

SUBJECT: VA GPD Contract Monitoring	APPLICABLE TO: All Parties Involved in the Programmatic Operations of VA GPD Funded Programs	ISSUED: March 4, 2019
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ADMINISTERED BY: Division of Adult Services Any DHS Division or Office Manager Provider Contracts and Veteran Affairs GPD Grants in HHS Accelerator	APPROVED BY: Joslyn Carter, Administrator Department of Social Services/ Department of Homeless Services
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■ **PURPOSE**

This procedure provides instructions consistent with recommendations from the United States Department of Veteran’s Affairs (VA) and the New York City Department of Social Services’ (DSS) Office of Audit Services about the use of per diem grants. The procedure addresses the findings of the Veteran Affairs Homeless Providers Grant/GPD Award Review (#8-724-NY).

The VA Office of Internal Controls (OIC) performed a review to ensure that per diem grants (GPD) are used in compliance with federal financial regulations and the Memorandum of Agreement between the Department of Homeless Services (DHS) and the U.S. Department of Veteran’s Affairs for Project Number 08-724.

This procedure establishes a contract monitoring process for GPD programs. Each phase of the monitoring procedure relies on an allocation methodology that distinguishes between DHS and GPD programs, per the terms of the VA grant. The allocation methodology applies to eligibility, budget, and payroll.

■ **POLICY**

This policy applies to all parties involved in the programmatic operations of VA GPD programs. The provider and DHS staff are required to follow the contract monitoring procedure to ensure compliance with federal financial regulations. Quality assurance controls are used to ensure that accurate information is recorded and reported to the GPD Program Office.

The policy ensures compliance with the following federal financial management requirements:

- **2016/2017 Veterans Affairs Financial Guide for Grantees, (080101) Grantees**, states, “Grantees should ensure that they are monitoring any organizations they have contracted with to make sure they are in compliance with Federal financial management requirements.”
- **2 Code of Federal Regulations (CFR) 200 Subpart D, Post Federal Award Requirements § 200.303 Internal Controls**, states, “the non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States and the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO); (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards; (c) Evaluate and monitor the non-Federal entity’s compliance with statute, regulations and the terms and conditions of Federal awards; (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; (e) Take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or passthrough entity designates as sensitive or the non-Federal entity considers sensitive consistent with applicable Federal, state and local laws regarding privacy and obligations of confidentiality.”
- **2 Code of Federal Regulations 200 Subpart E – Cost Principles § 200.400**, states, “The non-Federal entity assumes responsibility for administering Federal funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the Federal award.”
- **2 Code of Federal Regulations (CFR) 200 Subpart E, Cost Principles 200.405(d) Allocable Costs**, states, “If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or costs, the cost should be allocated to the projects based on the proportional benefits.”

- **2 Code of Federal Regulations (CFR) 200 Subpart E, Cost Principles § 200.415 Required certifications** states, “(a) To assure that expenditures are proper and in accordance with the terms and conditions of the Federal award and approved project budgets, the annual and final fiscal reports or vouchers requesting payment under the agreements must include a certification, signed by an official who is authorized to legally bind the non-Federal entity, which reads as follows: “By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise. (U.S. Code Title 18, Section 1001 and Title 31, Sections 3729-3730 and 3801-3812).”
- **2 Code of Federal Regulations 200 Subpart E, Cost Principles, 200.430(8)(i) Standards for Documentation of Personal Expenses**, states, “Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed, and (vii) support the distribution of the employee’s salary or wages among specific activities or cost objectives if the employee works on more than one Federal Award.”

■ PROCEDURE

I. Allocation Methodology

DHS must demonstrate clear differences between DHS and GPD funded programs. These differences may include facility codes and layout, and are monitored by provider staff.¹ DHS is responsible for the maintenance of these differences as an element of the contract monitoring process. DHS is also responsible for ensuring that provider staff are trained in following the allocation methodology.

Adherence to an allocation methodology is essential for maintaining program differences. As of January 2019, the allocation methodology used for GPD programs corresponds to the total number of beds in the facility divided by the number of GPD funded beds. For example, Borden Avenue Veteran’s Shelter (Borden) has 254 beds, 154 of which are GPD funded. Therefore, the allocation methodology used is 39% DHS and 61% GPD.

