

**Mass LEAP
Financial Guidelines:
Supplement to Program Guidelines
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**Note: These Financial Guidelines will be incorporated into a forthcoming version of the
Program Guidelines.**

Financial Management (will replace language found on Pg. 33 through 35 of the Program Guidelines distributed with Mass LEAP Contracts)

Mass LEAP RAA/LHAs are responsible for establishing a comprehensive financial management system and related internal controls to ensure that Mass LEAP funds are spent in an efficient and effective manner. This includes but is not limited to:

- Maintaining the accounting books and records according to generally accepted accounting principles (GAAP) and any other DHCD requirements;
- Preparing annual operating statements and financial statements;
- Cash management of income and expenses, including the distribution of funds made on behalf of each Participant.

Modifications in Program Size

Mass LEAP sets high goals and expectations for both Grantees and Participants. DHCD believes that the awards and per Participant expenses are reasonable and set at the level needed to insure Participant and program success. DHCD also recognizes that budgets are established in the abstract, before Participants are selected and without knowing the appropriate level of support a cohort of Participants will require to succeed. Therefore, a grantee and its partners may determine that there is both additional capacity and demand to increase the number of Participants enrolled at a Site beyond the number provided in the grantee's original application. DHCD will consider these requests on a case by case basis in coordination with the Site staff.

As stated in the program outcomes, all Sites are required to maintain a minimum enrollment level of 85% . DHCD will periodically review program expenses of all Sites below 100% enrollment and may, at its discretion, reduce the Site budget to an appropriate level.

Start-Up Budget

Start-up costs can be forward funded. Each Site must submit a consolidated start-up budget to DHCD for approval. Eligible start-up costs include but are not limited to: staff (both direct line and Supervisory) materials and equipment, outreach and recruitment staffing, and expenses such as mailings, supplies for orientation meetings and other outreach events designed to raise awareness of the Mass LEAP program. DHCD will consider the request, and make the funds available to Sites for immediate use. Regional Consortia with a RAA acting as the Lead Agency will invoice the Secondary Lead PHAs for these expenses. Start-up expenses will then be accounted for in the first Quarterly Expenditure Report and thereafter as expended.

Budget Amendments

Grantees can make requests to DHCD in writing to move funding from one line item to another during the budget period, with the exception of staff cost line items. Grantees may choose to reduce other line items in their budget to accommodate unanticipated Participant needs. Any budget amendment requests must be received by DHCD no later than May 31st of the current fiscal year.

Administrative Fee

Programs serving more than fifty (50) Participants are expected to reach an economy of scale, and will receive a prorated fee based on what Grantees proposed in their application. The administrative fee is to cover expenses directly related to Mass LEAP program management including Participant service coordination and oversight, case management coordination, data collection and reporting, escrow account management, and vendor payments. It may not be used to support any costs unrelated to Mass LEAP. The administrative fee may be shared by the LHAs/RAAs, if the Site utilizes a consortium. It may also be shared by LHAs/RAA(s) and a service provider, however the LHAs/RAA remains responsible for program activities outlined in the Program Guidelines and the Site's contracts. DHCD reserves the right to revisit and amend the administrative fee during the life of the program.

Reporting Expenses and Payments:

Program Cost

Mass LEAP Sites will submit quarterly expense reports using the Mass LEAP Quarterly Expenditure Report as well as DHCD-Housing Authority online reporting system - HAFIS. This form accounts for both MRVP and public housing expenses by approved categories of activities, based on the DHCD-approved Mass LEAP program budget. When reporting on HAFIS, the total approved amount will be included as in the budget page and in the Allowable Non-Utility Expense Level (ANUEL) Worksheet in the DHCD-authorized exemption category. Please contact DHCD Housing Management Finance staff at 617.573.1233 if guidance is needed with HAFIS

LHAs/RAAs will be reimbursed for actual costs when the Quarterly Expenditure Report has been reviewed and approved by DHCD Mass LEAP staff. At the end of the annual budget year, the expenses must reconcile with the Site's approved budget. LHAs are expected to identify and distinguish between which expenses are for MRVP program Participants and which are state-aided public housing (non-MRVP) Participants.

