

## Transcript: eLOCCS & FINANCIAL TRAINING FOR YHDP RECIPIENTS

October 20, 2022

**Event Producer:** Welcome, and thank you for joining today's conference, eLOCCS and Financial Information Training. Before we begin, please ensure you have opened the chat panel by using the associated icon located at the bottom of your screen. If you require technical assistance, please send a chat to the event producer. You can submit questions throughout the presentation to everyone from the dropdown menu in the chat panel. Enter your question in a message box provided and send. With that, I'll turn the call over to Nili Soni, manager of Youth Homelessness Demonstration Program.

**Nili Soni:** ... Youth Homelessness Demonstration Program. I'm joined here with Aimee Harmon-Darrow, who is the specialist on Financial Guru. And then I'm also joined with Juanita Perry, who is an advance coordinator, as several other YHDP DDOs, who are also on the call present here. We are really, really excited. I know you all have been waiting for this moment, the practice of CCP and then the project application. So as you are excited, we are extremely also excited to now see the portion of all those work that you have put in. So excited to support you to the process of implementation of this project.

But today's session, we're going to talk about some administrative work that needs to happen in order to manage the financial aspect of YHDP. This training is primarily focused for around four or five YHDP recipients. It'll provide information and training on the secure system and applying for eLOCCS access. Some of you already have access, some of you're still working to get access, so hopefully this thing will be very helpful to you. We will also cover the requirements of your agency's financial systems and what documentation is needed to support your eLOCCS. This training is going to be helpful for you. We are going to be recording this training, so if you want to share it with other team members, then feel free to share. Also in the chat, if you can share information from which community you are or which organization you're joining from, that would be great. Thank you, and again, congratulations. I'm going to turn it over to Aimee.

**Aimee Harmon-Da...:** Thanks, Nili. So this is what we're going to be covering today, how to get access to eLOCCS, how to create a voucher in eLOCCS, some basics on the financial management systems that you'll need to have for federal funds and financial file documentation. So what is LOCCS? LOCCS is the line of credit control system and it's HUD's primary method of distributing funds to our recipients. Annually, we disperse over \$28 billion. Internally, there's over 1500 HUD LOCCS users, and then our partners number over 16,000 throughout the country. So what's in LOCCS? What you're going to see in LOCCS is your grant funds, the reservations,

obligations, contract dates, disbursements and collections. You can see detailed grant information like budget line items. And then LOCCS also has certain thresholds for draws and voucher review that are automatic, and then there's also thresholds that your HUD staff can impose. And then you can also see when your reporting documents are due, which is basically your APRs.

What you can do in LOCCS is view your portfolio, view individual grant details, enter a voucher, maintain your personal email address and also maintain who receives communications through LOCCS. So broadly, this is the progression of steps for getting access to LOCCS. The first is registering in secure systems, which is the basically where LOCCS is housed. It's the platform or the LOCCS system. Then you'll complete a form requesting access to the LOCCS system, and then you'll assign or reassign roles so that you can actually utilize secure systems to get into LOCCS.

So more specifically, these are the steps that are taken and some of them can be taken at the same time. So if you've never received any funds from HUD, the first thing you're going to do is register your organization in secure systems as a business partner. You only need to do this one time, and so that's the first step. And then you wait 24 hours and then you can proceed onto the next steps, some of which, as I mentioned, could be taken at the same time. So the next thing you also need to do is determine who is the approving official in your agency. And the approving official is someone who gives permission to another employee to drawdown funds from LOCCS. That approving official is going to register in secure systems as a coordinator, those become interchangeable terms.

The LOCCS user is going to register in secure systems as a user, those are two steps that can happen at the same time. After those steps are complete, then the LOCCS user is going to submit a LOCCS access authorization form, which is the HUD 27054E. Only the LOCCS user is going to submit that form. You'll send it to your DDO, we will review it and sign off on it, and then we'll send it to the CFO who will then grant you access to LOCCS. It takes usually about three business days from when the CFO gets it. This is what the secure systems login looks like. This is the portal. It's not very pretty and hasn't been updated in about 20 years, but this is what it looks like. All right, now we're going to get into the nitty gritty of what these forms look like. I'm going to go through all the different forms and I recommend that you just keep this presentation, which I think we'll be providing after the fact on hand so that you can go through the slides step by step.

The secure systems platform, this is a platform that was built for our FHA multifamily and PHA partners. So it was not designed for our homeless service providers, and we were invited to use this system about 10 years ago so that our partners could go online to draw funds. Before that, you had to call your vouchers in on the phone, which was a big pain in the butt. But that's important to know because the system doesn't necessarily make sense for us. So when you register your entity, for the purposes of registering in this system, you're going

to be considered a multifamily entity and you'll need your 10 when you do that registration. And this is what the rest of the registration screen looks like. So you'll fill this out, you'll click save, and then you'll wait until the next business day to do the next steps.

