

2023 VA Permanent Housing Conference

SSVF Compliance

December 2023



Choose **VA**

VA



U.S. Department
of Veterans Affairs

GOAL

**Overview of SSVF
Compliance with a focus on
general Fiscal Operations
and Internal Controls.**

Agenda

- **Opening Remarks**
- **Fiscal Update**
- **Internal Controls**
- **Small Group Activity**
- **Q & A**

Thank You!



Choose **VA**

VA



U.S. Department
of Veterans Affairs

Getting to Know You

- Getting to know your SSVF Team, OBO, TA and SSVF Grantees
 - Who we are
 - Where we are from
 - Why we do this work
- Turn to the people at your table and introduce yourself:
 - Where are you from?
 - How long have you been working with homeless?
 - What made you want to work with SSVF?
 - What do you hope to gain from the next two days?

Show of Hands!

**How long have you been with
SSVF?**

Less than 6 months

6 months – 1 year

1 – 2 years

2 years +



Choose VA

VA



U.S. Department
of Veterans Affairs

The Compliance Team

SSVF Compliance Office

- **Jeffrey Houser, Compliance Officer**
- **Rico Aiello, Project Coordinator**
- **Carolyn Head, Projector Coordinator (Finance)**

Office of Business Oversight (OBO)

- **Jeff Brean, Director, Grants Review Division**
- **Allen Ackles, Senior Auditor**
- **Christina Singleton, Senior Auditor**

RESOURCES

SSVF Compliance Webpage

- [Compliance \(va.gov\)](#)

SSVF Education Webpage

- [SSVF Education \(va.gov\)](#)

Legal Authorization- Final Rule

- https://www.va.gov/HOMELESS/ssvf/docs/SSVF_Final_Rule.pdf

NOFO

- <https://www.va.gov/homeless/ssvf> **and** <https://www.grants.gov/web/grants/home.html>

Program Guide

- <https://www.va.gov/homeless/ssvf/index.asp>

OMB Super Circular

- <https://www.govinfo.gov/app/details/CFR-2014-title2-vol1/CFR-2014-title2-vol1-part200/summary>
- <https://www.cottoncpa.com/wp-content/uploads/2016/07/OMB-Super-Circular-Doc.pdf>



FACTS & MYTHS

Financial Operational Fitness Assessment (FOFA) ensures compliance with SSVF Regulations, NOFAs, and grant agreements.



Permanent Housing Conference SSVF Compliance Session Fiscal Management

Presenter:

Carolyn Head, Management Analyst

FINANCIAL OVERVIEW

- FY22 and ARP final end date 9/30/23
 - \$464 million
- FY23 target end date 03/31/24
 - \$431 million
- FY24 target budget cycle 04/01/24-12/31/24 (nine months)
 - \$799 million
- Concurrently, Shallow Subsidy expansion funding end by 9/30/24
 - \$350 million
- Concurrently, if awarded, Supplemental NOFA end by 9/30/26
 - \$138 million

SSVF Financials 101

Budget

- Must submit a budget for Program Office approval each grant year. Spending only allowed on approved budget line items unless program change is submitted and approved.

Mandatory Spending Requirements

- 1st quarter: 15% min. 35% max
- 2nd quarter: 40% min. 60% max
- 3rd quarter: 65% min. 80% max
- Failure to meet requirements will result in mandatory return of funds and may affect future funding levels.
- Potential for voluntary return of funds and request for additional funds as a result of natural disasters.

Extensions

- Can be approved for 1 month extension to reach program goals.

End of Year Closeout

- Federal Financial Report (FFR) in Payment Management System (PMS)
- Financial Expenditure Report (FER): Custom template provided by Program Office; a description of budgeted vs. actual expenses, funding changes, and justifications (per line item) for variances +/- 10%.

- End of Year Activity Submission in UDPaaS

HHS Payment Management System (PMS)

- Must gain access to PMS system as new user. Follow instructions posted on PMS website:
<https://pms.psc.gov/>
- Drawdown requests can be done as frequently as needed.
- Last business day of quarter is used to determine spending requirement compliance.

