

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**DIVISION OF FINANCIAL ASSISTANCE**

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HCD HPRP Notice

Subject: Policy and Procedure for cash advances. This notice supersedes Notice 19-11.	Notice #: 24-11
	Date Issued: 9-29-11
References: Homelessness Prevention and Rapid Re-Housing Program (HPRP)	Supersedes: 19-11

To: All HPRP Sub-grantees

In an effort to meet 24 CFR 85.37 (a) (4); and all HPRP federal regulations, the Department shall limit funds transfers to sub-grantees to the minimum amounts needed by the sub-grantee and shall time the disbursement to be in accord with the actual, immediate cash requirements of the sub-grantee in carrying out a federal assistance program or project. Until further notice by HUD:

1. The State will allow cash advances to sub-grantees, as noted in its approved Substantial Amendment to its Consolidated Plan. The time elapsed between the transfer and disbursement of the funds shall be minimized by employing the following procedures:
 - a. Monthly cash advances shall commence July 1, 2011, and quarterly advances shall cease in an effort to minimize unspent cash balances by sub-grantees.
 - b. Monthly cash advances, starting with July 2011 shall commence only after expenditures through June 30, 2011 by sub-grantees are accounted for and reconciled via the submittal of Detailed Expenditure Reports (DERS). All Monthly DERS are due to the Department no later than 30 days from the end of the monthly reporting period. It is understood that sub-grantees (including their sub-grantees) are mostly well into their next operating month before they are able to submit their DERs with the required level of expenditure detail.
 - c. Monthly cash advances shall be limited to amounts necessary to pay for actual immediate cash needs and/or to pay for actual outlays of costs incurred. All advances shall be limited to include HPRP allowable costs as noted in "approved budget" sheets in the respective major budget categories.
 - d. Monthly cash advances shall cover the immediate program cash needs for the succeeding month, adjusted downward by the "unspent cash on hand" for the month-end; or adjusted upward by the "amount spent over the cumulative disbursement amount" for the month-end amounts reported in the Detailed Expenditure Reports (DERS).
 - e. The maximum monthly cash advance shall not exceed 150% of the 12-month average amount spent by the respective sub-grantee (July 1, 2010 thru June 30, 2011). Refer to the attached "HPRP Contract Expenditure Update as of 9-22-11", **column 7** to locate each sub-

grantees' monthly expense average. The Department allows for 30 days cash need, plus ½ month cash need, as the Department allows 15 days from receipt of the Monthly Draw Request to process the request. Allowing 150% of the monthly average set forth in "d" above minimizes cash balances at the sub-grantee level and is reflective of the time element required to report expenses monthly and process draw requests monthly.

Example#1 of monthly draw request: Scenario when unspent cash balance exits

Disbursements to 9-30-11:	\$900,000
Expenses thru 9-30-11 per DER:	\$890,000
Unspent cash balance:	\$ 10,000
Monthly cash need for Oct. 2011	\$ 80,000
Minus Unspent Cash balance:	-\$ 10,000
Draw Amount Available for Oct. 2011:	\$ 70,000
Maximum allowed @ 150% of \$48,000=	\$72,000)
	(col. 7)

Example#2 of monthly draw request: Scenario when expenditures exceed draws

Disbursements to 9-30-11:	\$900,000
Expenses thru 9-30-11 per DER:	\$925,000
Expenses exceed Disbursements:	\$ 25,000
Monthly cash need for Oct. 2011:	\$ 80,000
Maximum allowed @ 150% of \$48,000	\$ 72,000
	(col. 7)
Plus expenses exceed Disbursements	<u>\$ 25,000</u>
Draw amount allowed for Oct. 2011:	\$ 97,000

