

Allegheny County Continuum of Care (PA-600)

Financial Management Systems Policies and Procedures for CoC Program funding through U.S. Department of Housing and Urban Development

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Overview

Allegheny County Department of Human Services (DHS) is the Lead Agency, or Infrastructure Organization (IO), for the Allegheny County Continuum of Care (CoC). This designation has been annually approved by the Homeless Advisory Board (HAB), which serves as the guiding body for the CoC. Within its IO role, DHS is the designated grantee for all HUD CoC grants. DHS formerly accepts the HUD award, enters into contract with HUD and manages the distribution of funding to sub-recipients. As such, all sub-recipients are contracted providers with DHS and must abide by DHS’s contract and fiscal policies and procedures. Within this contracting procedure, and in accordance with HUD requirements, DHS monitors the sub-recipient, expenses funding to the sub-recipient and audits the sub-recipients.

DHS has the necessary capacity and procedures in place to fulfill oversight responsibilities and ensure sub-recipient compliance. In addition to the Bureau of Homeless Services (BHS) having a dedicated Program-Finance Specialist who maintains an up-to-date understanding of HUD requirements and conducts a monthly review of all invoices and receipts for each sub-recipient, DHS’s Office of Administrative and Information Management Services (AIMS) is the Department’s

designated authority for financial management, budgets, contracts and compliance, human resources, and information systems. AIMS, on a rotational basis, review sub-recipients internal controls, audits, cash management and adherence to accounting standards and principles. AIMS will review sub-recipients' receipts and invoices for accuracy and ensure providers have paid and posted reimbursed and allowable expenses as required. DHS also maintains expenditure data for each sub-recipient's contract agreement by original funding source, amount and contract period in the JDE computer system. Sub-recipients are offered Technical Assistance (TA) should the need arise for the sub-recipient to maintain or return to compliance.

In 2016-2017 DHS developed and launched the fiscal enterprise, which is a four-function project to consolidate, integrate, organize, and automate our fiscal systems and processes to deliver seamless standardized services to our providers and internal staff. On July 1st of 2017 the MPER program funded piece of the project was phased in which provides the ability to manage budgets and invoices electronically, and allows the ability for easy reporting of budget and invoice details.

Furthermore, DHS is part of Allegheny County Government and operates within the County financial management system. As such, DHS is included in the county's single annual audit by a third-party auditing firm to ensure compliance with accounting standards and internal controls. This also means County financial oversight systems on in place regarding the disbursement of funds; for full County fiscal administration information, please see *Allegheny County Federal Grants Management Manual*.

Policies and Procedures

As sub-recipients are contracted providers with DHS, they are required to adhere to all DHS fiscal policy and procedures as outlined in the contracting process. ***This document is intended to highlight the specific policies and procedures relevant to the CoC, and pertinent to the disbursement and oversight of funds from the HUD CoC Program.***

Conflict of Interest

As part of their contract with DHS, the sub-recipient acknowledges that the County, as a recipient of federal and state funds for the Department, is required to ensure that the sub-recipient adheres to and complies with applicable federal and state funding requirements outlined in DHS's [Incorporated Standard Federal/State Terms and Conditions Manual](#). Section 32 of the referenced manual states that "The Contractor covenants that it presently has no interest and shall not acquire any interest either direct or indirect, which would conflict in any manner or degree with its performance under the Agreement. The Contract agrees not to knowingly employ any person having such an interest. The Contractor certifies that no member of the board of the Contract or any of its officers or directors has such an adverse interest." Also, any new provider to DHS must complete a [new provider application](#), page 2 of which seeks information on the background of board of directors.

Procurement Procedure

To ensure a fair and uniform procurement process, DHS follows established standards. When the Homeless Advisory Board (HAB) votes to reallocate funding or to apply bonus funding to a new provider agency, a Request for Proposal (RFP) will be drafted following existing DHS procurement requirements and format. During the drafting period, evaluation criteria for the RFP will be developed to evaluate and score submitted proposals by a diverse, unbiased and properly trained

evaluation committee. The RFP will be widely posted and advertised for at least a 30-day solicitation period. Proposers may contact DHS to inquire throughout the solicitation period and BHS staff will be available to serve as content experts and will answer Proposers questions that are received up to five days before the deadline. Answers to Proposers questions will be posted online. Complete submissions received on time will be reviewed. Proposers not awarded the contract have the options to receive feedback from BHS staff and DHS procurement. DHS will post the RFP along with final documentation, contract information, date of execution, award amount and length of contract for public inspection.