¹ At Borden, DHS and GPD programs have distinct facility codes. Additionally, the GPD program uses an open bay bed layout, while DHS does not.

II. Eligibility

The Multi-Service Center (MSC), staffed by both DHS and the VA, is a centrally coordinated point of services for all veterans in the DHS shelter system. At the point of intake at the MSC, veterans designated by the VA to be GPD eligible are referred to the on-site clinical staff for a psychosocial assessment. The psychosocial determines whether the client meets the mental health or substance use diagnosis criteria for participation in the VA GPD Clinical Treatment Program.

Eligible clients who choose to participate in the GPD Transitional Housing Clinical Treatment Program are given a Participant Agreement to affirm their commitment to program goals and willingness to adhere to program rules. At any given time, the number of beds available in the GPD program must adhere to the allocation methodology. If a client is not GPD eligible, they may be eligible for a bed in the DHS-only veterans program.

III. Budget Invoice Review

DHS contracts and line item budgets define which expenses can be reimbursed by DHS through the submission of monthly invoices. DHS is responsible for reviewing all invoices submitted by providers for GPD programs. Providers must submit all invoices through the Health and Human Services (HHS) Accelerator system. All budget modifications must be completed by the provider prior to the submission of an invoice. DHS staff review invoices submitted on a monthly basis to ensure that they accurately reflect expenses.

For GPD programs, a separate invoice is required for accounting for items where GPD monies are spent (e.g., allocation of US Department of Veterans Affairs GPD program funds for XX veteran's shelter). For grant reporting purposes, DHS staff review a "sub-budget"² identifying earmarked funds. DHS verifies that the provider uses the allocation methodology to designate the correct percentage of accumulated costs to the VA and to DHS.

DHS staff ensure that only items allowed under the contract are invoiced to DHS and to Veterans Affairs. DHS may request that the provider upload supporting ("back up") documentation if they are unable to certify the invoice based on the submitted information.

² Sub-budgets are a facility in HHS Accelerator that allows agencies the ability to configure an annual operating budget for a specific contract into manageable components.

A. Invoice Submission Requirements

DHS providers submit invoices in HHS Accelerator by the end of the month of expenses from the previous calendar month. DHS staff track provider spending and identify issues. At the discretion of DSS Finance, the Division of Adult Services, or the VA, failure to submit timely invoices may cause a delay in payment.

B. Provider Certification of Invoices

All DHS provider invoices are certified by DHS staff. DHS staff make their certification determination by comparing the requested invoice amount against the provider's annual budget. For GPD programs, DHS staff verify that the sub-budget follows the established allocation methodology.

If the provider's monthly invoice documentation deviates widely from the 1/12th of their total annual budget, back-up documentation is requested to explain the anomaly.

In order to certify an invoice in HHS Accelerator, the provider checks a box that states: "I agree to submit this invoice to the Agency for Review," and enters their username and password. This serves as signature and certification.

C. Budget Summary

Monthly invoice submissions include an HHS Accelerator summary that allocates Personnel Services ("PS") and Other than Personnel Services ("OTPS") expenses, along with any fringe or indirect rates applied. For GPD programs, the summary will also contain the GPD sub-budget. DHS staff compare titles and amounts paid to ensure they are consistent with the approved titles and rates in the operating and/or budget line items to ensure accurate PS, OTPS, and GPD costs.

D. Back-Up Documentation

Upon DHS staff request only, DHS providers upload, via HHS Accelerator, all requisite back-up documentation to support submitted invoices. As a general matter, DHS providers must have all back-up documentation for the fiscal year on hand. Requested documentation may include the following:

- Staff listing with current vacancies
- Expense report
- Receipts, canceled checks, electronic fund transfers
- Utility bills – water/sewer, heating, electric, gas
- Any subcontracted services
- General ledgers

- Payroll ledgers
- Organizational charts
- Written justification for major increases in line items
- Supportive documentation for all line items including, but not limited to, incidentals, staff training, recruitment office supplies, client supplies for activities, program supplies, and transportation.

