

ACAM ESG Policies and Procedures

Emergency Solutions Grants (ESG) Program Financial Reporting

I. Overview:

- A. Emergency Solutions Grants (ESG) Collaborative Partner Organizations must submit to the Alliance of Community Assistance Ministries (ACAM) an ESG Monthly Expenditure Report (MER) Form provided by ACAM in Excel format (**Attachment A**).
- B. The MERs are due on or before the fifth (5th) day of each month of the contract term. If the 5th falls on a weekend or holiday, the reports must still be entered on or before the 5th. Reports may be entered as early as the 1st day of each month.
- C. As new ESG guidance is made available, Partner Organizations may be required to submit additional data or reports to ACAM.
- D. ACAM will report the performance, expenditure, and matching funds information submitted by Partner Organizations to the Texas Department of Housing and Community Affairs (TDHCA) and will use the data to improve the ACAM Collaborative ESG program.
- E. **Partner Organizations must carefully read all instructions contained in this document.** The instructions must be read in conjunction with a copy of the MER. In addition, Partner Organizations should be knowledgeable of the Texas Department of Housing and Community Affairs Emergency Solutions Grants (ESG) Program Guide on Eligible ESG Uses Rev. 01/16/2013 (Attachment B).

II. Monthly ESG Expense Reporting:

- A. Partner Organizations must keep information on how ESG funds are expended according to the ESG budget and eligible activities. Below is a summary of steps to follow to report financial data into the MER.

1. Summary of Steps to Report Financial Data:

- Step 1: Expend according to budget and eligible activities
- Step 2: Record expenditures in general ledger and books of account
- Step 3: Enter monthly data into the ***Line-Item Expense Report*** first
- Step 4: Complete the ***Summary Expenses Report***
- Step 5: Verify the MER and execute the ***MER & Request for Reimbursement***
- Step 6: Attach all supporting documentation to the four (4) excel reports
- Step 7: Submit your report and supporting documentation by email to ACAM's Contractor Accounting Firm.
- Step 8: Use financial data to meet expenditure targets that are outlined in your contract with ACAM

III. General Guidelines:

- A. To amend a budget amount, submit a Budget Amendment Form to ACAM no later than 90 days prior to the end of the contract term. (See Attachment A.2). Submit requests to ACAM's Contractor Accounting Firm. For technical assistance, please contact Contractor Accounting Firm.
- B. In the MER, Partner Organizations will report the expenditures of program funds and matching funds during the month being reported.
- C. The report is divided into five sections, and should be completed in order:
 - 1. *Line-Item Expense Report*
 - 2. *Summary Expense Report*
 - 3. *MER & Request for Reimbursement*
 - 4. *Supporting Documentation Match*
 - 5. *Supporting Documentation Expenses*

IV. #1 - Partner Organization *Line-Item Expense Report*:

- A. **Purpose:** The purpose of the *Line-Item Expense Report* is to record every separate transaction for the month using ESG funds or ESG matching funds. This report is cumulative for the entire contract term. The report due date column will inform ACAM as to which period each expense was reported. For each expense, the total as well as the portion charged to the grant and the portion applied to match are recorded. The use of matching funds to pay for ESG activities does require the same level of documentation as direct grant expenditures. The *Line-Item Expense Report* will also indicate the order in which supporting documentation is to be compiled and submitted. Supporting Documentation ("SD") of grant expenses shall be submitted in one PDF File and shall be presented in the same order as the line-item expenses applied to the grant. Matching expenses shall be presented in a separate PDF File in the same order as is reported on the *Line-Item Expense Report*. In cases where invoices are split to meet the matching requirements, the supporting documentation shall be presented twice – once in the SD of Expenses file and once in the SD of Match file.
- B. **Proof of payment:** ACAM requires that all expenditures have sufficient proof of payment. Partner Organizations must submit copies of canceled checks. The *Line-Item Expense Report* requires the Partner Organization to indicate if a canceled check has or has not been attached as supporting documentation. ACAM strongly encourages Partner Organizations to utilize electronic banking records to obtain proof that payments have cleared the bank for as many of the current month's expenditures as is feasible. Although not required in the current month's reporting, ACAM will disallow any expenditure that has not been proven to clear the bank by the second reporting period. For example, if a rental assistance check was issued in late December and did not clear the bank in order to obtain proof in time for the report due on January 5th, the organization will indicate on the *Line-Item Expense Report* that a canceled check was not provided in the attachment (a copy of the issued check is still required). If the check is cashed in January, the

