HOPWA Admin and Financial Controls

HOPWA Financial Regulations

- Coast Allocation Principles:
  - The White House Office of Management and Budget (OMB) provides financial management guidance to all federal agencies.
    - OMB Circulars (A-21, A-50, A-87, A-89, A-102, A-110, A-122, and A-133)
  - 24 CFR 200

What Are Cost and Allocation Principles?

- Cost principles are used to determine if costs of work performed under federal awards are allowed and can be reimbursed by the federal government.

- To be eligible for payment, all expenditures must be allowable, reasonable, and allocable.

Allowable?

A cost may be charged to the HOPWA program if it meets OMB standards and conforms to HOPW regulations.

To be allowable, a cost must meet all of the following requirements:

- It is included within the description of eligible activity HOPWA regulations
- It was incurred directly or indirectly for the benefit of an eligible HOPWA client
- It conforms to any limitations specified in the HOPWA grant application, grant award, and grant agreement.
- It is adequately documented.
- It is determined to be reasonable (as described in 2 CFR 200.404) and allocable (as described in 2 CFR 200.405)to the HOPWA grant.

Reasonable?

Costs are considered "reasonable" if they do not exceed what a prudent person would incur under similar circumstances. All cost must pass the "rational person" test by meeting all of the following criteria:

- The cost is of a type generally recognized as ordinary and necessary for the operation of the organization, the delivery of the activity, or the performance of the award.
- The cost meets market prices for comparable goods or services as evidenced by cost estimates and documentation.
- The individuals responsible for incurring the cost acted with prudence in the circumstances and to the benefit of the organization and its activities.
- The cost has been incurred after following the established practices of the organization, in accordance with the terms and condition of the award.

Allocated?

Every cost should be allocated to a particular cost objective. A “cost objective” is any activity that incurs a cost that is recorded in a financial system, such as the paying of wages, providing direct assistance, administering a grant, and buying equipment. Every allocated cost benefits a cost objective either directly or indirectly.

- In order to be considered “properly allocated” and eligible to be charged to a federal grant, all costs must meet one of these conditions:
  - The cost is incurred directly for the purposes of a specific grant/contract. (direct cost)
  - The cost benefits more than one contract objective and can be distributed among these objectives in reasonable proportion to multiple grant contracts. (direct cost)
  - The cost is necessary to the overall operation of an organization, although a direct relationship may not be clear (example, accounting audits). (indirect)

Unallowable Costs

These include:

- Entertainment
- Contributions or donations to others
- Political costs, including lobbying and attempts to influence elections
- Fines and penalties against the organization (except as a result of compliance with award provisions or written instructions from HUD)
    - Note: HOPWA funds may pay for client fines and penalties that are part of utility arrears. These costs may be paid under Permanent Housing Placement to enable connection of the client's utilities or under STRMU utility assistance for eligible clients.
- Travel costs are allowable for local travel tied to direct activities and for participation in approved HOPWA training and technical assistance activities. Agencies should have written policies in place for coverage or reimbursement of travel costs.
- Any payments made directly to an applicant.
- Any expense that may be a direct or preserved conflict of interest.
- Duplication of benefits/service cost
- Cost incurred before the terms of the contract, unless otherwise noted in the approved contract

Allowable STRMU Cost

- Rent including arrears
- Mortgage including arrears
- Utilities including arrears

Unallowable STRMU Cost

- STRMU mortgage assistance for taxes, insurance, or condo fees that are not included on the monthly mortgage statement are, therefore, not eligible
- Assistance beyond the STRMU cap period
- if the eligible person is not named on a valid lease either as a tenant or an authorized occupant, the person has no legal right to reside in the unit and is therefore not eligible for STRMU assistance.
- Mortgages for properties in foreclose proceedings
- mobile homes, motor homes, trailers, recreational vehicles, and other like vehicles with wheels on the ground, capable of relocating and not attached to the
- STRMU assistance cannot be provided to households receiving rental assistance for the same period of time from HOPWA or another federal, state, or local housing assistance program
- Assistance for someone who is homeless or name is not on the lease/mortgage/utilizes
- household supplies, furnishings, automobile/transportation, and basic phone service costs are not eligible under STRMU.

Allowable PHP Cost

- Security deposit (rent & utility)
- Utility hookup fees
- First month’s rent (when required for occupancy and no ongoing housing subsidy, whether HOPWA or another program, is expected)
- Last month’s rent (when required for occupancy and no ongoing housing subsidy, whether HOPWA or another program, is expected)
- Application fee
- Rental insurance (first month only)

Unallowable PHP Cost

- The following costs are not eligible under HOPWA PHP:
  - costs for housing supplies,
  - smoke alarms,
  - standard furnishings,
  - minor repairs to the unit associated with the move-in, and other incidental costs for occupancy of the housing unit.
  - Housing search
  - Inspections
  - Move-in cost (rental trucks, packing material)
  - Ongoing rent/utilities
  - Drug testing

TBRA Allowable Cost

- Rent (FMR & Rent Reasonableness)
- Utility Allowance
- Housing Inspection

TBRA Unallowable Expense

- Mortgage
- Arrears
- Utilities related to entertainment
- Utilities beyond the utility allowance
- Move-in cost
- Deposits
- Rent on units that does not pass inspection, rent reasonableness, or stationed to the ground.

Admin Costs

HOPWA administrative costs include costs for general management, oversight, coordination, evaluation, and reporting.

- Administrative costs are those costs or functions that support operations in general, such as bookkeeping and compilation and reporting of data. Costs directly related to carrying out eligible activities (such as calculating rental assistance amounts or performing housing quality inspections) should not be charged as administrative expenses.
- Administrative costs may be direct or indirect costs. 2 CFR Part 200.413(c) describes the limited conditions under which administrative personnel costs could be considered direct, rather than indirect, costs.
- HOPWA regulations cap administrative costs at 7% for project sponsors.

- Documentation is required for Admin Cost.

Quiz!!!!

Q1.

- The Joy Group, a HOPWA agency, purchased apple computers and phones for HOPWA staff to use when engaging applicants.

- Is this allowable?
  - Yes
  - No

Q2.

- Your agency have multiple grants including Ryan White, ESG, and HOPWA. Your staff provides services to applicants in all three grants, and you prorate the amounts accordingly. At the end of the grant year, you noticed that you are running low on ESG and Ryan White funds, and because all of your grants are for homeless/at risk individuals, you decided to charge 100% of your staff time to HOPWA (due to the availability of funds).

- Is this appropriate?
  - Yes
  - No

Q3

- Your agency host group session for a group of transgender women in the community. To help keep the sessions exciting and to keep the women engaged, you decided to purchase a foosball table along with a game station to place in your meeting room. This expense was charged to the grant under support services due to the outreach to the transgender community.

- Is this allowable?
  - Yes
  - No

Q4

- Joy Group is a first time HOPWA agency that has multiple federal grants. Joy Group has 30 full time staff which includes 3 executive staff. Five of these 30 staff members works directly with the HOPWA program and one executive staff works indirectly to provide oversight, management, and budgeting. After receiving the HOPWA grant, the Joy Group gave all of their executive staff a 10% increase and non executive staff a 5% increase.

- Is this allowable?
  - Yes
  - No

Q5.

- Your agency is going on a HOPWA approved training. During the training, you decided to treat a few other HOPWA agencies’ staff to dinner. You charged the meal to HOPWA and provided appropriate receipts.

- Is this allowable?
  - Yes
  - No