E. Monthly Invoice and Sub-Budget Review

DHS staff verify that a provider's submission includes:

- Appropriately invoiced items (as confirmed by the analyst and program administrator's site visits and knowledge of operations)
- Payroll ledgers clearing supporting PS costs as invoiced
- Calculations of total expenditures in the summary spreadsheet and any requested back up documentation for invoices submitted outside of HHS Accelerator.
- Approved PS titles and OTPS categories in the invoice per the contract's operating budget for invoices submitted outside of HHS Accelerator.

DHS staff look for the following:

- Verification that the rate at which the contractor is spending is on track for an appropriate balance for the remainder of the funding year. If not, excessive spending will be noted and guidance will be given to the provider.
- Full-time time employee pay rates that are consistent with the number of budgeted positions. Depending on the type of position and salary level, no staff line may remain open longer than 90 days.³
- Adequate explanation and documentation for all open staffing lines.
- Monthly totals and subtotals that are consistent with the operating (and line item) budget for that month. The average monthly totals must be consistent.
- Acceptable explanations for any unusual spending increases or decreases.
- For GPD programs: DHS staff must certify that the allocation methodology is followed. Only costs delineated according to this methodology are included in the sub-budget.

³ When a leadership position becomes vacant, the DHS provider must notify their program administrator within 24-hours of the position's vacancy or immediately after the exiting party has given their notice.

F. Monthly Invoice Submission

- I. DHS staff review all invoices to ensure appropriate payments are made. Once DSS Finance approves an invoice, DHS staff have seven (7) business days to complete an additional review and request further documentation if necessary.
- II. If DHS staff request but do not receive documentation within three (3) business days from such request, they will return the invoice to the provider for the requested information. Upon receiving the documentation, DHS staff have seven (7) business days to review. Upon authorization of the invoice for payment, DSS Finance will process the payment within seven (7) to ten (10) business days. In some cases, DHS staff will flag the item(s) in question and consult with the DSS Finance or DHS Budget.
- III. In extreme or repetitive cases, such as where a DHS provider has been repeatedly asked to provide accurate invoices or repeatedly fails to provide appropriate back-up documentation, DHS will refer the vendor to OPA for further action, including contract enforcement and/or an audit.

G. Selective Review

DHS staff perform a selective review for GPD programs on a monthly basis. DHS staff randomly choose, without prior notice to the provider, three (3) OTPS line items for a selective review of expenditures invoices each month, ensuring that each approved budget line item in HHS Accelerator receives a selective review annually. For GPD programs, the selective review is important for verifying differences between GPD and DHS programs and for demonstrating that the allocation methodology is in place.

- i. Selection: DHS staff request all back-up documentation for a DHS provider's selected OTPS line items for the current invoice.
- ii. Requirements: DHS staff complete a selective review of all line items for each contracted shelter or program in the portfolio before the close of each fiscal year.
- iii. Review: DHS staff search for irregularities by periodically reviewing a blind sample of supporting documentation. DHS staff must verify that the submission includes the following:

- Invoiced items
 - All back-up documentation for OTPS expenses, each with third-party invoices and proof of payment for each sampled line item invoiced
 - Contractor's spending rate is on track for an appropriate balance for the remainder of the funding year. If not, DHS staff must note excessive spending and provide guidance to the provider
 - Provider's spending rate are within safe levels
 - Acceptable explanations for any unusual spending increases or decreases
- iv. Schedule: Every six (6) months, Adult Services staff submit a list of VA GPD programs and shelters, whose invoices have been selectively reviewed, to the appropriate assistant or associate commissioner by completing the DHS Selective Review Tracker for Single Adults and Street Homeless Solutions (**DHS-20**).⁴ Any findings from the review must be annotated on the Selective Review Findings (**DHS-20a**) form and submitted to the assistant or associate commissioner.
- v. If DHS staff detect irregularities, they must flag item(s) in question and recommend a further audit. The process is ongoing and repeats every fiscal year for all contracted DHS providers within each program's provider portfolio. DHS staff are required to report all irregularities to the program administrator who in turn notifies their associate commissioner.

IV. Timesheet and payroll

The provider must document the time between DHS and GPD programs using the allocation methodology. Staff must split their time based on this example (e.g., If a staff member is slated to work on both programs they will spend a maximum of 61% of their total work time on the GPD program and 39% on the DHS program).