organization shall send evidence to ACAM's Contractor Accounting Firm in a PDF file labeled with the organization's initials, the period for which the cleared check was submitted for reimbursement, and then the term "Cleared Checks." (i.e. HAAM 1-5-17 Cleared Checks.) At this time, the Partner Organization shall update the *Line-Item Expense Report* to show that the Cleared Checks were delivered to ACAM from a prior reporting period. If by the third reporting period (i.e. after the prior two months) ACAM has not received verification that expenditures have cleared the bank, then those amounts shall be disallowed and the current month's reimbursement adjusted to reflect the disallowed expense. Partner Organizations are strongly encouraged to follow up on payments for direct assistance to clients.

A. #2 - Partner Organization Summary Expense Report

Purpose: The purpose of the Summary Expense Report is to provide summary calculations that allow for review of the expenses entering the MER. The Partner Organization should only need to enter adjustments and the matching funds utilized in the current month by category. Most data entry takes place in more detail in the *Summary Expense Report* and the MER should auto-fill. Much of the actual MER is locked. If an organization encounters a problem with the calculations for the *Summary Expense Report* not populating the MER correctly, please contact ACAM's Contractor Accounting Firm for assistance. Record of adjustments must be clearly described in the space provided on the MER. Supporting documentation must be provided in a separate PDF file labels with the initials of the organization, the word "Adjust" and the due date for the report in which the adjustment is being recorded. For example, an adjustment identified in December 2017 due to an error in October 2017 would be reported on the MER due in January 2018. Supporting documentation PDF shall be submitted for the adjusting entry labeled with the CAM's initials, the due date of the report, and the word "Adjust" (i.e. PARTNER AGENCY 1-1-17 Adjust).

VI. #3 - Partner Organization MER & Request for Reimbursement:

A. Overview of the MER & Request for Reimbursement:

- 1. Information and Approved Budget:** Partner Organization information should be verified and/or completed. Budget columns should be completed by ACAM and should accurately reflect the Partner Organization's most current approved ESG budget.
- 2. Monthly:** Verify that the actual expenditures for the month being reported are correctly tied to the *Summary Expense Report*. If they do not properly link, please contact ACAM's accountant for support.
- 3. Adjusted:** Enter the dollar amounts that need to be added or subtracted, to adjust for data reported in prior months' reports. This should correct the cumulative data. The Adjusted column allows Partner Organizations to adjust expenditures based on account reconciliation and to enhance the accuracy of the cumulative data in each MER. If data is entered in the Adjusted column, an explanation for the adjusted data must be entered in the *Reason for*

Adjustment box in the Information Certification and Approval section at the end of the report. In addition, Partner Organizations shall attach supporting documentation for the adjustment. Any needed changes to prior months' MERs shall take the form of an adjustment in the current month's report. Please do not re-do or re-submit "corrected reports" for months already submitted.

4. **Returned:** These amounts represent funds returned by the Partner Organization to ACAM. Numbers in this column should only be entered at the close of the contract term.
5. **Cumulative:** The numbers in this column will auto-calculate, based on the data reported by Partner Organizations in the Monthly, and Adjusted columns.

B. Budget Categories in the MER & Request for Reimbursement:

1. Partner Organizations should refer to the Guide on Eligible ESG Uses available on the ESG Program Guidance page for guidance on where each activity or expenditure falls under the following budget categories (see: <http://www.tdhca.state.tx.us/community-affairs/esgp/docs/ESG-EligibleUses.pdf>):
 - a. Street Outreach: Includes activities defined under 24 CFR Part 576.101
 - b. Emergency Shelter: Includes activities defined under 24 CFR Part 576.102. Partner Organization must report emergency shelter expenditures using the following categories:
 - i. Essential services
 - ii. Operations
 - iii. Renovation
 - iv. Major Rehabilitation
 - v. Conversion
 - vi. URA Assistance
 - c. Homelessness Prevention: Include activities defined under 24 CFR Part 576.103. Partner Organization must report homelessness prevention expenditures using the following categories:
 - i. Housing Relocation and Stabilization Services-Financial
 - ii. Housing Relocation and Stabilization Services-Services
 - iii. Tenant-based rental assistance
 - d. Rapid Re-Housing: Include activities defined under 24 CFR Part 576.104. Partner Organization must report homelessness prevention expenditures using the following categories:
 - i. Housing Relocation and Stabilization Services-Financial
 - ii. Housing Relocation and Stabilization Services-Services
 - iii. Tenant-based rental assistance

