on a quarterly, semi-annual, or annual basis, as directed by the Federal agency. A final *FFR* shall be submitted at the completion of the award agreement. The following reporting period end dates shall be used for interim reports: 3/31, 6/30, 9/30, or 12/31. For final *FFRs*, the reporting period end date shall be the end date of the project or grant period.
- 2) Quarterly and semi-annual interim reports shall be submitted no later than 30 days after the end of each reporting period. Annual reports shall be submitted no later than 90 days after the end of each reporting period. Final reports shall be submitted no later than 90 days after the project or grant period end date.

Note: For single award reporting:

- 1) Federal agencies may require both cash management information on lines 10(a) through 10(c) and financial status information lines 10(d) through 10(o).
- 2) 10(b) and 10(e) may not be the same until the final report.

Line Item Instructions for the Federal Financial Report

FFR Number	Reporting Item	Instructions
Cover Information		
1	Federal Agency and Organizational Element to Which Report is Submitted	Enter the name of the Federal agency and organizational element identified in the award document or as instructed by the agency.
2	Federal Grant or Other Identifying Number Assigned by Federal Agency	For a single award, enter the grant number assigned to the award by the Federal agency. For multiple awards, report this information on the <i>FFR Attachment</i> . <i>Do not complete this box if reporting on multiple awards.</i>
3	Recipient Organization	Enter the name and complete address of the recipient organization including zip code.
4a	DUNS Number	Enter the recipient organization's Data Universal Numbering System (DUNS) number or Central Contract Registry extended DUNS number.
4b	EIN	Enter the recipient organization's Employer Identification Number (EIN).
5	Recipient Account Number or Identifying Number	Enter the account number or any other identifying number assigned by the recipient to the award. This number is for the recipient's use only and is not required by the Federal agency. For multiple awards, report this

FFR Number	Reporting Item	Instructions
		information on the <i>FFR</i> Attachment. <i>Do not complete this box if reporting on multiple awards.</i>
6	Report Type	Mark appropriate box. <i>Do not complete this box if reporting on multiple awards.</i>
7	Basis of Accounting (Cash/Accrual)	Specify whether a cash or accrual basis was used for recording transactions related to the award(s) and for preparing this <i>FFR</i> . Accrual basis of accounting refers to the accounting method in which expenses are recorded when incurred. For cash basis accounting, expenses are recorded when they are paid.
8	Project/Grant Period, From: (Month, Day, Year)	Indicate the period established in the award document during which Federal sponsorship begins and ends. Note: Some agencies award multi-year grants for a project period that is funded in increments or budget periods (typically annual increments). Throughout the project period, agencies often require cumulative reporting for consecutive budget periods. Under these circumstances, enter the beginning and ending dates of the project period not the budget period. <i>Do not complete this line if reporting on multiple awards.</i>
	Project/Grant Period, To: (Month, Day, Year)	See the above instructions for "Project/Grant Period, From: (Month, Day, Year)."
9	Reporting Period End Date: (Month, Day, Year)	Enter the ending date of the reporting period. For quarterly, semi-annual, and annual interim reports, use the following reporting period end dates: 3/31, 6/30, 9/30, or 12/31. For final <i>FFRs</i> , the reporting period end date shall be the end date of the project or grant period.
10	Transactions	Enter cumulative amounts from date of the inception of the award through the end date of the reporting period specified in line 9. Use Lines 10a through 10c, Lines 10d through 10o, or Lines 10a through 10o, as specified by the Federal agency, when reporting on single grants. Use Line 12, Remarks, to provide any information deemed necessary to support or explain <i>FFR</i> data.
Federal Cash (To report multiple grants, also use FFR Attachment)		
10a	Cash Receipts	Enter the cumulative amount of actual cash received from the Federal agency as of the reporting period end date.
10b	Cash Disbursements	Enter the cumulative amount of Federal fund disbursements (such as cash or checks) as of the reporting period end date. Disbursements are the sum of actual cash disbursements for direct charges for goods and services, the amount of indirect expenses charged to the award, and the amount of cash advances and payments made to subrecipients and contractors. For multiple grants, report each grant separately on the <i>FFR</i> Attachment. The sum of the cumulative cash disbursements on the <i>FFR</i> Attachment must equal the amount entered on Line 10b, <i>FFR</i> .
10c	Cash On Hand (Line 10a Minus Line 10b)	Enter the amount of Line 10a minus Line 10b. This amount represents immediate cash needs. If more than three business days of cash are on hand, the Federal agency may require an explanation