Timesheets for GPD programs staff must be submitted to the GPD Program Office and the VA Office of Internal Controls for review and verification. DHS is responsible for training providers regarding labor allocation for the GPD program.

Effective Immediately

⁴ As of December 2018, there is only one GPD program. This step only applies for a portfolio with multiple GPD shelters.

■ **ATTACHMENTS**

- DHS-20** DHS Selective Review Tracker for Single Adults and Street Homeless Solutions
- DHS-20a** Selective Review Findings

■ **RELATED ITEM**

- DHS PB 2019-04** VA GPD Attendance Documentation and Annual Financial Reporting Procedure

DHS Selective Review Tracker Single Adults and Street Homeless Solutions



Program Administrator: _____
 Fiscal Year: _____
 Review Period: _____

Key Information	Selective Review 1	Selective Review 2	Selective Review 3	Selective Review 4	Selective Review 5	Selective Review 6
Provider:						
Program Name:						
Facility Code:						
Shelter/Program Contact Name:						
Shelter/Program Contact Email:						
Shelter/Program Contact Phone:						
Approval Date:						
Notes:	SAMPLE					
Reviewer Name:						
Reviewer Signature						

Program Administrator: _____
Fiscal Year: _____
Review Period: _____

Key Information	Selective Review 7	Selective Review 8	Selective Review 9	Selective Review 10	Selective Review 11	Selective Review 12
Provider:						
Program Name:						
Facility Code:						
Shelter/Program Contact Name:						
Shelter/Program Contact Email:						
Shelter/Program Contact Phone:						
Approval Date:						
Notes:	<div style="font-size: 4em; color: blue; opacity: 0.5;">SAMPLE</div>					
Reviewer Name:						
Reviewer Signature						

Selective Review Findings

Site/Program: _____

Provider: _____

Reviewer: _____

	Selective Review Dates: (-)	Satisfactory (Y/N)	Corrective Action Taken? (Y/N)
OTPS Line 1:			
Findings:	SAMPLE		
OTPS Line 2:			
Findings:			
OTPS Line 3:			
Findings:			
Findings:			

Site/Program: _____

Provider: _____

Reviewer: _____

	Selective Review Dates: (-)	Satisfactory (Y/N)	Corrective Action Taken? (Y/N)
OTPS Line 1:			
Findings:			
OTPS Line 2:			
Findings:			
OTPS Line 3:			
Findings:			
Findings:			

Site/Program: _____

Provider: _____

Reviewer: _____

	Selective Review Dates: (-)	Satisfactory (Y/N)	Corrective Action Taken? (Y/N)
OTPS Line 1:			
Findings:	SAMPLE		
OTPS Line 2:			
Findings:			
OTPS Line 3:			
Findings:			

Site/Program: _____

Provider: _____

Reviewer: _____

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OTPS Line 1:			
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Findings:			

Site/Program: _____

Provider: _____

Reviewer: _____

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Findings:			

Site/Program: _____

Provider: _____

Reviewer: _____

	Selective Review Dates: (-)	Satisfactory (Y/N)	Corrective Action Taken? (Y/N)
OTPS Line 1:			
Findings:	SAMPLE		
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Findings:			
OTPS Line 3:			
Findings:			

Site/Program: _____

Provider: _____

Reviewer: _____

	Selective Review Dates: (-)	Satisfactory (Y/N)	Corrective Action Taken? (Y/N)
OTPS Line 1:			
Findings:			
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Findings:			

Site/Program: _____

Provider: _____

Reviewer: _____

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OTPS Line 1:			
Findings:	SAMPLE		
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Findings:			

Site/Program: _____

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OTPS Line 1:			
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Provider: _____

Reviewer: _____

	Selective Review Dates: (-)	Satisfactory (Y/N)	Corrective Action Taken? (Y/N)
OTPS Line 1:			
Findings:	SAMPLE		
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Findings:			
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Findings:			

Site/Program: _____

Provider: _____

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	Selective Review Dates: (-)	Satisfactory (Y/N)	Corrective Action Taken? (Y/N)
OTPS Line 1:			
Findings:			
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Findings:			
OTPS Line 3:			
Findings:			