- e. Homeless Management Information System (HMIS): Include activities defined under 24 CFR Part 576.107
- f. Administrative Costs: Include activities defined under 24 CFR Part 576.108

C. #4 - Matching Revenue and Expenses

1. Reporting Organizations (including Partner Organizations and Contractors) shall report the revenue source and expenditure of matching funds monthly and provide evidence that the match is verifiable (i.e. receipts, letters, etc.) Match sources will be documented with the “*Match Certification Form.*” Match expenses will be summarized on the “*Detailed Match Report.*”
2. Partner Organizations shall report the revenue source of matching funds monthly and provide sufficient supporting documentation to show that the matching contribution reported is verifiable (i.e. receipts, letters, etc.). Partner Organizations are required to complete the Detailed Match Report (DMR) to document the exact sources of matching funds. DMR is a continuous report like the Line-Item Expense Report such that Partner Organizations have one (1) spreadsheet for the entire contract year. Partner Organizations shall report match received during the reporting period, except for the match reported in the first reporting period. Partner Organizations may report more than a dollar-for-dollar match for every ESG reimbursement in any given month. Partner Organizations may stop reporting matching contributions as soon as the dollar-for-dollar match for the total grant amount has been reached.
 - a. Reporting Organizations shall submit a signed ESG Match Certification with every Monthly Expenditure Report (MER) that includes newly reported matching funds. ESG Match Certifications shall be signed by the CFO and Executive Director. The ESG Match Certification shall include a statement indicating that the Reporting Organization has reported a match that is not being used as a match to any other program and that the matching funds reported are from legitimate and eligible source(s).
 - b. Total Match Expenditures for the month will be summarized and captured on the MER in the match section by type: Private (includes foundation grants, individual donors and United Way), Other (includes resale store revenue and value of space used), Fees, Program Income, Other Non-ESG HUD Funds, Other Federal Funds, State Funds, and/or Local Government Funds.
 - c. Required Supporting Documentation: Partner Organizations shall submit the ESG Matching Contribution Certification along with all supporting documents in a PDF to ACAM’s ESG Accounting Consultant. The attached supporting documentation shall be labeled by using the initials of the Partner Organization, the due date, and then the

content description. For example, the supporting documentation for Partner Agency's November 2013 match shall include all match commitments made from July 17, 2013 through November 30, 2013 and labeled HAAM 12-5-13 SD MATCH. See FAQ #1928 on HUD's Homelessness Resource Exchange (HRE) at <http://www.hudhre.info/index.cfm?do=viewFaqs> to learn more about allowable sources of matching funds.

- d. The requirements for matching ESG funds are described in section 576.201 of the ESG Interim Rule, and the requirements for documenting matching contributions are described in section 576.500(o).

3. Matching Expenses: The "Detailed Match Report" requires Reporting Organizations to document the exact expenses of matching funds each month – summarizing by type those match expenses in the "Line-Item Expense Report." For instance, wages and benefits matched with one source would be entered on one line in the "Detailed Match Report" and labelled Private or Other. This report is a continuous report like the Line-Item Expense Report such that Reporting Organizations have one (1) spreadsheet for the entire contract year. Reporting Organizations shall report match expended during the reporting period. Reporting Organizations may report more than a dollar-for-dollar match in any given month. Reporting Organizations may stop reporting match expenditures and sources as soon as the dollar-for-dollar match for the total grant amount has been reached.

- a. The Line-Item Expense Report will capture individual match and ESG-funded expenditures.

4. Matching Funds Categories will be reported in the following categories:

- a. **Other Non-ESG HUD Funds:** Report the expenditure of any funds received from HUD, excluding the ESG grant received from TDHCA. Include any ESG funds received from city or county governments. HUD funds that are awarded to states and local governments are to be classified as HUD funds, not as state or local funds.
- b. **Other Federal Funds:** Report the expenditure of any federal funds received. Subrecipients must determine the original source of funds. Funds awarded from a federal agency to the state or to a city or county government, are to be classified as federal funds.
- c. **State Government:** Report any State funds received. State funds are funds that are general revenue funds that are generated by the State through taxes or fees. Federal funds that are awarded to the State are not classified as State funds even though those funds are passed through a State agency.
- d. **Local Government:** Report any funds expended that were received from city or county governments. Local funds are funds that are general revenue funds, i.e. generated by the local government from the assessment and collection of taxes and fees. Federal funds that are

awarded to a local government are not classified as local government funds.