So the next step, and I mentioned earlier, you can do this and the other LOCCS user step at the same time. But the next step is to have your approving official register in secure systems as the secure systems coordinator. That coordinator is the only person who will have the authority to assign LOCCS admin roles to the users, so there has to be only one secure systems coordinator per entity. And as a reminder, the approving official slash coordinator, they will not actually have access to LOCCS itself, only your users will. And then this is the link that you will use to get on and register in secure systems. And then you'll get an MID. In the past, they've been mailing these to your mailing address, but I understand now that you are going to be receiving these via a secure email or encrypted email. So make sure to check all your different folders for that particular email.

This is what the screen looks like, and it's the same screen for both the coordinator and the user. And you'll see right in the middle of this screen, there's a button either for coordinator or a user. So you'll both register here. For the user, the user's going to be the person who's actually drawing down funds from the LOCCS system and the coordinator is, instead of getting the MID via a secure email, the coordinator is going to retrieve your MID from LOCCS. But before your coordinator can do that, the coordinator has to assign themselves roles as the LOCCS coordinator. Again, it's a lot of different titles because the system is not designed for our programs, but I promise you once you get through this initially, the use of LOCCS is quite easy.

So in order to assign themselves roles, the LOCCS coordinator will log into secure systems and they'll get to a screen that looks like this. The list of systems is actually probably going to be blank the first time you log in because you have not assigned yourself any roles towards those systems. But you will see the menu system administration and you'll go to user maintenance. You will look up your MID and you'll get to a screen that looks like, this maintain user, and it'll have your MID. And you'll see the dropdown arrow on under choose a function, and you'll go to maintain user profile-actions. And you'll scroll all the way down to LOCCS and you'll select coordinator. There's many systems that are hosted in the secure systems platform, and you're only going to have access to this one system, which is the line of credit control system.

Then after you select LOCCS coordinator, you'll hit the button assign/unassigned actions, and then you'll click okay. And then you're going to do something that sounds a bit like deja vu, but you're going to then choose a function, you're going to go to maintain user profiles-roles and click submit. And you're going to scroll down again to line of credit control system, and then you're going to select admin and query, and click assign/unassign and then click okay. These are going to give you permissions then to assign the roles for your LOCCS users. So

the next step is you're basically going to follow those same steps to assign roles to your LOCCS users. So now that you have that role assigned to yourself, you're going to select user maintenance. And this time you're going to have to search for your user using probably their social security number is the best way to do that. They have to put their social security number and so the coordinators when they do their registration, and it'll pop up their MID. And that's how you're going to retrieve their MID for them to fill out the HUD form 27054E.

So this screen will come up again, maintain user, and it'll have the MID and you'll choose a function. And you'll go to maintain user profile-roles, click submit. And you'll scroll down and look for the line of credit control system and you'll select Query and admin. It's very important you select both. And then you'll click assign/unassign roles, and then you'll click okay. So after you have that information for your LOCCS users, then your LOOCS user is going to submit this form or complete this form and submit it to your DDO. This is the HUD form 27054E. It cannot be completed without your secure systems IDs for both your coordinator and your user. You're going to request under section one, new user, and then fill out the form with the user ID and the rest of the information.

Section six. This is for the approving official, who is secure systems' coordinator. They'll complete this section including their MID. And then section seven. This form must be notarized and the seal must be visible. You're going to be scanning this form and emailing it to your DDO. So you need to make sure that the notary seal is visible in the scan document. Section eight is your HUD program point of contact. You do not fill out the section in the form, that'll be filled out by your HUD DDO, so leave that blank.

Section nine is on the second page. This is a very important section. Under reason, you're going to put new user. The reason must match what you selected in section one. And so almost all of you will probably be selecting new user. Then you'll have your organization's tax ID and name. And the program area is SNAP, and the program area name is special needs assistance because the YHDP program is funded under the COC program and that's the program area in LOOCS that we are. And then you'll select drawdown. And then at the bottom of that page, you need to have the user who's requesting access needs initials in box 11A and the approving official initials in box 11B. And then the last box, that's initialed by the HUD DDO contact.

So some notes with regards to this form, the title for your LOCCS user can be any title. It could be program assistant, whatever title that is for the person who's going to be making the draws. But the approving official title must be a permanent title. It can't be anyone who's in an acting or interim role, and it has to be in executive of your agency. And all the email addresses that you use have to have at least part of the person's name in it. So you can't use a generic email like finance at such and such organization. And just remember that section eight is completed by HUD staff, and that the bottom of page two, section 11A and B have to be initialed.

And then when you complete your form, you need to send it via a secure email, an encrypted email. Either the document itself needs to be encrypted or the email needs to be encrypted, and you scan it and send it to your DDO. The forum probably says to mail it somewhere, don't do that, it's all by email now. Once your DDO receives the form, they are going to review it for accuracy, and then they'll sign it and they'll forward it off to the chief financial officer. And it takes usually about three business days if the form is complete to get your access to LOOCS. And let's see, I think I'm going to stop there if there's any questions, Nili or Juanita from the chat.

