The Office of Management and Budget (OMB) has streamlined the OMB Circulars on Administrative Requirements, Cost Principles, and Audit Requirements for all Federal awards into one document, referred to as the Super or Omni Circular. The Super Circular combines eight previous federal regulations into comprehensive guidance codified at 2 CFR Part 200 (Subpart A-F) effective December 26, 2014.

24 CFR Part 576 – Governing regulations

24 CFR Part 576.201 - Matching requirements

and...

Please don’t forget

YOUR GRANT AGREEMENT

with Harris County
## Eligible Activities

<table>
<thead>
<tr>
<th>Component</th>
<th>Serving:</th>
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<tbody>
<tr>
<td></td>
<td>Those who are Homeless</td>
</tr>
<tr>
<td>1. Street Outreach</td>
<td>√</td>
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<tr>
<td>2. Emergency Shelter</td>
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<tr>
<td>3. Homelessness Prevention</td>
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<tr>
<td>4. Rapid Housing</td>
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<td>5. Homeless Management</td>
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<tr>
<td>Information System (HMIS)</td>
<td>√</td>
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<tr>
<td>Administration</td>
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</tbody>
</table>

Details and instructions are located at 24 CFR 576 – Subpart B – Program Components and Eligible Activities (24 CFR 576.100 – 109)
Eligible Activities

Emergency Shelter: Eligible Costs

Essential Services

- Case Management
- Child Care
- Education Services
- Employment Assistance & Job Training
- Outpatient Health Services
- Legal Services
- Life Skills
- Mental Health Services
- Substance Abuse Treatment Services
- Transportation
- Services for Special Populations
Eligible Activities

Emergency Shelter: Eligible Costs

- Shelter Operations
  - Maintenance
  - Rent
  - Security
  - Fuel
  - Insurance
  - Utilities
  - Food
  - Furnishings
  - Equipment
  - Supplies
## Eligible Activities

- **Homelessness Prevention**
- **Rapid Re-Housing**

### Eligible Costs

#### Housing Relocation and Stabilization Services

<table>
<thead>
<tr>
<th>Financial Assistance</th>
<th>Services</th>
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</thead>
<tbody>
<tr>
<td>Moving costs</td>
<td>Housing search &amp; placement</td>
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<tr>
<td>Rent application fees</td>
<td>Housing Stability Case Management</td>
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<tr>
<td>Security deposits</td>
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</tr>
<tr>
<td>Last month's rent</td>
<td>Legal Services</td>
</tr>
<tr>
<td>Utility deposits</td>
<td>Credit repair</td>
</tr>
<tr>
<td>Utility payments</td>
<td></td>
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</tbody>
</table>
Financial Management System Requirements

Financial management systems are required to meet certain standards.

Your financial systems must be able to:

1. Control & account for funds, property & other assets.
2. Identify source & application of funds.
3. Allow accurate, complete & timely reporting.
4. Minimize the time between expending funds and seeking reimbursements from CSD.
Internal Controls – Omni Circular Part 200
Subpart D 200.303

What are internal controls?

Internal controls are those measures taken by the organization for the purpose of:

- Protecting resources against waste, fraud, and inefficiency by helping detect and prevent errors and/or abuses;
- Ensuring accuracy and reliability in accounting and operating data;
- Securing compliance with the policies of the organization; and
- Evaluating the level of performance in all units of the organization.
Effective controls provide reasonable assurance regarding the accomplishment of established objectives. An effective internal control system generally consists of five components:

- **Control Environment** – Management integrity
- **Risk Assessment** – Does management plan and consider the possibility of errors within certain activities?
- **Control Activities** – Has management employed policies and procedures designed to prevent certain errors?
- **Information and Communication** – Has management received feedback or reports as to the effectiveness of a procedure and has that information been communicated to involved individuals?
- **Monitoring** – A control that ensures an independent verification or internal audit function is performed on whether management routinely spot checks compliance with procedures, agreement terms, regulations, etc.
Internal Controls (Cont'd)

OMB & Waste, Fraud and Abuse Risk Assessments and Mitigation:

- Sub-recipient should be able to document and describe how it specifically identifies, mitigates and prevents instances of fraud, waste and abuse.
- Sub-recipient will need to develop tools in evaluating the probability and measures for mitigating waste, fraud and abuse.
- This year’s monitoring efforts will include examining financial policies and procedures and working with sub-recipient in developing procedures that address this new area of emphasis.
Internal Control System

More specific examples and elements:

- Organizational chart that provides clear definition of functional areas within your organization
- Written delineation of job duties
- Accounting policies & procedures
- Separation of duties
- Hiring policies
- Control over assets & documents
- Record Retention
- Reconciliation of records
Budget Controls

Key elements with regard to Budget Control Activities include:

- Keeping records on budgeted amounts, revisions and amendments.

- Comparing obligations & expenditures to planned budgets & accomplishments, a.k.a (Benchmarking your expenses to “units served”)

- Reporting deviations from budgets & forecasts
Accounting Records

Accounting system should include:

- Chart of accounts
- Cash receipts journal
- Cash disbursements journal
- Payroll journal
- General ledger
Accounting Records

Source documentation required (match/leverage included):

- All expenditures must be supported by the appropriate source documentation: copies of canceled checks, invoices, purchase orders, receipts, time distribution reports, bank statements, complete lease agreements, eviction notices, notices of termination, etc.