2. The following procedure will be followed by the Sub-grantee and the Department, (grantee) to insure cash advances are administered properly and within the requirements of the HPRP federal regulations:
 - a. Sub-grantee, upon submittal of the Monthly Detailed Expenditure Report (DER) for the most recent month-end, may submit a Monthly Draw Request Form for the succeeding month. All DERs are due no later than 30 days from the end of the reporting month; and the Monthly Draw Request Form may be submitted any time after the DER has been reviewed and approved for cost allow-ability and reconciliations by the HCD Representative and Program Manager.
 - b. All Monthly Draw Requests shall be reviewed and processed for payment by the HCD Representative within 15 days from receipt of a completed Draw Request Form; and provided the most recent month DER has been reviewed and approved.
 - c. The process of reviewing the DER, will require the HCD Representative to verify the reconciliation certificate (Tab 2 of the Monthly DER) is signed by the Sub-grantee authorized person before completing the DER review. The HCD Representative shall review the DER for cost allow-ability under HPRP regulations and in accordance with the sub-grantees' approved budget sheets; and identify unspent cash balances by comparing cash disbursements with expenses reported; and further approved by the HCD Representative and Program Manager.
 - d. Disallowed costs identified by the HCD Representative shall be noted in the respective DER and deducted from the DER submitted; with copies of DERs showing disallowed

costs remitted to the Sub-grantee for their reconciliation to their accounting records.

- e. Costs allowed will be based on the current “approved budget sheets”; with the following documents serving as guides: HPRP Notice (federal regulations), and HPRP Grant Eligible Expense Guide (Department guide). The Department may seek additional guidance from www.hudhreinfo.gov when conducting DER reviews and providing technical assistance to sub-grantees.
- f. All Sub-grantees and their respective sub-grantees (Partner Agencies) are required to maintain the same kinds of financial records and submit the same kinds of reports, so that all sub-grantees and their sub-grantees comply with all record keeping and reporting requirements. All email notifications or HCD HPRP Notices sent to sub-grantees by the Department should be communicated with all Partner Agencies to ensure information is communicated to all parties involved with the execution of the HPRP contract.

Sincerely,

Dan Apodaca

Dan Apodaca, Manager

Homeless Operations Programs

Attachment: “HPRP Contract Expenditure Update as of 9-22-11”