After the initial start-up funding, monies will be reimbursed on a quarterly basis. The payment will include staffing and program costs plus the administrative fee identified in the operating statements. All funds are subject to audit review.

Administrative Fee Expenses

As noted earlier, the budget for Mass LEAP includes an annual program administrative fee of \$1,300.00 per Participant based on fifty (50) Participants. During year one of the contract (August 15, 2014 – August 14, 2015) DHCD will support the full cost of the DHCD approved administrative fee. This will allow Lead Agencies and their partners to add staff as needed, put systems in place and meet enrollment and outreach needs. It assumes that Sites will reach full enrollment as required. In years two and beyond the administrative fee payment will be based on Participant enrollment levels. If full enrollment is not achieved or maintained, the administrative fee payment will reflect this. At that time, in the event that this payment structure has measurably and demonstratively impacted Sites' ability to manage the program effectively as required by DHCD, this policy may be revisited.

In years two and beyond there will be no partial billing of administrative fee per participant. The administrative fee will not be paid until the first full calendar month of participation. If a Participant is terminated mid-month, the administrative fee for that Participant will not be paid for future months. DHCD will not require partial month administrative fee repayments.

All payment commitments from DHCD are based upon the receipt of the error-free Quarterly Expenditure Report including the Expenditure Summary Report, and Quarterly Expenditure Narratives on the given quarterly deadlines.

- MRVP payments from DHCD will be made on the following 1st of the month
- Public housing payments from DHCD will be made within 45 days

Payments

DHCD will make every effort to approve the submitted Quarterly Expenditure Reports and Narratives and make payment reimbursement within 45 calendar days, provided that the original submission is complete and within DHCD guidelines and the necessary reporting certifications are submitted.

Travel and Related Expenses

Travel practices and policies are to be consistent with Department policy. Legitimate travel expenses incurred by staff in the discharge of their duties for any state-aided program are considered reimbursable costs based upon the following considerations:

- Private auto mileage incurred in the course of Mass LEAP program activities, is reimbursable at the current DHCD rate of forty five cents (\$0.45) per mile. In addition, reasonable associated costs for parking and tolls for authorized business travel are reimbursable. In order to be reimbursable, the mileage should be tracked and recorded according to the beginning mile and the ending mile on the odometer. A flat rate, either calculated on a weekly or monthly basis, for the business use of private vehicle is NOT allowable under any circumstances.
- When employees use an agency owned vehicle for travel, reimbursement for tolls and parking is permissible as long as parking charges are reasonable and cover solely the period of time during which business is conducted.

Participant Expenses

Expenses for costs that are Participant-specific, short-term in nature, or one-time only expenses will be paid for by the service provider. The service provider must receive approval from the Lead Agency prior to incurring the expense and documentation of payment must be submitted before reimbursement will be made. Each Site's Quarterly Expenditure Report will include a complete list of the expenses that were included in its application for Mass LEAP funding.

Note: not all Sites included these types of expenses in their application budget. Each Site submitted a list of anticipated Participant expenses to DHCD for approval prior to the program start date. These expenses included: transportation, short term childcare, training fees, certain academic expenses not covered by financial aid, and financial incentives for Participants. If a Site wishes to modify its budget line items to include these types of expenses it may do so only with DHCD approval, and without reducing staff line items or increasing the total cost of the program.

A Mass LEAP service provider or lead LHA may make direct payments for these expenses to subcontractors/vendors as identified in a Participant's service plan (e.g. a class, a slot in a childcare program, educational materials). Once the expense has been incurred, it must be reported in the Quarterly Expenditure Report and narrative as appropriate i.e. as an MRVP or PH participant.

Administrative Fee Expenses

The administrative expenses must be requested and reported on the Quarterly Expenditure Report(s). See above.

Reporting Requirements

The reporting requirements for all Mass LEAP are:

- Quarterly Expenditure Report from all Sites for both MRVP and Public Housing as appropriate by Site
- Quarterly Expenditure Report Narrative

PH only:

- LHAs must also include the total amount in their chapter 400-1 quarterly operating statements, as well as the annual operating statements.