FFR Number	Reporting Item	Instructions
		on Line 12, Remarks, explaining why the drawdown was made prematurely or other reasons for the excess cash.
Federal Expenditures and Unobligated Balance: Do not complete this section if reporting on multiple awards.		
10d	Total Federal Funds Authorized	Enter the total Federal funds authorized as of the reporting period end date.
10e	Federal Share of Expenditures	Enter the amount of Federal fund expenditures. For reports prepared on a cash basis, expenditures are the sum of cash disbursements for direct charges for property and services; the amount of indirect expense charged; and the amount of cash advance payments and payments made to subrecipients. For reports prepared on an accrual basis, expenditures are the sum of cash disbursements for direct charges for property and services; the amount of indirect expense incurred; and the net increase or decrease in the amounts owed by the recipient for (1) goods and other property received; (2) services performed by employees, contractors, subrecipients, and other payees; and (3) programs for which no current services or performance are required. Do not include program income expended in accordance with the deduction alternative, rebates, refunds, or other credits. (Program income expended in accordance with the deduction alternative should be reported separately on Line 10o.)
10f	Federal Share of Unliquidated Obligations	<p>Unliquidated obligations on a cash basis are obligations incurred, but not yet paid. On an accrual basis, they are obligations incurred, but for which an expenditure has not yet been recorded. Enter the Federal portion of unliquidated obligations. Those obligations include direct and indirect expenses incurred but not yet paid or charged to the award, including amounts due to subrecipients and contractors. On the final report, this line should be zero unless the awarding agency has provided other instructions.</p> <p><i>Do not include any amount in Line 10f that has been reported in Line 10e. Do not include any amount in Line 10f for a future commitment of funds (such as a long-term contract) for which an obligation or expense has not been incurred.</i></p>
10g	Total Federal Share (Sum of Lines 10e and 10f)	Enter the sum of Lines 10e and 10f.
10h	Unobligated Balance of Federal Funds (Line 10d Minus Line 10g)	Enter the amount of Line 10d minus Line 10g.
Recipient Share: Do not complete this section if reporting on multiple awards.		
10i	Total Recipient Share Required	Enter the total required recipient share for reporting period specified in line 9. The required recipient share should include all matching and cost sharing provided by recipients and third-party providers to meet the level required by the Federal agency. This amount should not include cost sharing and match amounts in excess of the amount required by the Federal agency (for example, cost overruns for which the recipient incurs additional expenses and, therefore, contributes a greater level of cost

FFR Number	Reporting Item	Instructions
		sharing or match than the level required by the Federal agency).
10j	Recipient Share of Expenditures	Enter the recipient share of actual cash disbursements or outlays (less any rebates, refunds, or other credits) including payments to subrecipients and contractors. This amount may include the value of allowable third party in-kind contributions and recipient share of program income used to finance the non-Federal share of the project or program. Note: On the final report this line should be equal to or greater than the amount of Line 10i.
10k	Remaining Recipient Share to be Provided (Line 10i Minus Line 10j)	Enter the amount of Line 10i minus Line 10j. If recipient share in Line 10j is greater than the required match amount in Line 10i, enter zero.
Program Income: Do not complete this section if reporting on multiple awards.		
10l	Total Federal Program Income Earned	Enter the amount of Federal program income earned. Do not report any program income here that is being allocated as part of the recipient's cost sharing amount included in Line 10j.
10m	Program Income Expended in Accordance With the Deduction Alternative	Enter the amount of program income that was used to reduce the Federal share of the total project costs.
10n	Program Income Expended in Accordance With the Addition Alternative	Enter the amount of program income that was added to funds committed to the total project costs and expended to further eligible project or program activities.
10o	Unexpended Program Income (Line 10l Minus Line 10m or Line 10n)	Enter the amount of Line 10l minus Line 10m or Line 10n. This amount equals the program income that has been earned but not expended, as of the reporting period end date.
11	Indirect Expense: Complete this information only if required by the awarding agency. Enter cumulative amounts from date of the inception of the award through the end date of the reporting period specified in line 9.	
11a	Type of Rate(s)	State whether indirect cost rate(s) is Provisional, Predetermined, Final, or Fixed.
11b	Rate	Enter the indirect cost rate(s) in effect during the reporting period.
11c	Period From; Period To	Enter the beginning and ending effective dates for the rate(s).
11d	Base	Enter the amount of the base against which the rate(s) was applied.
11e	Amount Charged	Enter the amount of indirect costs charged during the time period specified. (Multiply 11b. x 11d.)
11f	Federal Share	Enter the Federal share of the amount in 11e.
11g	Totals	Enter the totals for columns 11d, 11e, and 11f.
Remarks, Certification, and Agency Use Only		
12	Remarks	Enter any explanations or additional information required by the Federal sponsoring agency including excess cash as stated in line 10c.
13a	Typed or Printed Name and Title of Authorized Certifying Official	Enter the name and title of the authorized certifying official.
13b	Signature of Authorized Certifying Official	The authorized certifying official must sign here.
13c	Telephone (Area Code, Number and Extension)	Enter the telephone number (including area code and extension) of the individual listed in Line 13a.
13d	E-mail Address	Enter the e-mail address of the individual listed in Line 13a.