Budget Basics

- Admin is limited to up to 10% of budget total and includes costs for “supporting the grant”.
 - Examples- Support staff, HR, Payroll, Insurance etc.
- Services include costs associated with providing direct provisions of the grant.
 - Examples- Staff Salary for those dealing directly with SSVF clients, costs to provide these services such as building space, computers, supplies, etc.
- Cost Plan and Budget
 - Grantees must specify in both the budget and narrative tabs, what program costs will be used for the direct provision and coordination of supportive services and which costs are associated with the management of the program
 - Line items in each budget should be clearly specified in the narrative, including estimated cost and time commitments of SSVF personnel.

END OF YEAR CLOSEOUT

- End of Year Closeout Activity in UDPaaS
 - Due 45 days after budget cycle end date
 - Incur expenses by final end date and then complete final drawdown in HHS Payment Management System (PMS)
 - Federal Financial Report (FFR) for each account completed in PMS **AFTER** final drawdown but **PRIOR** to submission of End of Year Closeout Activity.
 - Financial Expenditure Report (FER) is an excel template emailed by SSVF Program Office; Grantees note budgeted and actual expenses, funding changes, and justification (per line item) for variances +/- 10%.
 - Submit Activity UDPaaS (i.e. certification questions, upload documents, etc.)

FISCAL MANAGEMENT BEST PRACTICES

- Coordination between Program and Fiscal Staff
- Frequent drawdowns in HHS Payment Management System (PMS)
- Grantee Spending Tracking
- Timely processing of invoices and internal controls
- Finance communication with Program Office – Regional Coordinator is Point of Contact

FACTS & MYTHS

Budget management is the sole responsibility of the fiscal team.



INTERNAL CONTROLS AND UNALLOWABLE VS ALLOWABLE

Presentation for:
Permanent Housing Conference
November 2023

Enhancing Internal Controls

- The importance of Internal Controls in Managing Federal Grants
- Objectives of Internal Controls
- Financial Internal Controls
- Operational Internal Controls

The Importance of Internal Controls in Managing Federal Grants

It is crucial to establish a structure for successful administration of the grant program. Internal controls define responsibilities, specify required reports and mitigate risks. The use of internal controls provides reasonable assurance that operational objectives may be achieved. These controls should include the following:

- **Management Responsibility**

- Grant application, budget development, amendments and spending plans, and program structure, overall compliance, financial reporting and sub-recipient monitoring, if applicable

- **Report Requirements**

- Quarterly Reports, Progress Reports, Personnel Changes, delays in reaching goals, Close Outs

- **Risk Assessment**

- Inefficient or ineffective members of the grant management team
- Inaccurate time and effort reporting or supporting documentation
- Cost over runs or funds remaining at conclusion of grant period
- Delayed or inaccurate reporting to funding agency
- Inadequate grants management policies and procedures, training, or implementation
- Compliance with applicable laws and regulations

The Importance of Internal Controls in Managing Federal Grants

- Additional key factors that support a strong internal control system.
 - Separation of responsibilities/duties
 - an effective conflict of interest program.
- An internal control system should **establish division of responsibilities for those individuals who prepare, review, affirm, negotiate, and/or approve grants.** In this respect, **internal control is each employee's responsibility.**
- If **insufficient staffing** is an issue, then an objective third party, familiar with the grant details and agency requirements, could provide a compensating control.
- In the area of grants, duties of the management related **support staff should be different from duties of the general support staff.**

The Importance of Internal Controls in Managing Federal Grants

- **Conflict of interests can be financial, reputational, or personal** (i.e. use of grant funds for personal equipment or travel). **Employment of relatives can be perceived as a conflict if a personnel action is within a hiring manager's span of management control, even when the relative is not a direct report.** Each agency should include a conflict of interest section in their grant administration policy and require mitigation plans when conflicts of interest are identified.
- Opportunities for errors exist at each step of the grant administration process, increasing the risks of incorrect financial reporting, non-compliance with regulations, fines, and/or return of funds to the granting agency.
- Internal controls **designed to detect errors are essential to successful operations.** The challenge is to identify risk areas and to design controls that will **reduce risks or to detect vulnerabilities.**

