

ACAM Housing Stabilization Services (HSS) Program

Financial Reporting Policies and Procedures

I. Overview:

- A. Housing Stabilization Services (HSS) contracted organizations must submit to the Alliance of Community Assistance Ministries (ACAM) an HSS Monthly Expenditure Report and Request for Payment (MER) Form provided by ACAM. The workbook as well as a pdf of the Request for Payment/MER worksheet will be submitted monthly. A sample of the pdf is provided in Attachment A.
- B. The MERs are due on or before the sixth (6th) day of each month of the contract term. If the 1st falls on a weekend or holiday, the reports must still be submitted on or before the 6th. Reports may be submitted early.
- C. As new HSS guidance is made available, contracted organizations may be required to submit additional data or reports to ACAM.
- D. ACAM will report the performance and expenditure information submitted by contracted organizations to the Texas Department of Housing and Community Affairs (TDHCA) and will use the data to improve the ACAM HSS program.
- E. **Contracted organizations must carefully read all instructions contained in this document.** The instructions must be read in conjunction with a copy of the MER & Request for Payment. In addition, contracted organizations should be knowledgeable of the Texas Department of Housing and Community Affairs HSS (HSS) program guidance which will be posted here: [TDHCA Housing Stability Services \(HSS\) Program \(state.tx.us\)](https://www.tdhca.state.tx.us/housing-stability-services-hss-program)

II. Monthly HSS Expense Reporting:

Contracted organizations must keep information on how HSS funds are expended according to the HSS budget and eligible activities. Below is a summary of steps to follow to report financial data into the MER.

Summary of Steps to Report Financial Data:

Step 1: Expend according to budget and eligible activities.

Step 2: Record expenditures in contracted organization's 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*** worksheet from the data on the ***Line-Item Expense Report***

Step 5: Complete the MER worksheet. Produce a pdf of the ***MER & Request for Payment***. Sign the pdf.

Step 6: Compile evidence of expenditures cited in the MER for payment. Produce a PDF and label all supporting documents in accordance with these procedures. This includes all supporting documentation represented in the request for reimbursement. Assemble in the order of expenses on the ***Line-Item Expense Report***.

Step 7: Submit the MER Excel workbook, a signed PDF of the corresponding MER/Request for Payment Worksheet and the PDFs of supporting documentation by email to ACAM's Contractor Accounting Firm.

Step 8: Use financial data to meet expenditure targets that are outlined in the contract with ACAM.

III. General Guidelines:

- A. **Contracted Budget.** The purpose of including the contracted budget worksheet in the MER workbook is to facilitate timely and complete expenditure of all funds. Budget numbers are linked to other worksheets in the workbook. If a contract amendment is requested and approved, columns C and D may be filled in and links to other worksheets updated.
- B. **Budget Amendment Request:** To amend a budget amount, submit a Budget Amendment Request Form to ACAM at any time but no later than **90 days** prior to the end of the contract term. The Budget Amendment Request Form is incorporated into the Contracted Budget worksheet in the MER workbook. Submit requests to adamin@acamweb.org. For technical assistance, please contact ACAM's Finance Department. A discussion prior to a budget amendment request is welcome.
- C. **No Match:** There is no match requirement for HSS. If you would like to use the HSS workbook to track matching funds needed to run the program, for your own purposes, you may add this information. Please do not submit any matching funds or expenses to ACAM or ACAM's Contractor Accounting Firm.
- D. Additional resources in MER workbook. There are 2 worksheets within the MER workbook to guide contracted organizations in completing the monthly worksheets and understanding eligible expenses and proper documentation. These worksheets are *Source of Dropdown Menus* and *Eligible Uses and Descriptions*.