Nili Soni: Yeah, that question-

Juanita Perry: Yeah. Oh. Go ahead, Nili.

Nili Soni: Go ahead.

Juanita Perry: Oh.

Nili Soni: Yeah, you want to go ahead then I can also jump in.

Juanita Perry: Okay. Yeah. Because I wrote down a couple of them and I'm horrible with names, so I'm not going to refer the name with the question. But the first question is, "Are you going to go over the HUD form? I believe it's 23456."

Aimee Harmon-Da...: I'm not familiar with that form.

Juanita Perry: Okay.

Aimee Harmon-Da...: I'm not sure that that's part of the process for accessing LOOCS.

Juanita Perry: Okay. I guess if the person can provide a little bit more detail in the chat and we can see if we can get that answered. The second question is, "Can the coordinator assign themselves a role?"

Aimee Harmon-Da...: The coordinator will assign themselves the LOOCS coordinator role, you cannot be both the coordinator and the LOOCS user. You need to have two people in your agency involved in the financial transactions. So if there's only one person in your agency that would be able to do LOOCS draws and it's the executive director for example, then you'll need to have your board president registered in secure systems as the secure systems coordinator, and then they would be the approving official. I don't necessarily recommend that because I don't find that boards are consistent, that those types of positions and boards tend to turn over and then they have to go through the whole process of registering in secure systems and then you have to go through another process to change your approving official. So I don't recommend that, but that is what you can do.

Juanita Perry: Okay. The next question I had is, "If our agency already receives HUD funding and uses LOOCS, the coordinator should be already assigned, correct?"

Aimee Harmon-Da...: Yeah. If you are already in the LOCCS system, then you don't need to concern yourself with these steps. This is essentially just getting access to the system and you want to make sure that your secure systems ID is active. You need to log into secure systems every 90 days to keep that registration active. Even though as the approving official slash the coordinator only has business in the system every six months, which is when you would be re-certifying your users, you'll need to actually go into secure systems at least every 90 days to make sure that your ID is active.

Juanita Perry: Okay. And I had two more questions and I'll pass it to Nili to see if you had any more. "What is win zip?"

Aimee Harmon-Da...: Win zip, it's a Windows program for creating a zip file.

Juanita Perry: I didn't know that.

Aimee Harmon-Da...: Usually if I have a file and I right click on the file, it gives me an option to zip and share. And when I do that, I can encrypt it with a password so that only somebody who has the password to that file could open it.

Juanita Perry: Okay. And then the last question I saw in the chat was, "If your coordinator is a user, can you use just the one ID for both elements on the form?"

Aimee Harmon-Da...: No, you cannot. You need to have two separate people. You need to have an approving official with a unique MID, and then a user with a unique MID. So as I mentioned before, if there's only one person in your agency that you think should be making the draws from LOOCS and it's your executive director, then you'll need to utilize somebody from the board of your agency, the president of the board to become the approving official. Nili, were there other questions that you spotted?

Nili Soni: Sorry, I didn't unmute myself, I didn't realize that. There are some additional questions. I also saw in the message that people are not able to see each other's questions. I believe we have to switch it to all attendees, so then your questions can be shared with others as well as we can also see the questions. So I know chat has been really active, so I apologize for not noticing this earlier. The additional question that came in is about, "Can an executive of an organization be the CFO, or does it have to be the CEO who has to sign?"

Aimee Harmon-Da...: No. It can be a CFO or some other type of manager, but it has to be a supervisor who is the approving official. So if you have a CFO, they could be an approving official. And then if you have another accounting staff, they would be your LOOCS user.

Nili Soni: Okay.

Aimee Harmon-Da...: If the CFO were going to be the one to do the draws, then you would have the CEO be the approving official.

Nili Soni: Got it. And well, I know you answered that question earlier, but someone asked, "Can I set up as a coordinator in secure system? I was able to be a user for one of the property, but not for a second property. How can we update relapse coordinator information?"

Aimee Harmon-Da...: You can update your secure systems registration. So if you've previously been a user and now you're going to be a coordinator, I'll have to send instructions, but you can make a request to the Real Estate Assessment Center, it's called REAC, they're the ones that run this program, to upgrade your user registration to coordinator. But you would not be able to, as I mentioned before, be also the LOOCS user, then you would have to have another LOOCS user. You can't be both of those things.

Nili Soni: Okay. All right. Then there were some questions about, what does a DDO mean? So a DDO means a SNAP staff person who is working with you. There is a dedicated desk officer who should have worked with you through the CCP process as a list of project application. If you are not aware about your DDOs, please put this in a chat and we will also have it at the end an email. Otherwise you can reach out to us and we're happy to connect you to your dedicated desk officer. Also about the slide, this webinar is being recorded, so we will definitely be sharing the information to you. I think those are the questions so far. Oh actually, there's one additional question. Sorry, I just missed this one. "Do we have to spend the money then to get reimbursed?"

Aimee Harmon-Da...: Yeah, I'm going to talk about that in a little bit, if that's okay, because I'm sure that'll also answer some questions there.