The full procurement process can be found in the HUD Procurement Procedure

LOCCS Drawdown Procedure

DHS has developed a comprehensive procedure to ensure accurate, allowable and timely reimbursement to sub-recipients. The Line of Credit Control System (eLOCCS) is the U.S. Department of Housing and Urban Development's (HUD) primary grant disbursement system, handling disbursements for most HUD programs. HUD grant sub-recipients track all costs incurred from the first of the month and ending on the last calendar day of each month. Sub-recipients will submit invoices and all receipts to the Bureau of Homeless Services (BHS) by the 10th day of the following month via the fiscal enterprise in MPER. BHS will review and analyze the invoice and receipts, including reimbursement eligibility and budget. If the review and analysis is approved then, BHS will then complete a LOCCS Drawdown form and complete the draw in eLOCCS within **7-10 days**. The invoice and receipts will be approved by BHS then moved on to AIMS for processing and authorization. AIMS will then forward invoice to the Allegheny County Controller's office for payment. Payment to sub-recipient will take **approximately 20 days** from the time the sub-recipient submits documentation of eligible cost/expenditures.

The full drawdown procedure can be found in LOCCS Drawdown Procedure

Financial Oversight Expectations and Actions

I. Audit

Sub-recipients expending federal funds in excess of \$500,000 annually are required to submit a certified audit, in accordance with the guidelines specified by Federal OMB Circular A-133, per the [DHS Contract Specifications Manual](#). After the audit, a copy of the full audit must be filed with the DHS. DHS staff review the audit and findings and if needed take appropriate action regarding any findings. Per County policy, DHS is audited by the Controller of Allegheny County annually. All audits are done in accordance with the A-133 circular and Yellowbook. County Audits are available on the [Controller's website](#).

DHS meets each of the requirements of 2 CFR 200.302. The HUD application for each individual sub-recipient is incorporated as the work statement of the contract between DHS and the sub-recipient. This document outlines all the information required per section A of 2 CFR 200.302. DHS meets the requirements of Section B of 2 CFR 200.302 by posting a summary of HUD awards to the DHS webpage. After HUD makes its award announcement, a DHS BHS staff member prepares a summary of DHS HUD awards and sends the summary to the DHS webmaster who makes the information publicly available on the DHS webpage. DHS acknowledges that it is not required to publicize information otherwise exempt under the Freedom of Information Act or controlled unclassified information pursuant to E.O. 13556.

The full county financial policy can be found on page 10 of the Federal Grants Management Manual.

II. Source and application of funds for federally sponsored activities

Funding is provided through federally awarded grants under the annual HUD CoC NOFA application process. Funds are applied based upon the technical submissions provided by the sub-recipients and approved through the application process by both DHS and HUD. All approved costs applied to the grants are eligible for reimbursement by HUD funds, within the limits of the grant and budget line items, based on the rules set forth in CFDA 14.267 or CFDA 14.235 as applicable. All payments are made on an actual cost, reimbursement methodology, where DHS provides payment to the sub-recipient and then seeks payment through eLOCCS for actual costs up to the contract limitations. Specific costs are monitored at submission, and prior to reimbursement by the Program-Finance Specialist in the DHS Bureau of Homeless Services.

The full county financial policy can be found on pages 5, 9, and 13-16 of the Federal Grants Management Manual.

III. Allowable costs

The Bureau of Homeless Services' Program-Finance Specialist conducts a detailed review of monthly claims, which are submitted by sub-recipients in the fiscal enterprise system. The Program-Finance Specialist then sends the claim to the fiscal department after review and approval in the system. Fiscal staff reviews and codes the claim, which is then automatically turned into an actual invoice for payment in On-Base (DHS's document management system). The invoice is then forwarded electronically in On-Base to the Central Payables Unit (CPU) Manager, who then forwards it to CPU Staff for processing. The CPU Staff will upload the information into JDE from On-Base and send it electronically via On-Base to the CPU Manager for approval in On-Base. Once approved in On-Base, the CPU Manager will forward the invoice electronically through On-Base to the Controller's Office (Accounting Department) for processing and then for payment. Upon payment, the invoices are sent to the final paid queue of the Principal Accountant, who then sends them electronically through On-Base to the work queue of the accountant for completion of redistribution. Invoices are sent to the Program-Finance Specialist via On-Base, after payment so expenses can be drawn from HUD by the Housing Administrator. Procedures are followed in accordance with OMB Circular A-133 Section A: Allowed and Unallowed.