Objectives of Internal Controls

- **Objective 1: Ensure Compliance with Federal Regulations**
 - Regularly review and update grant-related policies to meet federal guidelines.
- **Objective 2: Safeguard Assets**
 - Segregate duties
 - A financial management system that provides:
 - Identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received.
 - Accurate, current, and complete disclosure of the financial results of each Federal award
 - Records that identify adequately the source and application of funds for federally-funded activities.
 - Effective control over, and accountability for, all funds, property, and other assets.
 - Comparison of expenditures with budget amounts for each Federal award.

Objectives of Internal Controls

- **Objective 3:** Prevent Fraud and Misuse of Funds
 - Conduct regular internal reviews or audits to detect and deter fraudulent activities.
 - Implement a Fraud, Waste and Abuse Policy.
- **Objective 4:** Enhance Accountability and Transparency
 - Conduct annual financial audits by external auditors and ensure Single Audit compliance, if applicable.

Financial Internal Controls

Segregation of Duties

A core internal control and an essential component of an effective risk management strategy. Segregating duties emphasizes sharing the responsibilities of key business processes by distributing the discrete functions of these processes to multiple people and departments, helping to reduce the risk of errors and fraud.

- Finance team separates responsibilities for authorizing, recording, and reconciling transactions.
 - The person approving expenses should be separate from the person recording the transaction and the person reconciling the bank records.
 - Regularly reconcile bank statements with accounting records to identify discrepancies.
 - Establish a clear hierarchy for approving expenditures to ensure accountability.

Operational Internal Controls

SSVF Veteran Eligibility

The intake person should be separate from the case manager and the supervisor signing the Certificate of Eligibility Form (COE) should review all eligibility documents for legitimacy and ensuring the Veteran name and SS# is consistent with the participants ID and Veteran status documents. They should ensure all documents are complete before signing the COE or the Recertification of Eligibility Form.

TFA

The person requesting TFA for their client should be separate from the person approving TFA and should be separate from the person paying TFA. To ensure this is working, using a check request form or similar process can help mitigate this risk.

Implementing Internal Controls

Tips on implementing internal controls effectively

- Ensure written policy and procedures exist for each control measure
- Train staff on control procedures
- Conduct internal control checks to verify they are working (QA/QC Program)
- Regular review and updating policies as needed and include additional training as necessary
- Regular review of regulatory and program guidance
- Management oversight
- Review of Single Audit or Financial Statement Audit results to identify high-level internal control deficiencies

Internal Controls Small Group Activity

- As a group read the finding on a previous FOFA
- Develop an action plan to address the finding
- What internal controls are needed?
- What changes would you make to prevent a reoccurrence of the finding?

Federal Regulation 2 CFR § 200.403

- **2 CFR § 200.403 Factors affecting allowability of costs**

- (a) Be necessary and reasonable. (Do I really need this, and is this the least amount I could spend and still meet the needs for the performance of the award)
- (b) Conform to any limitations or exclusions. (10% admin, approved budget)
- (c) Be consistent with policies and procedures. (follow Federal and Agency policies)
- (d) Be accorded consistent treatment.
- (e) Be in accordance with generally accepted accounting principles (GAAP).
- (f) Not be included as a cost or used to meet cost sharing or matching requirements.
- (g) Be adequately documented. (authorization, invoice, payment, allocation method)

§ 200.404 Reasonable costs. A cost is reasonable if, in its nature and amount do not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.

Other considerations for reasonableness: Whether it's a typical cost for the organization, is it a sound business practice, arms length, market prices for comparable goods, acting with prudence, meets the terms and conditions of the award, does it deviate from established practices.

Knowledge Check

Which activity is allowed?