FFR Number	Reporting Item	Instructions
13e	Date Report Submitted (Month, Day, Year)	Enter the date the <i>FFR</i> is submitted to the Federal agency using the month, day, year format.
14	Agency Use Only	This section is reserved for Federal agency use.

FEDERAL FINANCIAL REPORT

(Follow form instructions)

1. Federal Agency and Organizational Element to Which Report is Submitted	2. Federal Grant or Other Identifying Number Assigned by Federal Agency (To report multiple grants, use FFR Attachment)	Page 1 of pages
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3. Recipient Organization (Name and complete address including Zip code)

4a. DUNS Number	4b. EIN	5. Recipient Account Number or Identifying Number (To report multiple grants, use FFR Attachment)	6. Report Type <input type="checkbox"/> Quarterly <input type="checkbox"/> Semi-Annual <input type="checkbox"/> Annual <input type="checkbox"/> Final	7. Basis of Accounting <input type="checkbox"/> Cash <input type="checkbox"/> Accrual
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8. Project/Grant Period (Month, Day, Year) From: _____ To: _____	9. Reporting Period End Date (Month, Day, Year)
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10. Transactions Cumulative

(Use lines a-c for single or multiple grant reporting)

Federal Cash (To report multiple grants, also use FFR Attachment):

a. Cash Receipts	
b. Cash Disbursements	
c. Cash on Hand (line a minus b)	

(Use lines d-o for single grant reporting)

Federal Expenditures and Unobligated Balance:

d. Total Federal funds authorized	
e. Federal share of expenditures	
f. Federal share of unliquidated obligations	
g. Total Federal share (sum of lines e and f)	
h. Unobligated balance of Federal funds (line d minus g)	

Recipient Share:

i. Total recipient share required	
j. Recipient share of expenditures	
k. Remaining recipient share to be provided (line i minus j)	

Program Income:

l. Total Federal program income earned	
m. Program income expended in accordance with the deduction alternative	
n. Program income expended in accordance with the addition alternative	
o. Unexpended program income (line l minus line m or line n)	

11. Indirect Expense	a. Type	b. Rate	c. Period From	Period To	d. Base	e. Amount Charged	f. Federal Share
g. Totals:					0	0	0

12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation:

13. 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 intent set forth in the award documents. I am aware that any false, fictitious, or fraudulent information may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 18, Section 1001)

a. Typed or Printed Name and Title of Authorized Certifying Official	c. Telephone (Area code, number, and extension)
	d. Email Address
b. Signature of Authorized Certifying Official	e. Date Report Submitted (Month, Day, Year)

14. Agency use only:

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Paperwork Burden Statement
 According to the Paperwork Reduction Act, as amended, no persons are required to respond to a collection of information unless it displays a valid OMB Control Number. The valid OMB control number for this information collection is 0348-0061. Public reporting burden for this collection of information is estimated to average 1.5 hours per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0061), Washington, DC 20503.