IV. Cash Management

The sub-recipient sends monthly invoices to DHS via the MPER/Fiscal Enterprise system, where the expenditures are reviewed for allowable/unallowable costs by looking at the supporting documentation (timesheets, payroll, rental payments, misc. receipts). After the Program-Finance Specialist reviews the invoice, they prepare an actual cost invoice, which shows a breakdown of the expenditures that the County will reimburse. The Program-Finance Specialist then sends the invoice to AIMS for the preparation of the voucher. AIMS sends the voucher to the Controller's Office to be booked. After DHS has been billed and the invoice is paid; a reimbursement is requested from HUD. Before reimbursement is requested, the Bureau of

Homeless Services' Program-Finance Specialist prepares a LOCCS/VRS SNAPS (Special Needs Assistance Program) Request Voucher for Grant Payment form for each HUD category. The form categorizes the expenditures for each HUD program/grant. The expenditures are obtained directly from the MPER/Fiscal enterprise system. This form also shows the 2.5%-3.5% of administrative costs that the County receives, if applicable to the particular HUD grant. The Program-Finance Specialist requests the reimbursement from HUD after it was approved for payment in the MPER/Fiscal Enterprise system. When the Program-Finance Specialist receives this form, he logs into the federal system (eLOCCS) to request the reimbursement. The system will either accept or reject the request. If the request is accepted, the Bureau of Homeless Services maintains the originals. The Program-Finance Specialist also completes a deposit schedule/Receipt of Collections, which is forwarded to the Treasurer's Office. This schedule identifies the cost center to which the money is to be deposited. Once the reimbursement is requested from HUD, the funds are forwarded to the Treasurer's Office, where it is deposited into the proper account. Upon deposit, receipts of each deposits are forwarded to the Bureau of Homeless services to review for accuracy and uploaded to the On Base document storage system for filing. There is no interest earned on this money. Procedures are followed in accordance with OMB Circular A-133 Section C: Cash Management.

The full county financial policy can be found on pages 17-30 of the Federal Grants Management Manual.

V. Matching

Expenses are broken into six line items – acquisition/construction/rehab, leasing, Rental Assistance, operating, supportive services, and administration. Sub-recipients bill 100% of expenses to the County. The County and the sub-recipient have a dollar-for-dollar match for acquisition/construction/rehab. For rental assistance, operating, supportive services and administration costs, the sub-recipient receives 100% reimbursement as long as the provider can show the required match (25%). There is no match for real property leasing. However, administrative costs are capped at 7% of total costs and the 7% is split equally between the County and the sub-recipient. The matching and earmarked funds are broken out on the Actual Cost Invoice that the program office prepares when a provider submits its documentation for expense reimbursement. Any HUD funding is for new programs or the renewal of established programs. The Bureau of Homeless Services' Program/Fiscal Specialists monitor the programs to ensure that funds are being used appropriately. Procedures are followed in accordance with OMB Circular A-133 Section C: Cash Management.

VI. Comparison of Expenditures with budget amounts

On a monthly basis AIMS compares cumulative operating and grant expenditures to the certified award amounts. The comparisons are shared with the DHS administration and provide an invaluable tool in planning and controlling spending and support funding requests. On-going revenues and expenditures are the best measure to track changes. Every unit, including the Bureau of Homeless Services is encouraged to take a long term strategic approach to providing its services. This approach entails a monthly review of costs that must be incurred to provide valuable services at the most efficient and understandable cost. Once this level of funding is established, increments to the baseline are considered. Ideally this would involve: Defining the current and future levels of services provided, evaluating current operations and identifying

issues and the gaps to provide future levels of service, and looking across organizationally for resource allocations and efficiencies.

The full county financial policy can be found on pages 17-30 of the Federal Grants Management Manual.