Nili Soni: Mm-hmm.

Aimee Harmon-Da...: Okay.

Juanita Perry: Oh, and just-

Aimee Harmon-Da...: Oh sorry.

Juanita Perry: Yeah, I'm sorry. Just FYI, someone mentioned that they don't have the option for attendees, just panelists. So that's why they're putting their questions in the panelist chat.

Event Producer: Yes. We've switched it now for everyone to be able to message everyone. So you should be able to have that option, otherwise you can message the event producer. Thank you.

Aimee Harmon-Da...: Okay.

Nili Soni: Thank you.

Aimee Harmon-Da...: So now you're ready to make a draw. So what are you going to see when you finally go through all those steps and get access to the system? So you'll go into the secure systems, you'll log into secure systems, that's the REAC link. REAC again is the Real Estate Assessment Center. It is a multifamily slash PHA function of HUD's, but they own the system. You'll see what LOCCS authorization you have and that's what you apply for, and that's going to be SNAP. And then you'll see the core screens, which has the main menu, your portfolio, grant inquiries, your user profile, your voucher drawdown and maintaining your email addresses.

So after you log into secure systems, this is the screen you're going to see. And as I mentioned, we host many systems in secure systems, but you are only going to see the line of credit control system because these are for other multifamily partners. So you'll click on that and then you will see this screen here. This is, you're now in eLOCCS. And the first thing that's going to come up is that you will see what program area authorizations that you have. And this is what you requested on the HUD 27054 and it'll say SNAP. And then you'll select SNAP and this'll be your main screen that comes up that you're going to see.

It's pretty basic system, there's not a ton of stuff. You can't generate reports from here or anything like that, but this is basically your ATM. So you can select on anything that's hyperlinked there. So the first thing we'll take a look at is your portfolio. I hope you all can see this. I tried to get it as big as I possibly could. This is what it'll look like. It'll first have a screen with all of your HUD awards from all programs. So some of you who've mentioned that you've had grants with us before, you might have grants through the HPA program or something like that, you'll also see those grants listed on this screen. And then each tab to the right will drill down into the certain programs that you have. By default, it's only going to list the grants that have balances. So if you want to look at all your grants, you need to select in that corner up there on the right corner, show zero balance grants.

Some of my screenshots are going to be from another program area, but that's because it was easiest to demonstrate that way and not have everybody's information all over my slides. So here, if you were to look at your drill down into the tab, it says CFP, which is the Capital Fund Program, which is a PHA program, a Public Housing Program. But it looks exactly the same for the SNAP program. It'll have your program area name, your grant numbers, the authorized amount, how much has been dispersed, what payments are in process and the available balance for each grant. And then if you select one of those grants, this is the first page that'll come up. It'll have the general screen, which will have your contractual organization name and address. It'll have the dates that the contracts were signed, and the period of performance dates will be there and it'll have the funding.



And then you select the next tab, it's the budget screen. And so this will drill down into the budget of your project and it'll have all the line items that have been funded. So this is a SNAP project. This is a YHDP project actually. And it has rental assistance and supportive services in admin, but your screen will have all the ones that have been funded through your grant agreement. They'll have the authorized amount, how much has been dispersed by line item, how much is in process and the balance by line item. And then the next tab are all the vouchers that have been submitted for that project. And it'll have the date it was submitted and the date that the funds were deposited into your account. And then you can select on any one of those vouchers to look at the voucher details.

You can also access your user profile here and that will show you your name and address, phone number and email, the name of your approving official, their address and phone number. It'll show you the last time you went into LOOCS and the last time you were certified. And then it'll also show you the authorizations that you have. The HUD 27054 authorizations, that's the LOOCS form that you completed. And you'll see SNAP and drawdown, that's the only thing you'll see. And then it'll also show you the authorizations that you have in secure systems, the assigned roles that you have, which should say administrator and query.

And so now, what does it look like to make a voucher? When you select that screen, a list of your projects will pop up. And you'll select the box for the one that you want to make a draw from and then click submit, and this is what it'll look like. So this information is information that you're going to want to have on hand before you get to this form in eLOOCS, which is basically you're going to want to know by line item how much you're going to draw. So it'll already have all these things populated for you and in that far right column, you're going to submit the numbers that you want to draw.

So whatever line items are funded for your particular project, those are the line items you're going to see available. So this particular project has operating costs, supportive services, admin and leasing. You might have HMIS, you might have only supportive services, you might have rental assistance, whatever's been funded through your grant agreement is going to show up here. It's going to show you how much was authorized by line item and how much is available to draw in each line item. And then you're going to fill in what you want to draw for this particular voucher.

Something you should know is that this is where the thresholds come in. So I mentioned earlier that LOOCS has some automatic thresholds, your projects are generally all 24 month projects. And so what LOOCS does is it automatically calculates how much you can draw in a 12 month period. And if you draw more than what would be expected in 12 months before you reach that 12 month mark, it's going to put your voucher on hold for HUD review. That doesn't mean you can't draw more than the 12 month allocation. So for example, for some of you, you got operating funds and you plan to purchase furniture with that either for your office, or for some units or you plan to purchase equipment. And so

your costs are mainly upfront costs and you're probably going to spend 75% of your operating line item in the first 12 months, and that's fine.

