



# Connecticut Balance of State Continuum of Care

*Ending Homelessness in Connecticut* | Email: [ctboscoc@gmail.com](mailto:ctboscoc@gmail.com) | Website: [www.ctbos.org](http://www.ctbos.org)

## *Overview of Continuum of Care (CoC) Fiscal Requirements*

Part 2- 6/13/23

*Training Provided by Housing Innovations  
Howard Burchman & Lauren Pareti*

6/13/23  
Agenda  
Session #2:

- Ineligible Costs
- Documenting Staff Time
- Project Administration Costs
- Indirect Costs
- Single Audits
- Grant Expenditures
- eLOCCS
- Compensation and Gifts
- Internal Controls
- Sanctions

# Examples of impermissible fees

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Recipients and sub-recipients may not charge participants any fee other than rent or occupancy charges. May not charge:

- Program fees
- Air conditioning fees
- Lost key fees
- Legal fees
- Security deposits
- Damage fees
- Mandatory savings



# Unallowable costs all Federal awards

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Advertising and public relations

Alcoholic beverages

Bad debts

Contributions and donations

Entertainment costs

Fines, penalties, damages and other settlements

Fundraising and

investment management costs

Goods or services for personal use

Interest expenses

Lobbying

Losses on other awards and contracts

Taxes



# Restrictions on Combining Funds

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In a single structure or housing unit, the following assistance may not be combined (24 CFR 578.87(c))

- Leasing and acquisition, rehabilitation, or new construction
- Short- or medium-term rental assistance and acquisition, rehabilitation, or new construction
- Rental assistance and leasing
- Rental assistance and operations

# Documenting Staff Time



Timesheets suffice for employees who work in a single project and a single budget line



For employees who work on more than one activity, direct and/or indirect, timesheets must be supported by personnel activity sheets



Time sheets must reconcile to activity logs (e.g., case notes for service staff, maintenance logs for operations staff)

Sample Rapid Rehousing Project (CT0123) - Personnel Activity Log

Staff Name	Staff Title	Activity Date	Eligible Activity	Brief Description	Hours
Jane Doe	Project Manager	3/10/19	Project Administration	Completion of Annual Performance Report	8
Jane Doe	Project Manager	3/15/19	Project Administration	Compliance review of participant charts	6
Jane Doe	Project Manager	3/18/19	Supportive Services	Supervision meeting with Case Manager	1
Jane Doe	Project Manager	3/18/19	Rental Assistance	HQS Inspection	1.5

By signing below, I hereby certify that the tasks described in this log have been completed.

Staff Signature:

Date:

Supervisor Signature:

Date:

Sample Personnel Activity Log

# Administrative Funding



Admin funding is a direct cost

## Eligible Admin costs include:

- General management, oversight and coordination
- Costs required for administration of the program including rental/purchase of equipment, insurance, utilities, office supplies, rental and maintenance of office space
- Training on CoC requirements
- Environmental review
- Cannot exceed 7% of CoC grant



# Eligible Costs – Project Administration

General management, oversight, and coordination:

- ✓ Preparing program budgets and schedules
- ✓ Developing compliance systems
- ✓ Monitoring compliance
- ✓ Developing agreements with subrecipients and contractors
- ✓ Preparing reports and documents for HUD
- ✓ Coordinating audit and monitoring findings resolution
- ✓ Evaluating the program against stated objectives
- ✓ Managing/supervising the functions above
- ✓ Third party contracts: Legal, accounting, and audit services
- ✓ Rental or purchase of equipment, insurance, utilities, office supplies, rental/maintenance of office space



# Sharing – Project Administration

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- Recipients must share at least 50% of project administrative funds with its sub-recipients.

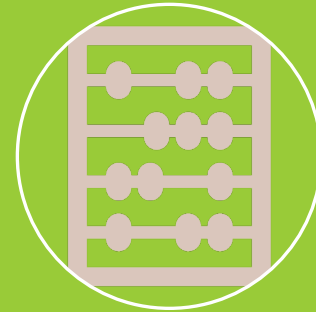
# Administrative billing requires documentation



If billing for staff, must have time sheets or similar documentation to support charges



If also claiming indirect costs, must be certain that no costs charged to admin are also claimed as indirect



All expenses must be linked to eligible administrative activity



# Indirect Costs

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Indirect costs are organizational expenses that serve the general needs of the organization and are difficult to precisely allocate to individual projects

- Examples include General Administration, Fiscal Services, Human Resources, Information Technology
- Each organization determines which costs will be billed as direct or indirect
- Once classified, expenses must be treated consistently, and NO expense can be billed as both direct and indirect