- e. **Private Funds**: Report the expenditure of funds generated from a foundation or a grant, from a private or non-profit corporation. These funds are not federal or state funds. Subrecipients must determine the original source of funds and ensure that the funds did not originate from the federal, state, or local government.
- f. **Other Funds**: Report the expenditure of funds generated by the ESG Subrecipient that are not generated utilizing any federal, state, or local government dollars. Other funds may also be referred to as unrestricted funds. For example, funds raised from an annual fundraising event or project would be “other funds.” Neither federal nor state funds can be utilized to raise Other Funds. The “Other” category can include cash value of volunteer hours or donated items, or cash value of donated building (if not used as match for previous ESG awards) or lease. Non-Cash Contributions are the value of any real property, equipment, goods, or services contributed to the Applicant’s ESG program provided if the Applicant had to pay for them would be allowable.
- g. **Fees**: Report the expenditure of any dollars generated through the receipt of fees charged to clients/program participants.
- h. **Program Income**: Report program income during the month it is earned. Program income earned during the ESG Contract Term shall count toward meeting the Subrecipient’s matching requirements during the Contract Term and should be reported as match, provided the costs are eligible ESG costs that supplement the Subrecipient’s ESG program.
- i. **Reporting Program Income**: Please use the Program Income Form in the Supporting Document Forms Spreadsheet to report any income or fees derived from the ESG program activities.

5. MER Matching Funds Reporting Columns: ESG Partner Organizations must provide at least a dollar-for-dollar match to the amount of ESG funds received for the contract period unless a waiver has been granted in writing for some or all of the match requirement.

- a. **Budgeted**: The information in this column is entered by ACAM using the match targets provided by the Partner Organization.
- b. **Monthly**: Enter the actual matching funds amount(s) expended during the reporting month.
- c. **Adjusted**: Enter any adjustments to previously reported matching funds amounts. Adjustments entered will be reflected in the Cumulative column. If an amount is entered in the Adjusted column, then enter an explanation for the adjustment in the Reason for Adjustment box.
- d. **Cumulative**: The numbers in this column are automatically generated, based on the data reported. Each cell equals the sum of the prior months’ matching funds plus the current month’s reported matching funds for a

specific row. During the first month, the monthly matching funds amounts will equal the cumulative matching funds amounts.

- VII. **#5 - Supporting Documentation and Attachments:** Partner Organizations shall keep on file original documents supporting all program-related expenditures. Partner Organizations shall maintain an accounting system that separately accounts for program related transactions including program income. As a minimum requirement, the Partner Organization shall maintain a journal and general ledger. No specific type of books of account is required as long as it provides for accurate, current and complete disclosure of financial results.
- A. **ESG Forms:** Forms that have been provided for Partner Organization use in preparing and supporting monthly ESG reports include:
- a. *ESG Timesheet (recommend usage)*
 - b. *ESG Payroll Allocations Worksheet (use only if your system does not split out all ESG costs from other programs)*
 - c. *Check Request Form (for example – you may use your own)*
 - d. *Matching Contribution Certification (recommend usage)*
 - e. *Program Income Form*
 - f. *ESG Budget Amendment Form (submit no later than 90 days before program ends. ACAM will usually call for revisions approx. mid-term at least once)*
- B. **Supporting Documentation for Payroll:** Complete and submit the *Payroll Information Form* monthly along with all supporting documentation for personnel expenses, or a print out from your system that fully matches and supports your timesheets and other supporting docs. Copies of *Functional timesheets* or *Personnel Activity Reports* must be included showing hours allocated to each funding source, especially ESG, for each employee and each pay period billed.
1. **PAYROLL:** Information on the payroll information Form and payroll Register must contain the following:
- a. Pay period that conforms with budget
 - b. Name of Organization submitting
 - c. Employee name
 - d. Position or classification that conforms with budget
 - e. The employee's rate of pay and gross pay that conforms with budget
 - f. All deductions
 - g. Net pay
 - h. Approved time sheet that details the hours worked on this contract
 - i. Copy of payroll checks (for direct deposited payroll, a certified copy of the payroll register with budgeted personnel highlighted will suffice).

Time sheets and supporting docs shall also be retained by your organization for future audits.

2. **Payroll Taxes & Fringe Benefits:** ACAM shall use the guidelines set out in *Attachment B, 6f. of OMB A-110* as a standard for determining eligible benefits. The following costs are classified as fringe benefits. Please prepare the *ESG Payroll Information Form* that calculates the fringe benefits as a **percentage** of total salary dollars for your agency. Please submit the following documentation of your fringe benefits:
 - a. Insurance Premiums: Invoice required
 - b. State Unemployment Tax: Invoice or equivalent required.
 - c. Workmen's Compensation: Invoice required – usually detailed in payroll reports
 - d. Other: All applicable documents required.

