

HPRP Tips and Updates: New FAQs and Indirect Costs Guidance

Starting with this message, HUD is beginning periodic communications around specific HPRP topics, via this listserv. We want to provide guidance and clarity on issues that will help you carry out your HPRP program more effectively. In each message, we will identify the primary audience for which it is intended—in many cases, this information is critical for the case managers and front-line staff. Program administrators should be reading these updates as well, but please encourage the provider staff to sign up for the listserv, since there will be more content geared toward program implementation.

Audience: Program administrators at the grantee and subgrantee levels, as well as financial and accounting staff responsible for preparing and approving reimbursement requests and drawdown vouchers.

Update: New FAQs Posted on the Homelessness Resource Exchange

HUD has posted over 40 new and revised HPRP Frequently Asked Questions (FAQs) on the HRE. Topics include:

- **Treatment of indirect costs (see below for guidance)**
- Participant recertification – when must it be done and what documentation is required
- Eligibility criteria vs. risk factors
- Understanding HUD’s “stability” requirement – must participants have income to be eligible?
- Providing utility-only assistance vs. providing utility assistance as part of a larger package of assistance
- Providing utility assistance when the utility bill is not in the applicant’s name
- Providing assistance to persons living in hotels – are they prevention or rapid re-housing clients?
- Identification requirements for persons applying for HPRP
- Oral leases, expired leases, and month-to-month leases
- Establishing an appeals process for persons terminated from assistance
- Rental application fees as an eligible expense
- QPR reporting – adding users to your account, accessing preliminary and final reports, and making edits/corrections

Additionally, the recordings of the March-June HPRP webinars are now available on the HPRP HUD-Issued Guidance page (<http://www.hudhre.info/hprp/index.cfm?do=viewHPRPIssuances>). Please encourage all staff working on HPRP to view the recordings. Each one is approximately 1.5 hours in length. Available recordings include the following:

- HPRP 101
- Determining and Documenting HPRP Participant Eligibility
- HPRP Quarterly Reporting
- HPRP and HMIS

- HPRP Managing and Monitoring Subgrantees
- HPRP Inspection Requirements
- HPRP Financial Management
- HPRP Beyond the Basics

HPRP Tips: Indirect Costs

HUD recently issued an updated policy around the charging of indirect costs in HPRP. It was discussed on the “Financial Management for HPRP” webinar in June. The highlights of the policy are below. The full Question and Answer can be found here:

<http://www.hudhre.info/index.cfm?do=viewFaqById&topicID=102&subTopicID=125&faqid=862#detail>

HPRP grant funds may be used to pay indirect costs in accordance with OMB Circular A-87 or A-122, as applicable. **Grantees should work with their subgrantees to clarify how this policy will be applied in their local area, and how to reflect any changes in HPRP budgets.**

- Indirect costs may be allocated to each eligible HPRP activity, including grant administration, so long as that allocation is consistent with an indirect cost proposal developed in accordance with OMB Circular A-122 (for non-profit organizations) or OMB Circular A-87 (for local governments).
- The total grant **administration** costs charged to the grant, including both direct and indirect costs, must not exceed 5% of the grantee’s total HPRP grant amount. Indirect costs charged to other 3 eligible activity types are not subject to the 5% cap.
- An indirect cost proposal developed by a **non-profit organization** must be submitted to its cognizant agency for negotiation of an indirect cost rate (as required by OMB Circular A-122). Indirect cost proposals developed by a **governmental grantee** must be retained for audit in accordance with the records retention requirements contained in 24 CFR part 85 and must be submitted to its cognizant agency for negotiation of an indirect cost rate when required by OMB Circular A-87.
- This guidance permits the charging of indirect costs incurred since the inception of a grantee’s program (retroactively), if the grantee has not already charged those costs. Grantees that have already charged indirect costs are not required to make changes or modifications to charges previously made, but should make changes moving forward to ensure they are in compliance with the guidance outlined above if they begin charging indirect costs.

In the event that an organization does not have an approved indirect cost rate, and it is not feasible to establish one, grantees/subgrantees may allocate a reasonable proportion of their indirect costs to the activity with which the cost is associated. Subgrantees who wish to allocate indirect costs in this manner must work with their grantee to clarify how this policy will be applied in their local area, and how to reflect the resulting changes in HPRP budgets.

- *For example*, if an HPRP subgrantee employs ten staff, four of which work full time on HPRP case management and service activities, the subgrantee could charge 40% of their

monthly office lease/rent costs to the Housing Relocation and Stabilization Services category.

- As always, the grantee or subgrantee's plan for direct-charging indirect costs must be reasonable and supported by documentation. Supporting documentation should show that costs charged were incurred during the effective period of the grantee's agreement with HUD (or subgrantee's agreement with the grantee), the costs were actually paid out (or properly accrued), were expended on allowable items, and had been approved by the responsible official in the organization. The method for allocating such costs to HPRP should be reasonable and clearly documented and will be reviewed during monitoring or upon request by HUD.

HUD expects that many grantees will have budget changes as a result of this indirect cost guidance. HPRP grantees may adjust budgeted amounts for eligible activities by amending their Substantial Amendment. As explained in the HPRP FAQs, the Consolidated Plan regulations require grantees to establish criteria in their Citizen Participation Plan for what constitutes a Substantial Amendment to its Consolidated Plan. Under some plans, any changes over a certain amount – say 10% or 20% - trigger local citizen participation and public comments must be sought. In such cases, the changes would need HUD approval. When a budget is revised, the changed Substantial Amendment must be submitted to the local Field Office, with a copy also going to the grantee's HPRP Desk Officer at HUD Headquarters. Additionally, the HPRP grantee must document changes in IDIS via funds committed to projects and activities. The grantee should use its own internal process to document contract changes with subgrantees.

Resources

The Financial Management Webinar provides an overview of the updated HPRP indirect cost policy, and is located on the HRE at http://www.hudhre.info/documents/HPRP_FinancialMgmtWebinar_Slides.pdf.

For more general information on indirect cost rate proposals, go to: <http://rates.psc.gov> and <http://www.aqd.nbc.gov/Services/ICS.aspx>.