

Department of Housing and Community Development

Program Administration – RCAT Financial Management

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Sources of Funding

All RCAT related expenses will be paid out of a bond-funded Contract for Financial Assistance (CFA) for the RCAT program, with the exception of staff retirement costs, which will be paid out of operating subsidy.

Contract Maximum and Budget revisions

DHCD shall reimburse funds for all program expenses within the HHA's total approved 3-year RCAT program budget. The RCAT may submit budget amendments on a quarterly basis which DHCD shall review and approve if reasonable, so long as the HHA's RCAT expenditures stay within the bottom line of the annual budget and the expense is program-related. The RCAT must submit amendments on a quarterly basis when it anticipates an annual budget reduction of more than 10%. The total three-year expenses shall not exceed the amount of the 3-year program budget, including retirement payments, i.e., the sum of expenses paid out the CFA plus subsidy paid for retirement benefits will not exceed the 3-year program budget.

Administrative Fee

The HHA administrative fee may not exceed 5% of the annual total RCAT budget. This admin fee can be applied to any LHA expense that is RCAT-related that is not carried already as a direct program expense in other lines of the RCAT budget.

Use of Administrative Fee for ED Salary: Up to \$25,000 of the 5% administrative fee may be applied to the HHA's Executive Director (ED) Salary upon approval of the HHA board. In no case may the sum of the administrative fee applied to the HHA ED's salary and the amount applied to bonuses exceed the total of the 5% administrative fee.

Use of Administrative Fee for Staff Performance Bonuses: Up to \$15,000 of the 5% administrative fee is available for bonuses to the ED or other HHA employees including RCAT staff, upon approval of the HHA Board and contingent upon DHCD determining that the HHA meets performance criteria stated below. In no case may the sum of the administrative fee applied to the HHA ED's salary and the amount applied to bonuses exceed the total of the 5% administrative fee.

Use of the Administrative Fee for General Admin: If no bonus payment is requested or DHCD determines that the RCAT is not eligible for bonuses, the HHA may apply that portion of the admin fee available for bonuses to RCAT-related administrative overhead.

First Year Criteria for Bonus Eligibility

For the 1st quarter (ending March 31, 2016), DHCD will determine the HHA to be eligible to make bonus payments if the HHA has done the following:

1. The HHA board has signed the DHCD-approved Contract for Financial Assistance for the RCAT and submitted it to DHCD;

2. The HHA board has signed a DHCD-approved amendment to the HHA executive director's contract governing HHA compensation and submitted to DHCD and DHCD has approved a budget for any fringe benefits associated with the director's salary increase.

For the 2nd quarter (ending June 30, 2016), DHCD will determine the HHA to be eligible to make bonus payments if the HHA has done the following:

1. The HHA has hired a DHCD-approved candidate for RCAT Director;
2. The HHA has hired at least one RCAT project manager;
3. The HHA has interviewed candidates for the other project manager positions;
4. The HHA/LHA Service Agreement has been drafted by the HHAs or their attorney and approved by DHCD for distribution to participating LHAs;

For the 3rd quarter (ending September 30, 2016), DHCD will determine the HHA to be eligible to make bonus payments if the HHA has done the following:

1. The HHA has hired a DHCD-approved candidate for RCAT Director and all project managers;
2. The HHA has held the first RCAT Advisory Board meeting;
3. The HHA and 80% of participating LHAs have signed the DHCD-approved HHA/LHA Service Agreement.

For the 4th quarter (ending December 31, 2016), DHCD will determine the LHA to be eligible to make bonus payments if the RCAT has done the following:

1. The HHA and 100% of participating LHAs have signed the DHCD-approved HHA/LHA Service Agreement.
2. The RCAT has conducted a capital needs assessment for all participating December FYE LHAs (CIP is due January 15th).

Second and Third Year Criteria for Bonus Eligibility:

DHCD will establish second and third year bonus eligibility criteria at least one quarter before the start of each year.

Payment for Services

Front-funding: The intent is to front-fund salaries and benefits so that the HHA has funds on hand equal to approximately one month of employees' salaries and benefits, which are to be used to make payments in the current month. Retirement benefits are not billed against the Contract for Financial Assistance because they cannot be paid with bond funds. See section below on the Operating Budget. Once the CFA has been signed by the HHA and DHCD, the HHA may request front-funding of one-month of salaries and benefits on a position-by-position basis as soon as the following milestones are reached:

- LHA board approves an increase to ED annual salary in an amount not-to-exceed \$25,000;
- DHCD approves the hiring of each RCAT staff position.

