Missouri Housing Development Commission

2024 Emergency Solution Grant Program
Compliance Training

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Agenda

- Introduction and Housekeeping
- Purpose and Structure
- Site Visits
- Desk Reviews
- Financial Back-up, Client Files, and Shelter Forms
- Compliance Determination
- Replacement Back-up & Corrective Action Plans

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Introduction and Housekeeping

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- This PowerPoint should be paired with the ESG 2024 Desk Guide, Finance training, and Funded Agency training
- All dates are subject to change
- All grantees are expected to be prepared for an unscheduled site visit at all times following the grant period

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Purpose

- Per 24 CFR Part 576 "HUD will review the performance of each recipient in carrying out its responsibilities under this part whenever determined necessary by HUD"
- In order to ensure accurate spending of Emergency Solutions Grant (ESG) funds, prevent fraud and abuse, and to identify technical assistance needs, MHDC staff will monitor grantees program compliance

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Structure

- Grantee reviews may be conducted in person as a **Site Visit** or virtually as a **Desk Review**
- In both instances, grantees will have to provide the requested documentation to MHDC in a timely manner
- Once a grantee has reached the <u>25% spent threshold</u> of their total grant they become eligible for a compliance review
- MHDC will request that grantees provide three types of documents: Financial Back-up, Client Files, and Emergency Shelter building forms (if applicable)

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Structure Cont.

- Only expenses billed to ESG that have already been reimbursed will be reviewed
- The information reviewed is gathered from the HMIS reports, comparable database reports, and Expense Detail Forms (ESG-212) submitted with the grantee's Payment Requests
- All grantees are responsible for ensuring that their listed grant contacts are up to date
- Review will end with an **exit interview** and ultimately followed with a **compliance report**

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Site Visits

- Site visits can be scheduled or unscheduled
- For a scheduled review the Compliance Officer will email all contacts on the grantee's Agency Contact Page at least **two weeks prior** to the proposed visit
- The grantee will not be provided the names of the files to be checked prior to the visit; this is to ensure that all files will be reviewed in the state in which they are normally maintained

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Site Visits Cont.

- The requested files are expected to be produced as hard copy documents
- If the grantee keeps electronic files in lieu of paper files, the grantee will be required to print all required documentation for site visits
- If grantee is funded in the Emergency Shelter component, a habitability inspection will be conducted the day of the review

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Desk Reviews

- All grantee's contacts listed on the Agency Contact Page will be emailed to schedule the review at least **two weeks prior** to the prosed date
- The morning of the review the grantee will be provided, via email, highlighted copies of the ESG-212 forms from any approved payment requests, and a list of client IDs pulled from any submitted HMIS/Comparable Database reports
- The highlighted ESG-212's indicate which expenses supporting documentation (Proof of Need and Proof of Payment) must be accounted for
- The client ID's provided indicate which case files must be pulled for review

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Desk Reviews Cont.

- The grantee will have **10 business days** to complete the upload of all requested materials once a review period has been selected
- All requested documentation should be assembled in an orderly fashion, scanned, and submitted electronically
- All documentation must be scanned, and submitted electronically to: www.mhdc.com/bigfile
  - "Attn. HUD Programs Department – Reviewer's Name – Grant #

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Financial Back-up

- MHDC may request Financial Back-up for any expenses listed on any ESG-212 that was submitted with an approved payment request
- Financial Back-up consists of Proof of Need (or cost incurred) and Proof of Payment
- There are some types of expenses that should have Proof of Need or Proof of Payment documented differently

Financial Back-up

- Proof of Need (Cost Incurred)
  - Must show that the cost was incurred prior to reimbursement being requested and within the eligible grant period
  - Generally documented with an invoice and/or receipt from the vendor
  - Invoices and/or receipts created by the grantee or by a third-party not involved in the transaction **do not count as Proof of Need**

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Employee Salaries and Benefits

- Charges to ESG for salaries and wages must be based on records that accurately reflect the work performed
- Employee paystub and timesheet are the ideal combination
- Timesheets should include:
  - A breakdown of hours worked per-day under each eligible expense type that may be billed to the ESG grant
  - Signatures from both the staff and their supervisor certifying the authenticity of the timesheet
  - Calculation showing the maximum amount of their salary (and benefits if applicable) that can be billed to the ESG grant for that pay period

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Transportation

- Can only be billed to the ESG grant using the federal mileage reimbursement rate
- Proof of Need must be documented via travel logs
  - Must have the date of travel, mileage, route, and purpose of travel, client ID #
  - Must have the calculation showing the number of eligible miles multiplied by the federal mileage reimbursement rate

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Minor or Routine Maintenance