HPRP Contract Expenditure Update as of 9-22-2011

	Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9	Column 10
<u>Contract Number</u>	<u>Sub-Grantee Name</u>	<u>Grant Amount</u>	<u>Disbursed Amount</u>	<u>Expenditure Amount</u>	<u>Month of first Disbursement</u>	<u>Running Monthly Expense Average</u>	<u>Monthly Expense Average 7-1-10 thru 6-30-11</u>	<u>% Spent of Disbursements</u>	<u>% Spent of Total contract</u>	<u>Month ending</u>
6121	Amador Tuolumne CAA	\$1,600,000	\$1,308,613	\$1,366,835	Nov-09	\$65,087	\$44,683	104.4%	85.4%	Jul-11
6131	Community Resource Center	\$1,599,992	\$1,106,549	\$1,035,916	Nov-09	\$49,329	\$58,058	93.6%	64.7%	Jul-11
6132	Catholic Charities of Diocese of Santa Rosa	\$1,195,000	\$805,000	\$673,607	Nov-09	\$32,076	\$46,950	83.6%	56.3%	Jul-11
6133	Plumas Crisis Intervention & Rs. Ctr.	\$1,150,000	\$1,000,000	\$927,521	Nov-09	\$46,376	\$50,050	92.7%	80.6%	Jun-11
6134	City of Livermore	\$900,000	\$565,919	\$519,792	Dec-09	\$24,752	\$31,785	91.8%	57.8%	Aug-11
6135	City of Santa Barbara	\$1,200,000	\$672,951	\$640,677	Nov-09	\$30,508	\$36,339	95.2%	53.4%	Jul-11
6136	Glenn County Human Res. Agency	\$1,600,000	\$1,007,663	\$1,014,899	Nov-09	\$48,329	\$56,466	100.7%	63.4%	Jul-11
6137	City of Union City	\$500,000	\$418,900	\$358,111	Dec-09	\$17,906	\$24,550	85.4%	71.6%	Jul-11
6138	Sacred Heart Community Servicesq	\$1,599,998	\$976,956	\$1,186,155	Dec-09	\$59,308	\$71,906	121.4%	74.1%	Jul-11
6139	Community Assistance Network	\$1,599,730	\$984,338	\$971,872	Dec-09	\$46,280	\$48,983	98.7%	60.7%	Aug-11
6140	Stanislaus Community Asst. Project	\$1,500,000	\$1,068,593	\$1,020,143	Nov-09	\$46,370	\$48,640	95.4%	68.0%	Aug-11
6141	Cornerstone Community Dev. Corp.	\$1,500,000	\$968,916	\$918,916	Nov-09	\$43,758	\$47,152	94.8%	61.2%	Jul-11
6142	WomanHaven, Inc.	\$1,500,000	\$994,973	\$774,053	Dec-09	\$36,857	\$39,750	77.8%	51.6%	Aug-11
6143	County of Santa Cruz Health Svcs. Agency	\$1,200,000	\$824,000	\$764,000	Nov-09	\$36,381	\$45,407	92.7%	63.6%	Jul-11
6144	Families in Transition of Santa Cruz Co.	\$1,600,000	\$1,175,635	\$1,079,434	Dec-09	\$53,972	\$59,585	91.8%	67.4%	Jul-11
6145	Adult and Older Sys. Of Care, Mendo. Ctny	\$1,600,000	\$1,156,857	\$1,185,810	Dec-09	\$59,291	\$59,007	102.5%	74.1%	Jul-11
6146	Kings United Way	\$1,200,000	\$785,507	\$726,535	Nov-09	\$34,597	\$36,942	92.4%	60.5%	Jul-11
6147	Napa County	\$1,600,000	\$1,156,233	\$1,156,833	Nov-09	\$55,087	\$66,408	100.0%	72.3%	Jul-11
6148	The Salvation Army	\$1,600,000	\$1,052,171	\$966,171	Nov-09	\$43,917	\$40,054	91.8%	60.3%	Aug-11
6149	PATH	\$1,200,000	\$720,262	\$583,262	Nov-09	\$27,774	\$42,936	80.9%	48.6%	Jul-11
6150	PATH	\$1,122,100	\$681,260	\$612,520	Nov-09	\$29,168	\$33,193	89.9%	54.5%	Jul-11
6151	PATH	\$900,000	\$547,235	\$449,037	Nov-09	\$21,383	\$23,031	82.0%	49.8%	Jul-11
6152	County of Monterey	\$1,600,000	\$1,026,854	\$960,364	Dec-09	\$48,018	\$59,292	93.5%	60.0%	Jul-11
6153	South Bay Community Services	\$900,000	\$671,021	\$673,287	Nov-09	\$30,501	\$37,288	100.3%	74.8%	Aug-11
6154	Redwood Community Action Agency	\$1,600,000	\$1,248,433	\$1,144,382	Nov-09	\$54,494	\$44,862	91.6%	71.5%	Jul-11
6155	Community Action Bopard of Santa Cruz	\$1,200,000	\$1,087,584	\$994,083	Nov-09	\$47,337	\$50,568	91.4%	82.8%	Jul-11
6156	United Way of Tulare County	\$1,600,000	\$1,210,819	\$1,088,693	Nov-09	\$51,842	\$58,981	89.9%	68.0%	Jul-11

6157	Samaritan House	\$1,600,000	\$1,511,317	\$1,419,712	Nov-09	\$67,605	\$72,155	93.9%	88.7%	Jul-11
6158	Shelter, Inc. of Contra Costa County	\$1,500,000	\$960,837	\$955,323	Nov-09	\$45,492	\$54,644	99.4%	63.6%	Jul-11
6159	Yolo Family Resource Center	\$1,600,000	\$1,156,565	\$1,066,574	Nov-09	\$50,789	\$49,533	92.2%	66.6%	Jul-11
6195	Kids First	\$1,243,482	\$1,141,936	\$1,106,002	Dec-09	\$55,300	\$66,676	96.8%	88.9%	Jul-11