Monthly Request for Payment

- **Form:** The HHA submits a request monthly for all expenses incurred during the previous month on a DHCD-approved form that mirrors the RFR budget and a request for the next month's salaries and benefits. The request is to be broken out by the budget lines in the RFR budget and include invoices for all requested payments. The HHA request will be signed by the HHA Executive Director.
Requests for payment shall be submitted to Director, DHCD Project Management Unit.
- **Salaries and Benefits:** The request includes two amounts: 1) an estimate of salaries and benefits for the upcoming month, and 2) amounts paid for salaries and benefits in the previous month. The amount paid will be used to reconcile the amount front-funded the previous month with actual expenses. Any difference, positive or negative, will be added to or deducted from the amount requested in the current month. For example: if the HHA requested a \$2,500 advance in the first month but actual expenditures were \$3,000 the \$500 difference would be paid to the LHA as part of the current month's payment request.
- **Other expenses exclusive of admin fee:** The HHA submits for all expenses incurred within the month, with backup invoices.
 - **Travel:** Private auto mileage incurred in the course of RCAT 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 with receipts. 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 mileage software program such as Mapquest can also be used with the beginning and ending destination. A flat rate, either calculated on a weekly or monthly basis, for the business use of a private vehicle is NOT allowable under any circumstances. All mileage reimbursement requests are to be submitted within one month of travel on a DHCD-approved form in the monthly request for payment.
 - **Admin covering ED salary:** The portion of the 5% admin fee that goes to ED salary and benefits will be released monthly per salary payment guidance above.

Quarterly Request for Bonus Payment or General Admin Payment

- **Bonus payment:** At the end of each of the first three quarters, each HHA that wishes to make a bonus payment will submit a written request to DHCD, including the name of the staff person who will receive the bonus and the amount, indicating how and when the RCAT met the bonus criteria and a vote of the board to pay the requested bonuses. Bonus payments in any one quarter shall not exceed $\frac{1}{4}$ of the total amount available to budget toward bonuses in the original or revised annual budget. The request will include either 1) a certification that the annual budget is not anticipated to be less than 90% of the approved budget or 2) a budget revision. DHCD will determine whether the RCAT has met the bonus criteria and will reply in writing regarding eligibility. Upon DHCD determination of eligibility, DHCD will release funding for bonuses.

- **General Admin payment:** At the end of each of the first three quarters, if the HHA does not request a bonus payment, it may submit a request for general admin. The request will include either 1) a certification that the annual budget is not anticipated to be less than 90% of the approved budget or 2) a budget revision. Admin payments in any one quarter shall not exceed $\frac{1}{4}$ of the total amount available to budget toward admin in the original or revised annual budget. The HHA may make a similar request if DHCD did not approve a request for a bonus payment or if the amount of a bonus payment is less than the total amount available for an admin payment.
- **Final quarter bonus or admin requests:** For the final quarter, admin and/or bonus payments will reconcile so that the amount paid for admin and/or bonuses equals 5% of the total amount spent. The HHA will establish a final admin fee which will equal 5% of all funds expended for the RCAT. The final payment for admin and/or bonuses will equal the final admin fee minus funds already released.

Interim Request for Payment: Interim Requests for Payment: If carrying costs for the month creates a hardship, mid-month, the HHA may request payment for any invoice exceeding \$5,000, except for salaries and benefits and admin fee.

Payment during the Year that Expenses are Incurred: Paying prior year expenses from current fiscal year funding is subject to an audit finding and will not be allowed.

Receipt of funds at HHA: DHCD will submit requests for payment within 21 days of receipt of a HHA payment request that includes all required backup and is consistent with the budget. With standard Commonwealth transaction times, the HHA is expected to receive payment within 30 days.

Capital Reporting

- **Quarterly reporting:** The HHA shall submit Form 80 and 90 quarterly cost reports thirty days after the quarter end.
- **Annual Reporting:** As part of its Annual Report (see Annual Report section), the HHA shall report all expenses, including in-kind payments, and variation from approved line item and total budget.

Coordination with Operating Budget

Budget revision: The HHA will report the RCAT budget in its operating budget. Reporting may be as follows:

- ED salary
- Other salary and benefits exclusive of retirement
- Retirement
- Contract Costs
- Bonuses
- All other RCAT costs

The HHA can file a budget revision as late as the 11th month to add RCAT to its budget. RCAT will provide a copy of its budget revision to Director, DHCD Project Management Unit.

Retirement expenses: Retirement expenses cannot be paid out of bond funds and will be paid out of operating subsidy through a budget exemption. The HHA should prepare its request by using current pension assessments to estimate the additional pension costs related to increased salaries for existing employees and new RCAT employees. Bonuses should not be included in the salary calculation. Actual costs will be reconciled at the end of the year.

Subsidy Payment: Once DHCD has approved a budget revision covering retirement benefits, it will make quarterly payments for retirement benefits. The HHA may request more frequent payments if covering costs is a hardship.