Additional PH System Requirements: HAFIS

In addition to the reporting forms that DHCD provided for Mass LEAP, the total quarterly expenses must be reported in the DHCD's online accounting system - Housing Authority Financial Information System (HAFIS). Although Housing Authorities are familiar with this system, LHA staff are encouraged to contact DHCD's Housing Management Finance staff for clarification or provide answers to questions regarding this program, how it works, and how it should be incorporated into the HAFIS system.

Quarterly Expenditure Report Guidance:

The Quarterly Expenditure Report is an excel document that contains three worksheets – one for Public Housing expenses, one for MRVP expenses, and a Quarterly Expenditure Summary Report that rolls the funding up into a combined expense report. DHCD has created customized Quarterly Expenditure Reports for each Mass LEAP Site, based on approved budgets. These line

item expenses cannot be changed except pursuant to approved changes made through the process described in the budget amendment section of guidelines.

Instructions for Quarterly Expenditure Reports by Site Model Type:

Type One: Single PHA

BHA, Somerville, and Worcester Mass LEAP Sites

Step One:

Service Providers will bill/invoice the LHA for services and expenses related to their grant according to the terms established in their subcontracts. Invoices will include appropriate supporting documentation that meets DHCD's financial guidelines. LHA will retain original invoices and documentation in their files and records. These invoices must be kept according to the retention requirements and policies in an organized manner, DHCD may request to see them any time during the periods in which Mass LEAP program is on-going.

Step Two:

Each quarter the Lead Agency will enter the quarterly expenditures in the PHA and MRVP Expenditure Report Forms as appropriate (with a summary included in HAFIS quarterly statements). Note: Somerville HA will only have PH expenses.

Step Three:

In addition to the expenditure report form, an expenditure narrative should be submitted. (See Expenditure Narrative Guidance section below)

Step Four:

LHA Finance staff will enter the expenses and all associated and required information in the HAFIS database, in the appropriate line as determined by the LHA and DHCD.

Type Two: Consortia Sites

HAP Western Mass Consortia and MBHP Metro Boston Consortia

A single LHA will receive all PHA-related funding for service providers. This LHA is known contractually as the Secondary Lead Housing Agency. The Lead Agency (HAP and MBHP) acts as Primary Contact/Accounting entity and coordinates provider payments and payment related information.

The Lead Agency is responsible for working with the Service Providers to coordinate billing and sources of funds for billing. Lead Agency is also responsible for filling in both the PHA and MRVP expenditure reports and submitting them to DHCD. Lead Agency determines quarterly PHA expenses for both PHA and MRVP Participants, and provides the Secondary Lead HA with the original documentation and information for the Secondary Lead LHA to make payments to service providers, and enter the appropriate information into HAFIS for DHCD.

Lead Agency would be responsible for Steps One through four detailed in the Single PHA section, and directing LHA on approved payment amounts.

Note: Step Two –billing and documentation for Consortia Secondary Lead HA

Because the Secondary Lead HA receives the funding and makes payments on behalf of the public housing Participants in Mass LEAP, they are required to maintain **original** back-up documentation of all expenses. The Lead agency will retain a complete set of **copies** of all appropriate documentation, and provide the original documentation to the Secondary lead LHA at the time the Lead Agency provides instructions on the payments to be made to the service providers. Financial file reviews will be conducted at both the Lead Agency and the Secondary Lead LHA levels.

Expenditure Report Forms Instructions:

If there is no expense for a line item during the reporting period, enter Zero.

Top section:

Check on the report period, fill out the agency information (DHCD will issue payment to the agency named), and enter the number for the number of Participants enrolled during the quarter, and the total number of participants enrolled to date.

Staff section and Program Costs sections:

1. Enter the expended amounts in “Actual Public housing or MRVP Expenses this quarter” column.
2. Transfer the amounts from last quarter report in “Total Public Housing or MRVP YTD Expense” column to the “Public housing or MRVP YTD as of end of Last Quarter Expense” column. On the first quarter report, the YTD as of end of Last Quarter Expense” column would be “0”.

