

FY22 Common UFA Monitoring Findings

Missing Documentation. Responses to monitoring requests often do not include all the requested documentation. CSB understands there are challenges and encourages partners to submit as much documentation as possible, to remain compliant with HUD monitoring requirements. Documentation should include:

- Vendor invoices, proof of payment, timesheets, paystubs, and payroll records.
- For the selected leasing or rental assistance clients, please be sure to provide the following:
 - A copy of the lease
 - FMR/rent reasonableness calculator
 - Current inspection forms
 - Lead based paint requirements
- The disbursement journal should include all relevant information including detail of the payee, goods or service provider, explanation of the transaction and the correct budget line item. Payment information should include the check or ACH number. There should be no blank cells on the disbursement journal.
- For allocated expenses, please explain the allocation method. If using percentages, please explain how the percentages were determined (percentages are not allowable on timesheets).
- If coding or acronyms are used on timesheets and payroll records to indicate type of work done, please include a list of the coding used (or indicate if CSB has it already).
- Please include evidence that the expenditure approval process was followed for each disbursement (e.g., vendor invoices include applicable approval initials/signatures).

Timely response to monitoring request – Since monitoring is an ongoing activity, Partners are required to return requested monitoring documentation within 14 days of the email request. If the submission deadline cannot be met, please contact Tom Lather, Grants Administrator (tlather@csb.org) to discuss.

Indirect Cost Calculation –For partners that use an Indirect Cost Rate, CSB provided clarification on which items may be included in the calculation of indirect costs, specifically regarding the role and definition of a contractor. See HUD Continuum of Care Eligible and Ineligible Costs and/or HUD Emergency Solutions Grant Eligible & Ineligible Costs, located [here](#) on CSB's website, for additional details. It should be noted that if a Partner is using an indirect cost rate on any grant funded project, they must use an indirect cost rate on **all** projects, regardless of funding source.

Sales tax - Purchases made using a credit card, or P-card, may result in sales tax being included in the purchase price and included on the invoice disbursement journal. Costs for sales tax are an unallowable expense because exemptions are available for nonprofits. You must request a tax exemption at the time of purchase to be exempt from sales tax on that purchase. This is also the case with online purchases. The sales tax amount should be subtracted from the total cost prior to submission of the invoice.

Prior year expenditures – In simplest terms, for a cost to be reimbursed, it must be paid within the contract period in which the cost was incurred. Pre-cost and post-cost items are unallowable. Ensure that all payroll and purchases of goods and services for June and July are recorded in the proper period and clearly demonstrate the allocation method used to distribute costs between the two grant years.

Miscellaneous expenses. In some instances, CSB has seen agencies list costs for items such as haircuts, gift cards, photography, and lodging kits (toiletries, shaving kits, etc.). Through questions submitted to HUD, these costs have been determined to be unallowable and are to be excluded from invoicing. We do allow for school supplies such as paper, pencils, notebooks, and schoolbags because

HUD has deemed these costs allowable under 24 CFR 578.53(e)(6)(C) and (D). Refer to the CoC eligible costs reference on CSB's [website](#) or ask if you are not sure whether a cost is eligible.

Payroll issues. There are instances where agencies are not accounting for the activity for which the employee is being compensated. CSB must be able to verify what the employee did during the time charged. Therefore, all requests for payroll information during monitoring must include timesheets, paystubs, and payroll records.

The timesheets should show time by activity and be signed by the employee and supervisor. CSB will accept affidavits from agencies where employees work solely for the HUD program. These affidavits must be updated each year including any employee additions.

CSB noted cases where the documentation for salaries and fringes was less than what was reported on the invoice. The amounts on the invoice cannot be more than the amounts shown on the payroll reports.

Finally, as a reminder, salaries cannot be allocated by percentages of total time worked. HUD requires agencies to report time by hours. Partners can use a cost allocation plan to calculate salary and benefits of staff whose time is difficult to split between programs. HUD has approved two cost allocation methods – full time equivalents and households served. Contact CSB before starting to use a cost allocation plan. Documentation for cost allocation calculations will be required during monitoring.

Expense allocation issues. During the fiscal year, CSB has seen instances in which expenses have been charged to the wrong budget line item, or in some instances the wrong federal program (for those agencies that have more than one federal program). It is important that only documented and properly allocated costs be charged to the correct program and budget line item. It is also important that costs only be charged once or fairly allocated across multiple grant sources. Please review invoices closely before submitting for payment.

Rent. During monitoring of invoices, CSB has noted in some instances rents exceed rent reasonableness requirements established by HUD. Rent is considered reasonable if it does not exceed the average of three comparable units by more than \$50. Any rent paid for units determined to be not rent reasonable will have to be repaid to HUD.

At times CSB has also noticed the FMR, rent reasonableness, and utility allowance paperwork is either incorrect or incomplete, or amounts do not match across documents. Please make sure all documentation is accurate, complete, signed and dated before submitting invoices for payment or monitoring.

Unit turnout costs. Repairs for damage done to a unit are allowable; however, per 24 CFR 578.51(4)(j), the cost of repairs charged under the Rental Assistance line item cannot exceed one month's rent and can be charged only once.