All grantees may elect to claim indirect costs

- May either negotiate a rate or
- May claim the 10% de minimis indirect rate

# Are Indirect and Administrative Costs Charged Differently?

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Administrative costs are billed as direct costs - They must be billed based on actual costs incurred with backup for staff hours and benefits and reimbursable expenses

Indirect costs are billed based on a percentage of adjusted direct costs – once the rate is established (or the de minimis rate accepted) the costs can be billed without the necessity of backup documentation

# 10% De Minimis Rate

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**2 CFR  
200.414(f)  
recipients  
and  
subrecipients  
may claim the  
10% de  
minimis rate  
if:**

- They do not currently have and never have had a negotiated indirect cost rate
- They will use the rate indefinitely and consistently for all Federal awards until the entity chooses to negotiate a rate
- The de minimis will be based on Modified Total Direct Costs (MTDC)

# Exclusions from MTDC

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Equipment

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Capital expenditures

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Charges for patient care

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Rental costs

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Tuition reimbursement

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Scholarships and fellowships

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Participant support costs

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Portion of each subaward and subcontract in excess  
of \$25,000



# Examples of CoC costs excluded from MTDC

## Rental assistance

- Short-, medium- and long-term rental assistance
- Security deposits
- Property damages

## Leasing

- Rent
- Utilities
- Security deposits
- ~~Property damage~~  
XXXXXXXXXXXX

## Supportive services

- Childcare
- Moving costs
- Education, employment assistance, job training, tuition, scholarships
- Food
- Mental health, outpatient health, substance use treatment
- Utility deposits



# Admin and Indirect

- You may claim indirect costs on allowable admin costs
- Because HUD has classified admin funds as direct costs, the 10% limit on admin funding does not apply to costs billed as indirect
- Any cost charged to the admin funding line must have back-up in terms of time sheets for salaried staff, invoices and allocation methodology for costs such as audits that are shared between programs
- Costs paid for by indirect fees do not require documentation
- Make certain that costs paid for with indirect funds are not also covered by direct costs

## Using Indirect Costs in the CoC Program

Organizations must indicate at time of initial or renewal application to HUD intent to charge indirect costs

- With advance HUD approval, unrecovered indirect costs can be applied to matching funds requirement

If organization has a negotiated rate, a copy of the agreement must be attached to HUD application





# Can Indirect Costs Help with Match?

2 CFR 200.306 “Unrecovered indirect costs, including indirect costs on cost sharing or matching may be included as part of cost sharing or matching only with the prior approval of the Federal awarding agency.

Unrecovered indirect cost means the difference between the amount charged to the Federal award and the amount which could have been charged to the Federal award under the non-Federal entity's approved negotiated indirect cost rate.”

# Example of Indirect Cost Rate calculation

Grant Totals		Calculations for Indirect			Adjusted Budget		
Item	Total	Excluded	Included	Rate	Indirect cost	Adjusted direct	Total
Case managers	\$50,000	\$0	\$50,000	10%	\$5,000	\$45,000	\$50,000
Rental asstnce	\$85,000	\$85,000	\$0	10%	\$0	\$85,000	\$85,000
Subgrant, legal	\$50,000	\$25,000	\$25,000	10%	\$2,500	\$47,500	\$50,000
Admin Staff	\$15,000	\$0	\$15,000	10%	\$1,500	\$13,500	\$15,000
Total	\$200,000	\$110,000	\$90,000		\$9,000	\$191,000	\$200,000

## Poll: Indirect Costs

Which of the following is NOT correct:

- Many costs can be charged as either direct or indirect – each recipient determines what, if any, costs will be billed as indirect
- Recipients claiming the 10% de minimis indirect rate are allowed to claim 10% of their total CoC budget as indirect costs
- Provided that a recipient has established controls to ensure that no cost is billed both as a direct and indirect, documentation of expenses is NOT required for costs billed to indirect
- To claim indirect costs on a CoC grant, a recipient must first inform HUD in the project application



# Single Audit Requirement

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Agencies receiving a combined total of more than **\$750,000** in federal funds in a year must obtain a Single Audit (2 CFR 200.501)

- Selection of an auditor, required financial statements, audit findings follow-up are specified in 2 CFR 200.500
- Follow-up and corrective actions must be taken on all findings in a Corrective Action Plan
- Must be submitted to HUD within 9 months of end of audit period

# Tracking Spending



**CoC grantees are expected to fully expend HUD grants**

- Renewal grants will be scored on the extent to which they have fully expended grants with points lost for under-expenditure