VII. Procedures for determining the reasonableness, allocability, and allowability of costs

Sub-recipients submit invoices to the Bureau of Housing Services Program-Finance Specialist on a monthly basis. The Specialist reviews submitted invoices, including: actual costs, receipts and any supporting documentation (including match documentation) to ensure that submitted costs are allowable under HUD and CoC regulations, and the terms and conditions of the award. Costs must be supported by the corresponding budget line item from HUD and evidence of the appropriate matching funds/services, as listed in the submitted invoice. AIMS reviews all A-133 audits and conducts annual audits of all contracted providers for compliance with Federal Cost principles. All submitted costs must also follow the purchasing and expense guidelines set forth by Allegheny County in the Payment Provisions Manual and by the Federal Government under 2 CFR 200. Any costs found to be in excess of contracted/allowable amounts; that cannot be supported with evidence to allocability or allowability; or are otherwise in violation of Federal cost principles are denied reimbursement.

The full county financial policy can be found on pages 22-25 of the Federal Grants Management Manual.

VIII. Accounting procedures: recording cost accounting supported by source documentation

The overriding principle of cost reporting and support documentation requires:

- Accurate, current and complete disclosure of the financial results of each program area;
- Records that identify adequately the source and application of funds for all activities. These records shall contain information pertaining to awards, authorizations, obligations, unobligated balances, assets, outlays, income and interest. This includes records to support all amounts claimed for cost-sharing or matching requirements.
- Effective control over and accountability for all funds. Recipients shall adequately safeguard all such assets and assure they are used solely for authorized purposes.
- Comparison of outlays with budget amounts for each award. Whenever appropriate, financial information should be related to performance and cost data.
- Written procedures to minimize the time elapsing between the transfer of funds to the recipient or redemption of checks, warrants or payments by other means for program purposes by the recipient.
- Written procedures for determining the reasonableness, allocability and allowability of costs in accordance with the provisions of the applicable generally accepted accounting principles and the terms and conditions of the all awards.
- Accounting records including cost accounting records are supported by source documentation.
- Allegheny County Department of Human Services reports annually the fiscal activity of the Department.

- Cost report reflect the “big picture” of DHS and is designed to present a fair and consistent representation of the costs and revenue sources involved in providing human service programs administered by the Department of Human Services.
- Reports contain data on the total human service activity as well as detailed data on the three major program divisions Support, Health and Social Services. In addition to expenses and revenue data, the fiscal reports provide notes and technical remarks, graphic overviews and trend data

The full county financial policy can be found on pages 20-21 of the Federal Grants Management Manual.