But it's just because it's an automatic threshold that LOCCS has, that particular voucher, the moment that you hit that mark, it'll place it on hold for HUD review. And when you get that hold, you need to reach out to your dedicated desk officer and let them know that you submitted a voucher and it was placed on hold for that particular reason. And you'll get a message as to why it was placed on hold and it'll say something to the effect of exceeded 12 month authorization. And then we'll review the voucher and we can approve it so that you get paid.

The other thing is that you can also draw or request to draw more than is available and that will also trigger a hold on your voucher. So for example, if towards the end of your project, you find that you need a little bit more in one line item versus another, but it's less than 10% of that particular line item, you can go ahead and put in that voucher, it'll be placed on hold for HUD review. And again, you let your DDO know that the voucher is pending and needs to be reviewed by us, and why you exceeded your budget line item and we'll work through that.

So let's say you made an error and you messed something up, you can cancel a voucher within a certain period of time. And you just select cancel voucher, it'll have a list of the vouchers that are available to be canceled and you just click on the button to the right. If that's not available to you, then contact your DDO and we'll help you through whatever issues you need to work through with regards to that particular voucher or your LOOCS disbursements. So the LOOCS system automatically sends out updates and whatnot to your email address. Anything that's going to be changed in LOOCS or if there's downtime, they'll contact via email. So you need to maintain your email addresses in the LOCCS system and keep them up to date. And the place to do that will be in the maintain email address and maintain email assignments.

So here you can update your email addresses and you have to have the administrator LOOCS roles, which you all generally will, and also maintain email assignments. So for example, there's certain types of emails that get sent out, like the wire payment summary or some reason, you can maintain those email assignments in the LOCCS system. So I'm going to stop here because we're going to be switching gears. I think I saw lots of questions popping up.

Juanita Perry: Yeah. I'm trying to find the ones that... Oh, okay. So the first question I have is, "Will you show us how to drawdown funds?"

Aimee Harmon-Da...: Yeah. I'll show you again, that's called creating a voucher. The way you draw funds is by creating a voucher. So you'll select here the payment voucher entry, this is in your main menu for the LOCCS system. You'll select the grant you want to draw funds from, and then you will put the amounts that you want to draw by line item in this form here, this automatically populates after you select the

grant, and then you submit that form in LOOCS. So it's pretty easy to do in the system. Again, you're going to want to collect that information before you get to this form. I'll talk about that a little later to a certain degree, but this is the screen here. Payment voucher entry.

Juanita Perry: Okay. Next question I have is, "You mentioned that the ID was emailed securely, although we aren't able to access that secure HUD email. Is there an alternative?"

Aimee Harmon-Da...: You need to call basically the REAC technical assistance number, and I can pull that up. I know a lot of people have been having trouble opening those emails and I don't know why. This system, the secure systems, it's not our system, it's not the SNAPS program system, eSNAPS is our system. Secure systems is for public housing and multifamily, it's their home that they do all their work in and we just get to squat there for the LOOCS access. So I know that doesn't help people that much, but let me just pull up the phone number for REAC. If you cannot open your email, you would dial 1-888-250-4860. That's the technical assistance center for secure systems, and hopefully they can resolve your issue and help you get your MID.

Juanita Perry: Okay, the last two questions that I actually recorded is from the same person, but first one is, "So each project grant agreement will be listed on each voucher entry?"

Aimee Harmon-Da...: Yes. The grant number would be listed on the voucher entry.

Juanita Perry: Okay. And then the second one is, "What is the timeframe between submitting a voucher and receiving the funds?"

Aimee Harmon-Da...: It's usually deposited within two business days, sometimes I see it deposited the next day.

Juanita Perry: That's all the questions I recorded. I don't know if Nili picked up any other questions.

Aimee Harmon-Da...: All right. Well, we'll have time for questions also towards the end. So technical assistance number again, oh I just made it disappear. Yeah, hang on.

Nili Soni: Sorry, I just muted myself again. There's two questions that came in, "Can you repeat the number again that you shared?"

Aimee Harmon-Da...: Yeah. It is 1-888-250. I'm sorry. It's 1-888-245-4860. And then you'll select one when they start to read their menu.

Nili Soni: Great. The other two questions, I believe Juanita just asked this question to you. "Is there a limit on the number of drawdowns you request? For example, can you make a drawdown request every two weeks, monthly, et cetera?"

Aimee Harmon-Da...: Yes. I'm just about to go into that.

Nili Soni: Perfect. I think the next question also probably you'll answer in the next phase.

Aimee Harmon-Da...: I'm going to start talking about that a bit.

Nili Soni: Okay. All right.