Any adjustments needed for the prior quarter(s) reported can be made on the current quarter report during the course of the annual budget year. Any adjustments made must include the details in the Expenditure Narrative. **Important:** On the fourth quarter expenditure report, all expenses reported must be final. There will be no adjustment permitted thereafter.

Expenditure Summary Report Form

Top section: Check on the report period

The information in the PHA and MRVP worksheets will automatically populate the Summary Form, allowing DHCD and the Lead Agency to monitor actual expenses and budgets for the entire program.

The expenditure report forms must be signed by the authorized signatory, budget narrative attached, and emailed as a PDF to Mass LEAP Program Coordinator Joanne McKenna at dhcdmassleap@massmail.state.ma.us.

The original report and narratives should be mailed to:

Joanne McKenna
DHCD
100 Cambridge Street

Expenditure Narrative Guidance:

The Expenditure Narrative must be printed on agency letterhead and must provide a brief description of each of the line item expenses. The information and amounts in the expenditure narrative should correspond with the Quarterly Expenditure Report. The description should correspond to the invoices submitted for payment by the provider/purchaser. There must be an Expenditure Narrative for each Expenditure report i.e., one for Public housing expenses and one for MRVP expenses. The narrative description can and should be brief, two or three sentences describing the expense.

Part One: Site Information

- Date of the report
- Lead Agency
- Secondary Lead LHA if appropriate
- Project Name: MASS LEAP

Part Two: Cost Categories

A. Staffing:

Provide a brief description for each of the staffing line items in the Expenditure Report:

By staffing line item state the number of hours per week and the hourly rate. Provide the staff title and brief description of responsibilities during the quarter.

B. Program Costs:

Provide a narrative description for each of the program costs in the Expenditure Report.

- Travel costs per trip:
 - Date of the travel
 - Who traveled
 - Location traveled from and to
 - What is the purpose: reason of the travel
 - Detailed dollar break down: mileage, tolls, parking
 - Total dollar amount
- Space rental
 - Total expense per month
 - Capacity - rent for space for # staff
 - Location - at LHA/RAA or provider name or vendor name
 - Total dollar amount
- Telephone
 - Monthly cost # lines at name of LHA/RAA or provider, vendor, \$amount
- Postage and mailing
 - Postage fee for # pieces of mail for the purpose of

- **Publication/printing/copying**
Printing fee for # copies for the purpose of (explain) at name of LHA/RAA or provider, vendor, \$amount
- **Administrative Fee for total \$amount:**
or Year one please indicate the number of Participants served and the total amount approved from the budget.

Part Three: Budget Variances

Provide a brief explanation of any variances from the projected costs of the program and the impact of the variances on future budgeting.

Part Four: Adjustments for prior quarter variances

Adjustment for the prior quarter report(s), if any: Which quarter needed adjustment

- Which section on the expenditure report form.
- Describe the change
- Reported amount and new amount (or missed amount)
- Description of the expense

Part Five: Summary

- The total dollar amount expended
- The total dollar amount received for start-up
- The total dollar amount requested in this quarter (total amount expended minus the total amount for start-up received). If the requested amount is negative, the amount should carry over to the next quarter.

Operating Statements

Operating statements will be reviewed by DHCD for accuracy and eligibility of costs in a timely manner provided the submission is complete and incorporates all relevant explanatory material. Incomplete submissions will be returned to an LHA/RAA for correction.

The submission dates for Mass LEAP RAA/LHA Sites *operating statements* will be as follows: Quarterly operating statements must be submitted to DHCD no later than 45 days after the end of each quarter using forms provided by DHCD.

Reporting Deadlines

Quarterly Expenditure Reporting Deadlines

Quarters	Periods	Due Dates
1st Quarter	Jul. 1 - Sep. 30	November 15
2nd Quarter	Oct. 1 - Dec. 31	February 15
3rd Quarter	Jan. 1 - Mar. 31	May 15
4th Quarter	Apr. 1 - Jun. 30	August 15

Annual Operating Statement Deadlines

Agency's Fiscal Year	Due Dates
Jan. 1 - Dec. 31	February 15
Apr. 1 - Mar. 31	May 15
Jul. 1 - June. 30	August 15
Oct. 1 - Sep. 30	November 15

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