C. **Supporting Documentation for Payments:** Copies of checks and invoices will be back up documentation for the billing. Handwritten backup (such as invoices, receipts, vacate/termination letters, etc.) are not acceptable documentation for reimbursements.

VIII. **Document Submission:** All monthly financial reports are due on or before the 5th day of the month. Reports should be sent to ACAM's Contractor Accounting Firm. For technical assistance, please contact ACAM's Contractor Accounting Firm.

1. It is imperative that all MER and MPR reports be signed.
2. Any delay in financial or program reporting will delay processing of reimbursement for every member of the collaborative. MPRs must be entered before MERs can be entered into the State Contractor System so please submit timely reports.
3. Items billed and not reimbursed by ACAM should be submitted with corrections and all backup documentation in next month's billing. Supplemental billings will not be accepted.
4. ACAM's accountant will notify the Partner Organization of any missing backup documentation required for reimbursement. Partner Organizations will have 24 hours to submit the missing information. If it is not received by that time, a check will be issued without reimbursement of the questioned items and the Partner Organization will have to report the items as an adjustment in the next month's report.
5. **Labeling Documents to be Submitted Electronically:** Each month the Partner Organization shall submit a minimum of three (3) electronic files which shall be labeled by using the initials of the Partner Organization, the due date, and then the content description as shown below.

EXAMPLE: Partner Organization would label the reports being submitted in December 2017 for the prior month of November (for example) as follows:

HAAM 12-5-17 MER

HAAM 12-5-17 SD EXP

HAAM 12-5-17 SD MATCH

HAAM 12-5-17 CLEARED CKS (once checks have cleared)

HAAM 12-5-17 PRG INCOME (Not common) (Any Program Income should be reported on the separate form provided and sent electronically)

PARTNER ORGANIZATION 12-5-17 ADJUST (only needed if there is an adjustment for a prior period being reported on the current month MER)

All supporting documentation shall be submitted in the same order as the ***Line-Item Expense Report*** including all checks, check requests, invoices, procurement documents etc... For example, if the first entry on the ***Line-Item Expense Report*** is payroll for the Case Manager then the first set of documents in the Supporting Documents PDF file (SD stands for Supporting Documents) shall be the proof of payroll payment, the signed ESG Timesheet, the ESG Payroll Information Form (if your payroll system does not separate ESG payroll costs from other programs), and all other related payroll documentation.

6. **Reimbursement Limitations:** All requests for payment shall be paid up to the total amount of allowable costs. All unresolved exceptions shall be removed from the reimbursement request or reduced to the allowable amount.
7. **Budget Revisions:** Partner Organizations may request Budget Revisions no more than two (2) times during the Contract Period. Any Budget revision request must be made by using the *ESG Budget Amendment Form* and be signed by the Executive Director of the requesting Partner Organization. The request should detail the amount being allocated and the line items affected as well as the reason for the request. The revision shall be effective only upon written approval of ACAM. Budget Amendment Forms are included in your ESG Supporting Documentation Forms Spreadsheet.

IX. Other Accounting Requirements

- A. Reconciliation is the responsibility of every Partner in the ACAM Collaborative. Partner organizations shall reconcile monthly.
- B. ACAM's Contractor Accounting Firm will periodically provide each Partner Organization with summary reports and a copy of their respective ESG General ledger. It is the responsibility of each Partner Organization to review these reports for accuracy and ensure that these records match those at their agency. Variances should be discussed with ACAM's accountant and resolved immediately.
- C. Partner Organizations shall submit to ACAM the following within 180 days (6 mos.) after fiscal year end:
 1. **AN INDEPENDENT AUDIT** by an external CPA that includes an examination of ESG funds within the audit's scope including audited financial statements; or

2. **A SINGLE AUDIT ACT REPORT** (if applicable – federal funding threshold is \$750,000 – State funding threshold is \$500,000) in compliance with OMB A-133 including audited financial statements and auditor's management letter and response from the agency's Board of Directors for each fiscal year spanned by the contract; and
3. **AUDITOR'S MANAGEMENT LETTER**, including management responses, if applicable, from the Partner Organization's Board of Directors for each fiscal year spanned by the contract; and
4. **IRS FORM 990** and all attachments.