Aimee Harmon-Da...: So I'm going to switch gears to talk about the components of your financial systems. Some of you already have these components in place, but this is what's required now that you're receiving federal funds. Specifically, you can look and I always just help people to google 2 CFR 200.302, that goes into what are the requirements for official financial system. And I recommend [ecfr.gov](http://ecfr.gov) as a website to get access to all kinds of regulations. So you need to have financial procedures that cover all of your internal and your external cash transactions or financial transactions. You'll need to have an organizational chart that clearly outlines lines of approvals, and also titles, and who is actually in those positions. And you need to have a financial system that also do grants based accounting. So I'll get a little bit into the chart of accounts in that type of thing.

But you're going to need to maintain source documentation for your expenses, and I'll talk about the requirements for drawing funds from eLOCCS. You should have either an indirect cost rate or a cost allocation plan, and you should also have some procedures that cover single audit requirements. You're required to submit a single audit if you expend \$750,000 in federal funds or more annually. So a lot of you probably won't be triggering that. So your financial procedures. One of my mottoes is, practice is not policy. So things that you tend to already do, if it's not written, it's not a policy. So the things that you're going to want to have in your financial policies and procedures are, what position is responsible for requesting vouchers? What position is responsible for making sure those funds are deposited? Who is responsible for verifying the funds in eLOCCS? Who is responsible for drawing funds from your local account? Who's responsible for paying your vendors? Who's responsible for posting things to your accounting systems? It's very important to have separation of duties.

There has to be at least two people in your agency involved in every financial transaction. So what do I mean by that? And are these written into your financial policies and procedures? So for example, you might be doing a monthly reconciliation and your bookkeeper pulls all the funds that were expended for your particular grant or for your particular project in that month because they're going to request a reimbursement. They're just looking at what they paid out, so they're pulling that information and they're collecting the source documentation, and what they need to do after they make that request, this is how much you're due back from us, is they should then submit that request to somebody else who is familiar with the program, with the budget and what costs are eligible under these budget line items. So it'd probably be a program manager or something to that effect, who would then look at those costs that

were expended and say, "Yes, I verify that these were the costs that were expended for this account," and sign off on that before you make those draws.

Because even though it took forever to get into the LOCCS system, once you got into LOOCS, there's actually not a separation of duties built into that system. One person can just go in and make a draw. So you need to have those internal controls built into your policies and procedures so that the person who is making the draw has permission or those costs were verified by somebody else. The more people who are involved in signing off on a transaction, the less chance of fraud or abuse that you have for these funds. Let me check my notes to make sure that I said everything I wanted to in respect to this particular slide, because there's a lot.

Yeah. Okay. So your policies and procedures should also be reflected in your organizational chart. Your organizational chart needs to have position titles, who fills those positions and the structure, like who is answering to who? Those lines of authority or approvals. In addition, your position descriptions and responsibilities should be specific enough to know that the bookkeeper does X or the accounting official one does X, and then they submit that request to the accounting manager, something to that effect. They should be fairly specific on the procedures on how a financial transaction takes place. Who is authorized to approve a draw from the LOCCS system? Who's authorized to approve payment to a vendor? Those types of things should all be written into your policies and procedures. So even if it's your practice to always verify costs with the program manager, but it's not written down, then your policies are not sufficient. So as I mentioned, procedure is not policy. And that actually goes for your agency across the board programmatically, not just with your financial policies and procedures, but also your program policies and procedures.

So what should be in your accounting records and what should they be able to do for you? So your general ledger, as I mentioned before, you need to be doing grant based accounting. So you need to have a chart of accounts that has a separate account for your HUD grant and it has to identify the program, which is the YHDP program, the fiscal year, and that it's a HUD award. So it might say something like HUD FY20 YHDP, and then it should have fund codes that match what you have been funded to do. So it should have operating, or supportive services or admin. And then you might have other fund codes under that based on your whatever your local accounting system looks like. But you should be able to then pull a report that specifically identifies all the costs for your HUD grant. You should also be able to track what's been budgeted, what's been obligated, what's been expended in the remaining balances at any time from your HUD award.

So what do you need to do? What to have on file for your draws that are made through eLOCCS? Just a reminder, in terms of how you get paid, you can only get paid via eLOOCS, there's no other way to get payments from HUD. So you have to go through secure systems, your approving official has to be your coordinator and there's only one per agency and there has to be that separation

of duties that we discussed and I know that folks asked about. There's a coordinator and there's a user, and they are different folks. Your coordinator is going to re-certify your users in LOOCS every six months, but they have to go into secure systems every 90 days to keep their ID active. Minimally, you need to draw from LOOCS on a quarterly basis. Yes, you can draw as many times as you want, that should make sense to you.

You might do monthly reconciliations, I usually recommend doing at least monthly draws. Yes, you can do every two weeks. It's also important to know you may never ever share your MID and passwords. So if the person who makes draws from the LOOCS system goes on vacation, you need to make a plan because you cannot go in as that person, your access will be terminated permanently if that should happen. We do recommend that you do draw on a reimbursement basis, but that's not a requirement, it's just a best practice because you want to make sure that your costs are eligible under our program. And if you draw funds in advance and then it turns out that you accidentally drew for something that was not eligible, then you have to repay the line of credit.