IV. Line-Item Expense Report:

- A. **Purpose:** The purpose of the *Line Item Expense Report* is to record every separate transaction for the month for which reimbursement is sought. 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 charged to HSS is recorded. The *Line-Item Expense Report* will also indicate the order in which supporting documentation is to be compiled and submitted. Supporting documentation of HSS expenses shall be submitted in one PDF. (See section IX of this document for more information about supporting documentation.)
- B. **Proof of payment:** ACAM requires that all expenditures have sufficient supporting documentation. Contracted organizations must submit copies of canceled checks to show that payments made by the organization also cleared their bank account. The *Line-Item*

Expense Report requires the contracted organization to indicate if a canceled check has or has not been attached as supporting documentation. ACAM strongly encourages contracted 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 proven to clear the bank by the second reporting period (approximately 60 days after the issuance of a check). 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 in January, 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 accountant in a PDF 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. XYZ Org 1-1-22 Cleared Checks.) At this time, the contracted 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 payment adjusted to reflect the disallowed expense. Contracted organizations are strongly encouraged to follow up on payments for direct assistance to clients (e.g. payments to landlords).

V. 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. Most data entry takes place in more detail in the *Summary Expense Report* and the MER should auto-fill. There is 1 *Summary Expense Report* and 1 *MER* for each month of the contract. If a contracted organization encounters a problem with the calculations from the *Summary Expense Report* not populating the MER correctly, please contact ACAM's Compliance & Reporting Manager 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 labeled 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 2021 due to an error in October 2021 would be reported on the MER due in January 2022. Supporting documentation as a PDF shall be submitted for the adjusting entry labeled with the contracted organization organization's initials, the due date of the report, and the word "Adjust" (i.e. XYZ Org 1-1-22 Adjust).

VI. MER & Request for Payment:

A. **Purpose:** The purpose of the *MER & Request for Payment* is to collect monthly information into an invoice format. ACAM uses this to consolidate all contracted organization information and issue reimbursement payments. In the Excel MER workbook, there is 1 *Summary Expense Report* and 1 *MER* for each month of the contract.

- B. Information and Approved Budget:** Contracted organization’s name and address information should be verified and corrected if needed. Budget columns should be auto populated from the Contracted Budget worksheet and should accurately reflect the contracted organization’s most current approved HSS budget.
- C. In the “This Month’s Request” column:** Verify that the actual expenditures for the month being reported are correctly tying to the *Summary Expenditure Report*. If they do not properly link, please correct or contact ACAM’s staff for support.
- D. In the “Adjusted” column:** 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 contracted 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 bottom of the report. In addition, contracted 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 unless asked to do so by ACAM’s accountant or assigned staff.
- E. In the “Cumulative” column:** Formulas in this column will auto-calculate, based on the data reported by contracted organizations in the Monthly and Adjusted columns of the current report and expenditures from previous reports. If cumulative totals do not match the contracted organization’s accounting, formulas may have become corrupted. These can be corrected or ACAM’s staff can correct them.
- F. In the “Funds Remaining” column:** Formulas will auto-calculate the funds remaining based on the budget and actual expenses.

G. Budget Categories in the MER & Request for Payment:

Contracted organizations should refer to the Guide on Eligible HSS Uses available on the HSS Program Guidance page for guidance on where each activity or expenditure falls under the following budget categories. Please note that ACAM’s HSS Program does not include rental assistance or mortgage assistance. Please review your organization’s contract to ensure that only contracted services are submitted for reimbursement. See: [TDHCA Housing Stability Services \(HSS\) Program \(state.tx.us\)](https://www.tdhca.state.tx.us/housing-stability-services-hss-program)

1. Housing Services
2. Social Services for Housing Stability
3. Other Financial Assistance

VII. Supporting Documentation and Attachments: Contracted organizations shall keep on file original documents supporting all program-related expenditures. Contracted organizations shall maintain an accounting system that separately accounts for program-related transactions including program income. As a minimum requirement, the contracted 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. **HSS Forms:** Sample forms that have been provided for contracted organization to use in preparing and supporting monthly HSS reports include:

- a. *HSS Timesheet.*
- b. *HSS Payroll Allocations Worksheet.*
- c. *Check Request Form.*

B. **Supporting Documentation for Payroll:** Complete and submit the *Payroll Allocations Worksheet* monthly along with all supporting documentation for personnel expenses, or a printout from your system that fully matches and supports your timesheets and other supporting documents. Copies of *Functional timesheets* or *Personnel Activity Reports* must be included showing hours allocated to each funding source, especially HSS, for each employee and each pay period billed.