Also, ensure that program costs were:

- Expended on eligible items
- Incurred for the proper period
- Approved by appropriate officials
- Actually disbursed
Record Retention

- Recipients of federal funds are responsible for proper recordkeeping and retention. Records should be sufficient to establish an audit trail for all transactions involving federal funds. An audit trail for federal funds originates with the preparation of the grant application or contract proposal, and includes adequate records to support statements in the application document.

- ESG records must be kept 5 years after the conclusion (Close-out) of the program: effectively 6 years.
Match Requirements

- Each ESG sub-recipient, other than a territory, must match the funding provided by CSD with an equal amount of funds from other sources.
- Matching funds must be related to expenditures occurring after the date of the grant award.
- Funds used to match a previous ESG grant may not be used to match a subsequent grant award.

24 CFR 576.201 contains match requirements
Match Requirements (Cont’d)

In general, matching funds provided may consist of:

- Amount of funds from other sources;
- Salary paid to staff (not included in the award) to carry out the project of the Grantee;
- The value of any donated material or building, or of any lease, calculated using a reasonable method to establish a fair market value;
- Time contributed by volunteers; and
- Through matching funds or voluntary efforts provided by any recipient or project sponsor.
Cost Principles

Requirements can be found in
Omni Circular  Part 200 Subpart E

Three components to cost principles:

- **Cost reasonableness**: Is the amount being claimed necessary and reasonable?
  (a.k.a “The prudent person test”)
- **Cost allow-ability**: Is the amount allowable under circulars & regulations?
- **Cost allocation**: Can the amount be reasonably and accurately allocated to the program?
Cost Reasonableness

Costs charged to ESG must be necessary, reasonable & directly related to the grant.

Be sure to look at:

- Whether cost is ordinary & necessary
- In line with market prices for comparable goods/services
- Individuals involved (conflict of interest)
Cost Allowability

In general, cost must be:

- Statutorily allowed
- Authorized or not expressly prohibited
- Conform to & consistent with rules & requirements
- Not charged to any other program
- Within the regulatory “CAPs”, e.g. (Homeless prevention, shelter, administrative, etc...)

Cost Allocation

A cost is acceptable to the program if it is:

- Treated regularly with other similar costs
- Incurred precisely for the program
- Benefits the program or can be dispersed based on a reasonable proportion

And/or

- Necessary to operations
- Within the specific cost category of your agreement.
Direct & Indirect Costs

Direct costs can be identified with specific programs or activities.

Indirect costs (IDC) are incurred for common/joint purposes benefiting more than one program or activity:
- Administrative salaries
- Accounting expenses
- Facility maintenance

NOTE: CSD DOES NOT CURRENTLY ALLOW IDC!
(unless a cost allocation plan was approved during the agreement development phase.)
Audits

Federal programs are subject to review or audit!!

When spending $750,000 or more in “Federal Awards” per year, specific rules apply.

Grantees & Sub-recipients **must** adhere to Omni Circular  Part 200 Subpart F – Audit Requirements.

If your organization expends more than $750,000 in federal funds, you are required to transmit your audit to CSD’s Office of Finance and the Harris County Auditor as well as the Single Audit Clearinghouse.

*PLEASE ADVISE YOUR AUDITOR OF THESE REQUIREMENTS*
Procurement Rules

The non-Federal entity must use its own documented procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law. Sub-recipients must adhere to Federal procurement rules in Federal Regulations 200 Subpart D when purchasing:

1. Services
2. Supplies & materials
3. Equipment

Procurement policies must be in place and must follow written procedures & document compliance.
Technical Assistance

- Your Reimbursement Request Templates will be provided to you by email prior to the start of the program period. These templates are tailored to agree with the terms of your agreement scope, budget, and authorized activities.
- Onsite Technical Assistance will be provided to you on the use of these forms and templates, if necessary.

Please don’t hesitate to seek Technical Assistance when needed!
CSD Monitoring & More Technical Assistance

The Office of Financial Services has a library of Financial Resources that each of you are invited to utilize.

Those resources include: Books and guides not-for-profits, internal control guides and the Federal Grants Management Handbook which is updated monthly.
CSD Monitoring & Technical Assistance

We encourage you to please contact CSD Accountants and/or Financial Monitors for ongoing Guidance and Technical Assistance related to the financial operations surrounding your grant award.

Each year, CSD Financial Monitors engage in joint monitoring visits with the CSD Grants Management section and may conduct an independent monitoring visit as well.

At some point during the course of your award period, you will be monitored by CSD Financial Monitors.

CSD Grant Accountants perform desk reviews of your reimbursement requests. The accountants are responsible for periodic communications and ongoing technical assistance as well.
EESG Grant Accounting:
Alice Salazar: 713-578-2258
email: alice.salazar@csd.hctx.net

Financial Monitoring:
Peter Broussard: 713-578-2076
email: peter.broussard@csd.hctx.net
Financial Forms

As a “rule of thumb” remember

GREEN and WHITE = Input needed
PINK, GREY and YELLOW = LOCKED!!

Also, failure to update the current invoice with any previous adjustments may postpone payment by AT LEAST 2 weeks!!
Financial resources are available on the following websites:

- http://www.csd.hctx.net/
- http://www.hud.gov/
- http://www.ecfr.gov/cgi-bin/text-idx?SID=6214841a79953f26c5c230d72d6b70a1&tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl
Important Notice

Please be advised that “DIRECT DEPOSIT” is available.
Questions and Answers