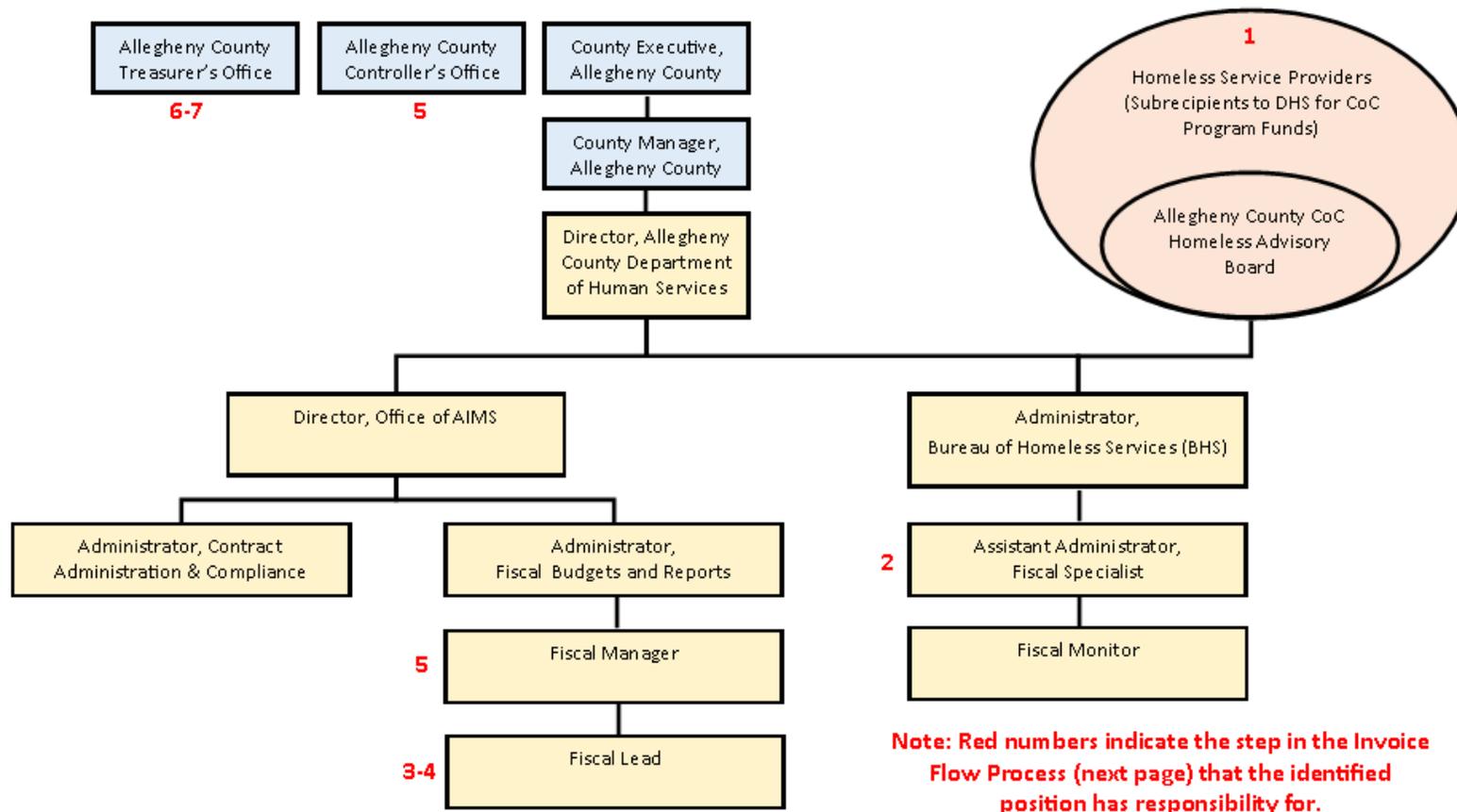
Ensuring Compliance

As detailed throughout the above described procedures, oversight of sub-recipients is provided by both the Bureau of Homeless Services (BHS) and the Office of Administrative and Information Management Services (AIMS). This oversight and monitoring includes, but is not limited it to, monthly invoice and reporting reviews and rotational reviews of internal controls, audits, cash management and adherence to accounting standards and principles. As such, fiscal monitoring by the BHS is in addition to the regularly scheduled audits and monitoring conducted by AIMS. When individual issues are identified, they are immediately responded to, a process supported by the policy that any issues with invoices must be resolved before an invoice is approved for payment. If more systemic issues are identified, or when a sub-recipient is found to be non-compliant with the financial requirements Technical Assistance (TA) will be offered. TA is also provided should the sub-recipient reach out to DHS for support, when DHS or the CoC determine that a sub-recipient could benefit from assistance or DHS receives complaints through the Directors Action Line. A formal letter will be provided to the sub-recipient and a Corrective Action Plan will be developed to bring the sub-recipient into compliance. The annual performance assessment of sub-recipients includes consideration of fiscal compliance, and results are provided to the HAB for consideration when determining ranking and reallocation.

For a complete description of the fiscal monitoring process, as well as information regarding programmatic monitoring of sub-recipients, see the Monitoring Guide for Sub-recipients.