You're going to keep a separate financial file for this project. So this is separate from all your program files, you're going to have a financial file. And in your financial file, you're going to maintain all the supporting documentation for your voucher draws. So what kind of supporting documentation? That's going to be invoices, contracts, time sheets, a rent roll, all those types of things based on what it is that you're funding. In terms of needing to draw in advance because some of you have rental assistance for 30 units say, and that's going to require an expenditure of minimally maybe \$30,000 a month and you don't necessarily have that in the bank, it's a pretty large expense that you have to do on a monthly basis. You can draw those funds in advance of making the payment of rent, but you need to have in your policies and procedures, the policy that minimizes the amount of time that those funds are in your local account before they come out, and they cannot be in your local account any more than three business days.

So if you're going to draw your rental assistance funds that are due the first of the month, you might draw it on this 27th of the month before. It gets deposited into your accounts and then your checks go out. How do you know if you have an eligible cost? There's two places to know whether your costs are eligible, one is 2 CFR 200 Subpart E, and the other is 24 CFR 578. Those are the regulations for the COC program. Again, I do recommend you saying ecf. And if you have questions about any cost and whether it's eligible under this grant, definitely email your dedicated desk officer and ask.

So time and attendance. A lot of agencies have staff that are funded for more than one grant. And for budgeting purposes, you determined that like for example, a program manager, 25% of their salaries on one project and 75% might be on another project. HUD is only going to pay a fair share of that person's salary. So while percentages are good for creating a budget, you can't

use percentages for reimbursement, you have to actually track actual time spent on that project. And so you'll either do that by using a program activity report or some other time and effort tracking method where they're tracking their time for that particular thing. You need to have it at least monthly and it needs to be signed off by a supervisor.

For a staff person that is dedicated to just one program, their entire salary is paid for out of this YHDP grant, you don't have to have that type of activity report on file. This is only for staff whose salaries are shared through across multiple programs. And those costs have to be either an indirect cost or a direct cost, it cannot be both. And just as a reminder, any costs that can be directly allocated has to be directly allocated, you cannot include it in an indirect cost basis. On our end, we're going to be looking at your spending too because a lot of times, spending issues are a symptom of program issues. So the dedicated desk officers, we track your spending on a monthly basis through a spending report that is generated. The spending report has things like the last time you made a draw, how much you've drawn based by line item, how much is remaining, how much time on your project has expired and what percent of your funds you've drawn. And those should match up pretty evenly with some exceptions.

And so we take a look at that, and if we notice that your spending is slow, or you haven't made any draws at all, or they're not being made on a minimum of a quarterly basis, we're going to reach out to you and try to figure out what's going on over there. You should also be tracking your funding because you want to make sure that you're going to fully expend your grant. And so in a few months or even six months from now, take a look at how you've spent your dollars, did things come up that you weren't expecting or are costs that you were expecting to have, are they not coming around? And you're going to want to try and look at your budget and say, "Is this the right budget? Do we have to make any adjustments?" And reach out to your DDO to have conversations about that because you may need an amendment to your grant.

Small budget adjustments that are 10% or less of a line item do not require an amendment, but anything more than 10% will trigger an amendment and then you'll need to make a formal request for that to your DDO. I just want to go over the responsibilities of the pass through agencies, some of you have subrecipients for your awards. Per OMB regulations, you have to review and pay requests for reimbursements within 45 days of receiving an invoice from your subrecipient. You're also responsible for monitoring your subrecipients to make sure that they're compliant with federal regulations, and not just financial regulations but with programmatic regulations. And you also have to make sure that your subrecipients are aware of and compliant of the single audit requirements and you have to track their compliance with that. And here are some useful links for the stuff that we were talking about earlier in terms of getting access to eLOCCS and you'll be able to get those from the presentation. And that is all I have to present. So we have time for questions, whom I saw some pop up. Nili or Juanita?

Juanita Perry: Oh sorry, I've answered a couple of them in the chat, but I can go over. Someone asked about, "Our grant is on a two year cycle, would that reflect as 24 months or should we expect to only drawdown a half of what was awarded as a 12 month cycle?"

Aimee Harmon-Da...: I think that it's useful to look at your project amounts and try to draw 1/24 of your funds on a monthly basis. That is not always going to be the case, obviously there's a lag in terms of how much time it takes to start up, and get leased up and that thing. But that's just general rule of thumb, and that's why LOCCS has that automatic threshold. It's not always going to be the case, but you should be tracking your funding to make sure that the amount of funds that you're drawing are making sense for your project and that you're keeping on top of that.