- a. Our agency is expecting an influx of SSVF clients over the winter months, so we used our SSVF funds and purchased a storage warehouse and filled it with mattresses, bed frames and bed linens. We will hand them out as clients get housed.
- b. Our agency has easy access to the metro, and you can get anywhere you need to go in the city. To make it easy on the case managers, we used our SSVF funds to purchase bulk metro passes and hand them out the case managers to give to their clients as they need them.
- c. Our agency has a lot of SSVF clients that don't have transportation and need to use the bus to get to work, school, or for housing searches. We used our SSVF funds to purchase a months' worth of bus passes because we get a 50% discount. We keep the passes locked up in finance and the case manager will sign for them when needed. They log the name of the participant the pass was given to and log it into HMIS.

2 CFR § 200.405 Allocable Cost

- **§ 200.405 Allocable costs.**

(a) A cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received. This standard is met if the cost:

1. Is incurred specifically for the Federal award;
2. Benefits both the Federal award and other work of the non-Federal entity and can be distributed in proportions that may be approximated using reasonable methods; and
3. Is necessary to the overall operation of the non-Federal entity and is assignable in part to the Federal award in accordance with the principles in this subpart.

(b) All activities benefitting will receive an appropriate allocation of indirect costs.

(c) Any cost may not be charged to other Federal awards to overcome fund deficiencies.

(d) **Direct allocation.** When a cost benefits two or more projects or activities in proportions that can be determined without undue effort, the cost must be allocated to the projects based on proportional benefit. **Indirect allocation.** When a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, then the costs may be allocated or transferred to benefitted projects on any reasonable documented basis.

Support Documentation

- **2 CFR § 200.400(d) Policy Guide.**
 - The application of these cost principles should require no significant changes in the internal accounting policies and practices of the non-federal entity. However, the accounting practices of the non-federal entity must be consistent with these cost principles and support the accumulation of costs as required by the principles and must provide for adequate documentation to support costs charged to the federal award.
- **2 CFR § 200.403(g) Factors Affecting Allowability of Costs.**
 - Be adequately documented.
- **2 CFR § 200.302(b)(3) Financial Management.**
 - Records that identify adequately the source and application of funds for federally funded activities. These records must contain information pertaining to federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation.

There are multiple areas within 2 CFR 200 that refer to support for costs charged to the award which includes all costs, direct or indirect. While an approved indirect cost rate supports the indirect rate, it is not support for the individual costs being charged to the award. Support for any cost will consist of originating invoices, timesheets, and payments.

Unallowable Costs

Unallowable Legal Costs:

Income Assistance:

- Court-ordered judgments or fines. (e.g. Traffic tickets or speeding tickets).
- Family law issues related to Divorce or Child Custody.
- Estate planning (wills, trusts, etc.)

Allowable Legal Costs:

Supportive services that promote housing stability

- Intake
- Consultation
- Representation - Includes representation of participants before VA with respect to a claim for VA benefits, but only if individual is recognized for that purpose under 38 U.S.C. Chapter 59. For information on accreditation, please visit <http://statesidelegal.org/va-accreditation>.

Income Assistance paid under General Housing Stability Assistance

- Court filing fees. (e.g. fees associated with filing a written response to the landlord's complaint)
- Ad hoc fees associated with the provision of supportive services, including legal representation (e.g. fees associated with driver's license reinstatement)

Knowledge Check

A grantee is allowed to pay for legal defense for a Veterans DWI on their driving record that is preventing them from getting hired and into stable housing.

- a. True
- b. False

Unallowable Costs

Unallowable Marketing / Outreach Costs:

- SWAG items such as stress balls, key chains, buttons, pens, hats, flashlights, etc.
- Staff shirts, hoodies, jackets
- Radio ads
- TV ads
- Billboards
- Costs of meetings, conventions, convocations, or other events related to other activities of the entity including costs of displays, demonstrations, and exhibits.