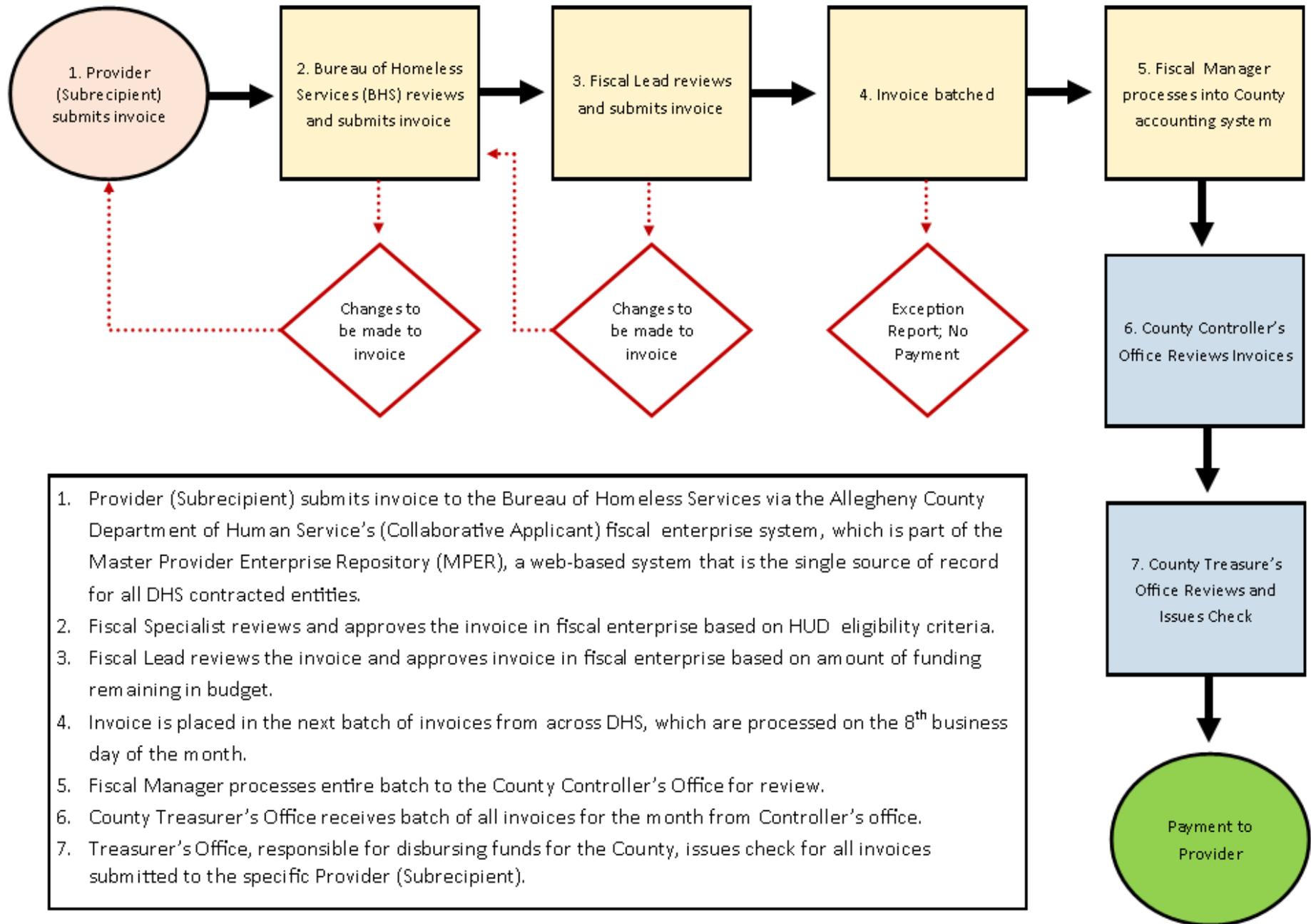
Organizational Responsibility Chart

Financial Management Structure



Since 1995, Allegheny County Department of Human Services (DHS) has been designated as the Lead Agency and Collaborative Applicant for the Allegheny County CoC (PA 600). In this role, DHS is the designated grantee for all HUD CoC grants; DHS formerly accepts the HUD award, enters into contract with HUD and manages the distribution of funding to subrecipients. As such, all subrecipients are contracted providers with DHS and must abide by DHS's contract and fiscal policies and procedures. This Organizational Chart depicts the DHS structure pertinent to financial management of the HUD CoC Program Funds, which includes multiple levels of control within the Bureau of Homeless Services, the Office of Administrative and Information Management Services (AIMS) (DHS's designated authority for financial management, budgets, contracts and compliance, human resources, and information systems), and Allegheny County Government as a whole.

Invoice Flow Process



1. Provider (Subrecipient) submits invoice to the Bureau of Homeless Services via the Allegheny County Department of Human Services (Collaborative Applicant) fiscal enterprise system, which is part of the Master Provider Enterprise Repository (MPER), a web-based system that is the single source of record for all DHS contracted entities.
2. Fiscal Specialist reviews and approves the invoice in fiscal enterprise based on HUD eligibility criteria.
3. Fiscal Lead reviews the invoice and approves invoice in fiscal enterprise based on amount of funding remaining in budget.
4. Invoice is placed in the next batch of invoices from across DHS, which are processed on the 8th business day of the month.
5. Fiscal Manager processes entire batch to the County Controller's Office for review.
6. County Treasurer's Office receives batch of all invoices for the month from Controller's office.
7. Treasurer's Office, responsible for disbursing funds for the County, issues check for all invoices submitted to the specific Provider (Subrecipient).