1. **Timesheets:** Timesheets must include, at a minimum, organization's name, employee's name, employee's title, pay period, total hours in pay period, how many hours were worked on the HSS program, signature and date of employee, signature and date of the supervisor.
2. **Payroll:** Information on the *Payroll Allocations Worksheet* 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. 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 documents shall also be retained by your organization for future audits.

3. **Payroll Taxes & Fringe Benefits:** ACAM shall use the guidelines set out in the Uniform Guidance *2 CFR Part 200* as a standard for determining eligible benefits. The following costs are classified as fringe benefits. Please prepare the *HSS Payroll Allocations Worksheet* 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:** With each MER, submit back-up documentation of all other payments, such as payments to landlords for pet deposits, payments to utilities, and payments for other allowable expenditures. Use the guidelines that for each landlord, utility, business or professional your agency pays, you'll need a vendor-generated invoice. Each invoice should identify the name of the client on whose behalf you are paying this invoice, the date, the service and the price as well as any other applicable information. A W-9 for the landlord should accompany payments to landlords. A request for payment (a form that would be internal to your organization) should accompany any payments on behalf of clients. Copies of checks and invoices will constitute back up documentation for payment. Handwritten backup (such as invoices, receipts, vacate/termination letters, etc.) are not acceptable documentation. When assembling back-up information to support a payment on behalf of a client, think through the process like an auditor: what documents would connect the client to the payment and what proof would demonstrate that the organization followed the request from the client all the way to the payment to the landlord and proof that this payment was cashed by the landlord and cleared the organization's bank account.

VIII. Document Submission: All monthly financial reports are due on or before the **6th day** of the month. Reports should be sent to ACAM's Contractor Accounting Firm. For technical assistance, please contact ACAM's Contractor Accounting Firm or ACAM's Finance Department.

- A. It is imperative that all MER and Request for Payments be signed.
- B. Any delay in financial or program reporting will delay processing of invoices. Both Monthly Performance Reports (MPRs) and Monthly Expenditure Reports (MERs) must be accurate and submitted on time before invoices will be processed.
- C. Items billed that are disallowed expenses will require a revised MER to be submitted with corrections and all backup documentation in the next month's billing. Supplemental billings will not be accepted.
- D. ACAM's accountant will notify the contracted organization of any missing backup documentation. Contracted organizations will have 24 hours to submit the missing information. If it is not received by that time, a payment may be denied or the contracted organization may be issued payment with a deduction for the unsupported expenditures and the contracted organization will have to report the items as an adjustment in the next month's report.
- E. **Labeling Documents to be Submitted Electronically:** Each month the contracted organization shall submit a minimum of three (3) electronic files which shall be labeled by

using the initials of the contracted organization, the due date, and then the content description as shown below.

EXAMPLE: XYZ Organization would label the reports being submitted in December 2021 for the prior month of November (for example) as follows:

XYZ 12-1-21 MER (*Excel version including the applicable worksheets*)

XYZ 12-1-21 MER Request for Payment (*signed PDF version*)

XYZ 12-1-21 SD EXP (*SD stands for Supporting Documentation*)

XYZ 12-1-21 SD-PAYROLL (*SD stands for Supporting Documentation*)

XYZ 12-1-21 CLEARED CKS (*if applicable, once checks have cleared*)

XYZ 12-1-21 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 Expenditure 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 HSS Timesheet, the *HSS Payroll Allocations Worksheet* (if your payroll system does not separate HSS payroll costs from other programs), and all other related payroll documentation.

- F. **Request for Payment 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.
- G. **Budget Revisions:** Contracted organizations may request budget revisions at any time but no later than 90 days prior to the end of the contract period. Any budget revision request must be made by using the *HSS Budget Amendment Form* and be signed by the Executive Director of the requesting contracted 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. The Budget Amendment Request Form is incorporated into the Contracted Budget worksheet within the MER workbook.

IX. Other Accounting Requirements

- A. Reconciliation is the responsibility of every contracted organization. Contracted organizations shall reconcile monthly.
- B. Contractors shall submit to ACAM the following within 180 days (6 months) after fiscal year end:
 - 1. **AN INDEPENDENT AUDIT** by an external CPA that includes an examination of HSS 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 single audit 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 contracted organization's Board of Directors for each fiscal year spanned by the contract; and
4. **IRS FORM 990** and all attachments.