- Major rehabilitation and renovation are not eligible for reimbursement under the ESG program
- Eligible actives include:
  - Cleaning activities
  - Protective or preventative measures to keep a building, its systems, and its grounds in working order
  - Replacement of appliances that are not permanently affixed to the building
  - Periodic replacement of a limited number of component parts of a building feature or system that are subject to normal wear and tear

Rent for Grantee's Building

- Should be a legally-binding lease
- If the entire building is not being used for eligible purposes under the same component, then:
  - Grantees must also include a calculation showing that the portion of the rent being billed under each component is proportional to the amount of square footage that is being used for eligible purposes under the component

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Hotel/Motel Vouchers

- Should be an the invoice showing the charges, the nights stayed, and either the client or room number so it can be tied to the client name and/or room number in the detail description on the ESG-212
- If multiple nights or room are being billed on the same invoice, then the invoice should be broken out per room in addition to a summary page with the total expense

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Financial Back-up

- Proof of Payment
  - Must show that the cost was paid for prior to reimbursement being requested and within the eligible grant period
  - Generally should be documented with canceled checks or bank statements with the specific payment highlighted
  - Must **always** come from a third-party source

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Equipment and Supplies with Receipt

- Many retail chains show both the incurred expense and payment information on their receipts. These receipts can count as Proof of Need and Proof of Payment if the following criteria are met:
  - The receipt is itemized
  - The receipt shows the form of payment, information about the payment method (i.e., last 4 of card number), and the date and time of purchase
  - The receipt is from a well-known retail chain who has a recognizable receipt

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Employee Salaries and Benefits

- Should be documented with paystubs and/or cleared checks
- Although paystubs and cleared checks are preferred, bank statements with the specific payment highlighted will also cover Proof of Payment

Client Files – All Programs

- MHDC-114 Consent and Homeless Certification Form
  - Must be signed by both the client and agency staff
  - All verification documentation must be kept in client file
- HMIS/Comparable Database Consent Form
- Initial intake and eligibility assessment documentation
- Case management documentation

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Client Files – Rapid Rehousing & Homelessness Prevention

- ESG-201 Income Eligibility Worksheet
- Alternative income assessment tools **if applicable*
  - MHDC-103 Self-Declaration of Income
  - MHDC-112 Income Verification
  - Supporting documentation used to verify income and assets must be kept the file
- Photo ID and Social Security Identification
  - Required for all members of the household over 18

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Client Files – Rapid Rehousing & Homelessness Prevention Cont.

- Proof of Need & Proof of Payment for all direct payments made on client's behalf
- ESG-209 Recertification Form **if applicable*
  - The new income documentation collected at rectification must be kept in the file in addition to the documents utilized at intake.
- For all on-going rental assistance payments the following is required:
  - Rental Assistance Agreement between grantee and landlord
  - Valid lease with VAWA Lease Addendum
  - ESG-204 Receipt of Assistance
  - ESG-205 Habitability Standards Checklist
  - ESG-206 Rent Reasonableness and FMR Certification
  - ESG-207 Lead Screening Worksheet

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Emergency Shelter Building Forms

- All grantees funded in the Emergency Shelter subcomponent are required to keep on file up to date copies of the following:
  - ESG-205 Habitability Standards for Emergency Shelter Form
  - ESG-207 Lead Screening Worksheet
- These must be completed within the current grant period and kept on site at the shelter
- These documents must be furnished during a Site Visit and will be a requested upload in a Desk Review

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Exit Interview

- At the conclusion of the Site Visit, the reviewer will discuss any observations made during the compliance visit with agency staff present
- The grantee will be given the opportunity to discuss any findings as well as other questions and concerns with the Site Visit
- At the conclusion of a desk review, the grantee will be sent an exit interview email highlighting any observations made during the Desk Review and provide the grantee the opportunity to reply to any findings and ask questions

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Compliance Report

- All grantees will receive a compliance report within 30 days of their Exit Interview at the end of their compliance review
- The report will be delivered via email and will summarize any areas for improvement and/or findings. This is where "out of compliance" matters are made official
- Minor findings may not require any corrective action, but major findings will always require a Corrective Action Plan (CAP)
- A CAP must include a detailed summary of action taken or planned to be taken in order to address the findings from the compliance review

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Replacement Back-up

- If ineligible expenses are found during a compliance review, replacement expenses (Back-up) must be submitted
  - The replacement expenses must be ESG eligible, have occurred within the grant period, and have not already been requested for reimbursement
- Grantee will be provided with the Replacement Back-up form that must be completed and included Proof of Need and Proof of Payment for each replacement expense
- If agency is unable to replace ineligible expenses, repayment of costs may become necessary

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Thank you

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