Allowable Marketing / Outreach Costs:

- Outreach hygiene kits that include: a pair of socks, pair of underwear, travel size first aid kit, razor, deodorant, handwipes, bug repellent, sunscreen, lip balm, feminine hygiene products
- Pamphlets / flyers for Stand Downs
- Business Cards

Grantees must ensure care was taken to advertise or market the SSVF program itself and if combining with other agency programs, that the appropriate allocation methods are applied and documented to support expenses. The advertising and marketing must directly connect to the overall SSVF Grantee comprehensive outreach plan.

Knowledge Check

A grantee is allowed to purchase and charge the SSVF program for bulk purchases of items used to create hygiene kits and other outreach items for distribution to Veterans for this year and next year's annual community stand-down events.

a. True

b. False

Unallowable Costs

Unallowable Activities

- Mortgage costs or costs needed by homeowners to assist with any fees, taxes, or other costs of refinancing
- Construction or rehabilitation of buildings
- Credit card bills or other consumer debt
- Extensive car repairs for participant households (beyond the eligible \$1,200 in repairs/ maintenance)
- Car payments for participants, Car or vehicle purchases by the agency for SSVF activity
- Medical or dental care and medicines
- Home care and home health aides
- Food, water and beverages including food provided at staff and other meetings or trainings (except as a qualified emergency supply)
- Appliances and food, water, or other items purchased for staff use (refrigerators, water dispensers, coffee makers, microwave ovens, ovens, etc.)
- Pet care, including additional deposit for pet
- Entertainment activities
- Direct cash assistance to program participants, Purchase of gift cards for program participants
- Court-ordered judgments or fines. Note that late rent fees are an allowable expense
- Court-ordered fees that are related to a court order/adjudication
- Petty cash for program staff or Gift cards of any kind

Knowledge Check

The purchase and distribution of gift cards to Veterans is allowable for the purchase of allowable household items as long as the gift cards are properly logged and tracked.

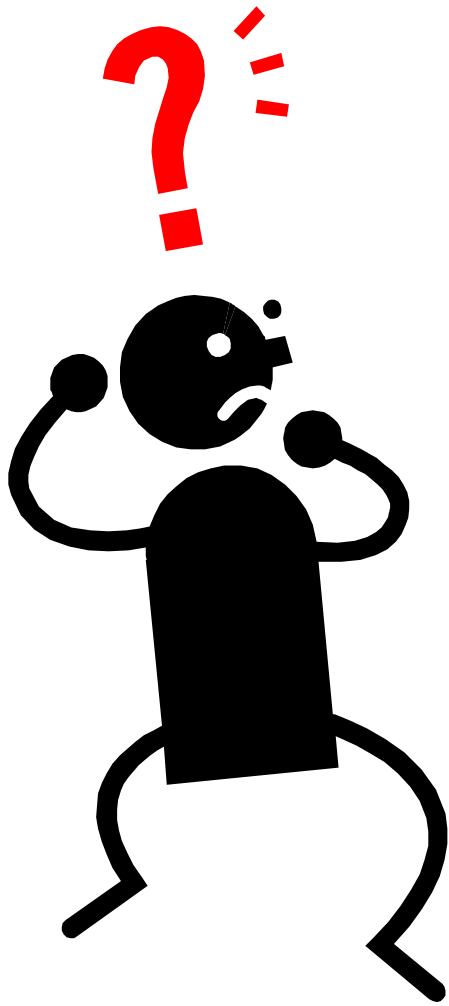
a. True

b. False

Is there an exception to this?



QUESTIONS?



Email questions to
vhassvfcompliance@va.gov

FACTS & MYTHS

SSVF PM's need to meet with Fiscal staff once every quarter just to make sure spending is in line with the approved budget.

FACTS & MYTHS

SSVF budget admin section can list one line item for 10% and a detailed narrative is not required since it is admin.

FACTS & MYTHS

Drawdowns should occur as often as possible after the cost have been incurred to reflect actual spending.

FACTS & MYTHS

Your current SSVF grant closes out on March 31, 2023. You want to set up a reminder for your fiscal team when the Federal Financial Report, SF-425 is due.

The deadline to submit is May 15, 2023.