**All project partners are responsible for closely monitoring spending on all CoC grants:**

- Regularly assess expenditures against the amount available on each eligible budget line
- Increase spending to draw down funds or seek a contract amendment/modification to move funds to where they can be spent

# E-LOCCS Drawdowns

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On-line secure system for drawing down contract funds

- Must submit HUD forms to be able to gain access to system
- Must create security questions and PIN

For new contracts drawdowns in e-snaps will trigger contract start date

Drawdowns must be at least quarterly – accounts are suspended if not accessed every 90 days

Funds must be obligated during the contract term and expended (for activities during the contract term) no later than 90 days after contract execution



# Compensation and Gifts

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Except for persons with lived experience, all CoC members serve without compensation



All CoC members are prohibited from soliciting or accepting gifts or gratuities while carrying out the business of the CoC in the hope or expectation of receiving a favor for their personal benefit.

## 5 Key Internal Controls

- Organizational structure – as documented by organizational charts and position descriptions
- Policies and procedures – including hiring policies
- Separation of duties – especially related to handling revenue and expenditures
- Secure recordkeeping system
- Regular reconciliation of budgets and records

# Sanctions that HUD May Take

Suspending	Suspending payments
Continuing	Continuing the grant with a substitute grantee of HUD's choosing
Denying	Denying matching credit and requiring further match contributions
Requiring	Requiring grantee to reimburse the HUD line of credit
Reducing or terminating	Reducing or terminating the grant
Imposing	Imposing conditions on future grants
Imposing	Imposing other legally available remedies



## Poll – True or False

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- We can reduce underspending by paying in advance for services from outside contractors.
- We have 120 days from the grant end date to draw down funds from eLOCCS.
- If I get locked out of eLOCCS, I will be able to draw down any unspent funds whenever HUD restores my access.

# Federal Requirements

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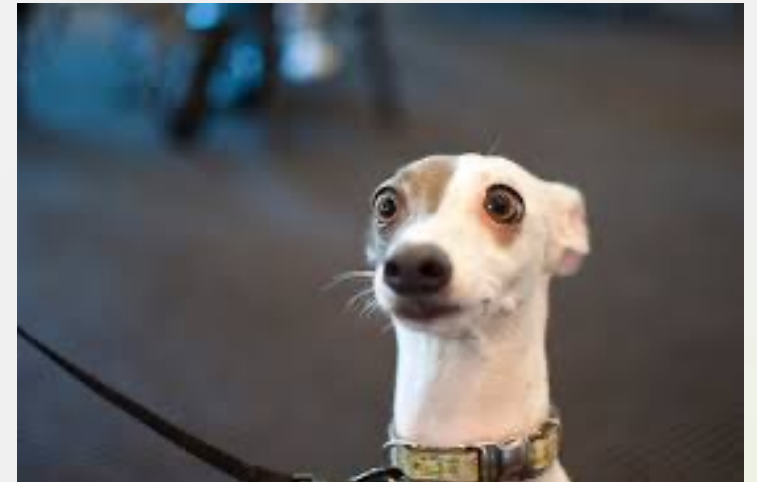


- [CoC Program Interim Rule](#)
- [Uniform Administrative Requirements, Cost Principles, & Audit Requirements for Federal Awards](#)
- [HUD CoC Program Notices](#)
- [HUD CoC FAQs](#)
- [YHDP HUD Resources for Youth Service Providers](#)

# CoC Monitoring Guide - No Surprises!

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- Compiles requirements into one document
- Includes criteria used during monitoring
- Cites regulations, notices, and policies
- Includes links to resources





# Final Questions & Suggestion?

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THANK YOU FOR PARTICIPATING

# CT BOS Team (Housing Innovations)

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CT BOS CoC

[ctboscoc@gmail.com](mailto:ctboscoc@gmail.com)

Suzanne Wagner

[swagner@housinginnovations.us](mailto:swagner@housinginnovations.us)

Howard Burchman

[hburchman@housinginnovations.us](mailto:hburchman@housinginnovations.us)

Andrea White

[awhite@housinginnovations.us](mailto:awhite@housinginnovations.us)

Lauren Pareti

[lpareti@housinginnovations.us](mailto:lpareti@housinginnovations.us)

Shannon Quinn-Sheeran

[shannon@housinginnovations.us](mailto:shannon@housinginnovations.us)

Myles Wensek

[mylesw@housinginnovations.us](mailto:mylesw@housinginnovations.us)

Liz Isaacs

[lisaacs@housinginnovations.us](mailto:lisaacs@housinginnovations.us)