

## HPRP Expense Reminder July 23, 2012

With the approaching three-year HPRP expiration, grantees must continue to adhere to HPRP cost standards. Grantees are accountable for all expenses incurred and should take great care to verify eligibility of costs paid with grant funds.

Grantees are reminded that, even if a significant portion of the funds remain, grantees may not exhaust funds by purchasing equipment that will not be used to carry out essential HPRP activities.

In an effort to make use of all remaining funds, grantees may be tempted to purchase equipment that could be transferred to other programs after HPRP expiration. While the repurposing of HPRP equipment acquired at under \$5,000 to other programs may be allowed, **no equipment can be purchased with the intent of use in other programs.**

### **Any purchase made must pass the following three tests:**

**Reasonable** costs reflect the prudent decision made in purchasing the item at that price. It is necessary for the completion of HPRP.

**Allowable** costs are permitted as direct costs under the terms of HPRP and local contracts.

**Allocable** costs can be specifically identified with HPRP and are completed in time to benefit program participants.

### **EXAMPLE**

A subrecipient purchases a computer to maintain its client records and comply with HMIS requirements (*allowable*). To be considered an eligible expense, this computer must have been purchased during the service period of the grant (*allocable*), must have been necessary to complete compulsory HPRP activities (*reasonable & allowable*), and must have been purchased at a reasonable price (*reasonable*).

Grantees that have purchased equipment in the third year of HPRP will bear the responsibility for demonstrating how the purchase was absolutely necessary to carry out the remainder of the grant (previously held equipment was irreparably damaged and no longer functional, for instance). Any purchases made in the final months of the grant will be subject to the strictest scrutiny from SNAPS and the Office of Inspector General.

## Questions?

Please submit all questions to the HUD Virtual Help Desk at <http://hudhre.info/helpdesk> .Please be sure to select "HPRP" as the topic area for the question.