Because if you budgeted a certain amount for supportive services specifically, because that tends to be where there's a lot of different costs that you threw in there, with the expectation or anticipating that your clients had certain needs and maybe those needs didn't come to fruition. Like maybe you budgeted \$10,000 for apartment repairs and you only needed \$5,000, you want to be tracking that because you're going to want to make budget adjustments to make sure that you fully expended your grant in the 24 months that you have it. So I hope that answers that question. It's a rule of thumb, but it's not always going to be the case. It might take you three months to fully lease off all the units that you anticipated leasing up, but then after that three month period, you should be pretty much drawing the same amount of funds every month, if that makes sense.

Nili Soni: Yeah. I think there are some additional questions that Juanita did answer, but it might be helpful Juanita, Aimee, one of you could answer it. Can you talk about the budget modification? What is the process for YHDP? Is it 10% below? Do we need to notify if it's 10% and above? What is the process again for budget modifications?

Juanita Perry: Yeah. What I put in a chat was that if there's a modification that is less than 10%, then there's no hard approval necessary for you to do that. However, and Aimee mentioned it in her presentation. But if there's a modification that is greater than 10%, then that will trigger an amendment. So you will need to email your dedicated desk officer, copy your TA lead as well as the youth demo inbox, and I've put the youth demo inbox email address in the chat. Send that request to those parties and provide a detailed justification as to what funds you're moving. So what budget line items you're shifting funding from, and then a justification as to why you need to shift those funds.

If you're shifting it from a rental assistance or a leasing budget line items. So if you are moving funding out of, then you really need to be detailed as to how you're going to maintain that same level of service with less funds. And then once you do that, your DDO will prepare an amendment package and then it will go through a process of being reviewed. If there's any clarification that is



needed, then your DDO will notify you of that clarification needed before we can move it forward.

Aimee Harmon-Da...: Yeah. I would also add that if you're just making a small budget modification, you're still going to want to let your DDO know and we can update the BLIs in the LOCCS system. And then you might make a small budget modification maybe early on in your project, but then you'll need an additional small modification. But cumulatively, if you have to move more than 10% from a budget line item, that would trigger an amendment. So if initially you moved some money from supportive services into HMIS, and then you needed to move some money from supportive services into another line item at a later time for some reason or another, you're probably going to have reached that threshold of 10% and it will trigger an amendment. But any budget modification, you should at least be informing your DDO. And then yeah, if it's something that requires an amendment, you'll do the process that Juanita just outlined.

And I'll also add, when Juanita was talking about moving funds from rental assistance, that rental assistance line item right now is based on FMR. So if you were to move funds out of rental assistance, then when you get renewed, that rental assistance line item would have to be based on your actual rents. So it's just something to be careful about if you're moving funds out of rental assistance because it changes the way that the budget line item is funded in the future. Is there another question, Nili?

Nili Soni: Yeah. There are two additional questions, no, three. "We submitted our single audit to Federal Clearing House, do we need to send a copy to HUD? If so, where we should submit that report?"

Aimee Harmon-Da...: You should send it to your DDO.

Nili Soni: Okay. "Can you expand on the indirect cost given 10 person rate? How do you invoice and what documentation is needed?"

Aimee Harmon-Da...: Yeah, okay. So if you were going to be using an indirect cost towards your grant, you had to indicate that when you're submitting your project application. If you did not indicate that, then indirect costs wouldn't be part of your billing. Right now, there's no separate line item for indirect costs. You can attach indirect costs to any line item with the exception of rental assistance and leasing. So you would just add your indirect costs to either supportive services, or admin or HMIS when you do your drawdown and when you calculate what your drawdown is going to be for that month or for that voucher.

Nili Soni: Okay. The other question came in was about, "How do I know who is our DDO?" You can reach out to us. You can also send us an email at [youthdemo@hud.gov](mailto:youthdemo@hud.gov). We can also connect you to your DDO. But mostly, the youth lead should have the information. But definitely, we can connect you to your dedicated desk officer. I think someone also asked about how to connect to their TA providers.

Again, someone from a community with a youth lead actually has been in touch with your TA provider and we can also connect you to your TA provider. So please reach out to us. The webinar is being recorded, so we will be sharing this out as soon as we actually have the webinar transcripts and everything as labeled so we can share this information with you. Any other question for us, please utilize the chat. We hope this training has been helpful for you all.

Aimee Harmon-Da...: It's a lot to get into our system, but once you get into it, it's very easy to use. So if there's no other questions, I think we can end the presentation.

Nili Soni: Mm-hmm. All right. Thank you, everyone. Again, please reach out to us through [youthdemo@hud.gov](mailto:youthdemo@hud.gov). Maybe Juanita, I can just put it in the chat quickly for you. But we look forward to hearing from you and very, very excited about this next phase of YHDP because is the most exciting part that I know you all are waiting, we are also waiting for. So thank you again. I will put the email in the chat just in a second.

Juanita Perry: Nili, I've put it in the chat and I asked if they can provide the community in the subject line so we can connect them with their DDO.

Nili Soni: Perfect. All right. Thank you, everyone.

Aimee Harmon-Da...: Have a good day.

Event Producer: That concludes our conference. You may now disconnect.