



## ATTACHMENT C: FINANCIAL AND ADMINISTRATIVE REQUIREMENTS

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The selected applicant must comply with Federal administrative requirements and cost principles, codified in the Office of Management and Budget (OMB) Circulars and in HUD's Code of Federal Regulations (CFR) identified in Attachment C-2. Selected applicants must read this information thoroughly, return a signed and completed copy of the Financial and Management Certification found in Attachment C-1, and refer to the References in Attachment C-2 as needed.

### FINANCIAL MANAGEMENT AND AUDIT STANDARDS

- A. Selected applicants must comply with financial management standards for funds control and accountability in 2 CFR 200.302 and 2 CFR 200.303.
- B. Selected organizations that expend \$750,000 or more in Federal funds during any fiscal year of the term of this cooperative agreement must comply with the Single Audit requirement included in 2 CFR 200.501(b). This applies to all organizations, including State and local governments, non-profit organizations, educational institutions, and commercial/for-profit organizations.
- C. Selected applicants that expended \$750,000 or more in their most recent fiscal year must submit a copy of their organization's most recent audit, including:
  - 1. Financial Statements, Schedule of Expenditures of Federal awards;
  - 2. Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards;
  - 3. Report on Compliance with Requirements Applicable to each Major Program and Internal Control Over Compliance;
  - 4. Summary Schedule of Findings and Questioned Cost of Prior Year Findings; and
  - 5. Corrective Action Plan if there were audit findings.

Selected applicants that will expend less than \$750,000 in Federal funds in every year of the term of this cooperative agreement that choose to have an audit should submit a copy of the organization's most recent audit. Such selected applicants are prohibited from using grant funds awarded under the PFS Demonstration to pay for costs associated with the audits.

### INDIRECT COSTS

- A. Selected applicants charging indirect or overhead costs must submit one of the following:

1. Documentation of an approved rate signed by the cognizant Federal agency; or
  2. Documentation of an approved rate, based on current financial information, negotiated with HUD's Office of the Chief Procurement Officer (OCPO).
- B. According to 2 CFR 200.414(f), selected applicants that never received a negotiated indirect cost rate, except those described in Appendix VII to Part 200, paragraph D.1.b., may elect to charge a *de minimis* rate of 10 percent of modified total direct costs (MTDC), which may be used indefinitely. If your organization chooses this methodology it must use it consistently for all Federal awards until such time as a non-Federal entity chooses to negotiate for a rate.

## **PROHIBITION OF PROFIT/FEE**

Selected applicants must certify that no increment above cost, no fee or profit, will be paid to the organization, or to any subcontractors or consultants.

## **LABOR RATES FOR STAFF, CONSULTANTS, AND SUBCONTRACTORS**

- A. Pursuant to the Federal cost principles, selected applicants are prohibited from charging labor rates to the Federal Government that are higher than those paid by others for similar work. HUD will determine the reasonableness of and approve all rates in accordance with applicable Federal cost principles. HUD must approve the rates before they are considered effective. Staff, consultants, and subcontractors with rates over \$175 must submit additional information, including a description of the individual's expertise, value to the team, estimated number of annual hours, and total cost. Requests to add or change existing HUD-approved rates for subcontractors and consultants must be based on the organization's procurement policy and applicable regulations, and, if applicable, must include, sole source contractor, and any changes in HUD-approved rates.
- B. Selected applicants must submit the following:
1. Organization's compensation policy;
  2. Labor Rate Schedule; and
  3. Resumes for staff, consultants, and subcontractors with rates over \$175, if applicable.

## **CODE OF CONDUCT**

- A. Selected applicants must follow written standards of conduct:
1. Their code of conduct must address:
    - a. Prohibition of solicitation and acceptance of gifts or gratuities by officers, employees, or agents or standard, or
    - b. The standards set for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value.

- C. Administrative and disciplinary actions available to remedy violations of the above items.
- 2. A description of the methods used by the organization to ensure that all officers, employees, and agents of the subject organization are aware of the organization's code of conduct.



## ATTACHMENT C-1: FINANCIAL AND MANAGEMENT CERTIFICATION

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By initialing each item and signing the certification, the selected applicant, in accordance with requirements for receiving a funds under the Pay for Success Permanent Supportive Housing Demonstration, certifies that the organization:

- \_\_\_\_\_ 1. Has a financial management system that meets prescribed standards for funds control and accountability as found in 2 CFR 200.302;
- \_\_\_\_\_ 2. Has a financial management system that can provide a comparison of expenditures with budget amounts for each HUD award;
- \_\_\_\_\_ 3. As applicable, used a method to develop the indirect cost rate developed and the allocation of indirect costs under this award that is in accordance with generally accepted accounting principles and those principles are consistently applied;
- \_\_\_\_\_ 4. Has an accounting record system able to identify HUD programs and awards received and expended by specifying, as applicable, the Catalog of Federal Domestic Assistance (CFDA) title and number, HUD award identification number and year, HUD's agency name as the awarding agency;
- \_\_\_\_\_ 5. Has an accounting record system that contains information on HUD grant awards, authorizations, obligations, unobligated balances, assets, liabilities, expenditures, program income, and interest;
- \_\_\_\_\_ 6. Enters an encumbrance/obligation in its accounting records when contracts are executed, purchase orders issued;
- \_\_\_\_\_ 7. Identifies expenditures in its accounting records according to eligible activity classifications specified in the statute, regulations, or grant agreement that clearly identify the use of program funds for eligible activities;
- \_\_\_\_\_ 8. Has a history of and will continue to maintain adequate control over all funds, property, and other assets to ensure they are used solely for authorized purposes;
- \_\_\_\_\_ 9. Follows written procurement procedures and standards that comply with 2 CFR 200.317-.326;
- \_\_\_\_\_ 10. Will not use HUD funds as payment to this entity or to subcontractors or consultants for any increment above cost—HUD will not pay any fee or profit under this award;

- \_\_\_\_\_ 11. Will not use PFS Demonstration grant funds for the direct provision of housing or services;
- \_\_\_\_\_ 12. Pays compensation for employees who are engaged in work on Federal awards at rates that are no more than the rates for similar work on non-federal activities;
- \_\_\_\_\_ 13. Will incur and bill travel costs under these cooperative agreement awards at rates and costs that are no higher than the rates and costs that are normally allowed in this organization's regular operations for non-federally sponsored activities and that these rates are no higher than the Federal Travel Regulations (FTR) prescribed by General Services Administration (GSA), except as pre-authorized by HUD in writing and acknowledges that only coach rates are allowable;
- \_\_\_\_\_ 14. Has an internal control system with clearly articulated lines of responsibility for HUD awards that are written in policy/organization charts and, to the extent practicable, has duties and responsibilities segregated so that no one individual has complete authority over a financial transaction (see 2 CFR 200.303);
- \_\_\_\_\_ 15. Has no outstanding delinquent Federal debts;
- \_\_\_\_\_ 16. Will comply with the Drug-Free Workplace Act of 1988;
- \_\_\_\_\_ 17. Will comply with requirements of the Privacy Act of 1974;
- \_\_\_\_\_ 18. If selected will maintain an active registration on the System for Award Management found at [sam.gov](http://sam.gov);
- \_\_\_\_\_ 19. If selected will provide evidence that the individual or organization has a recent history and pattern of actually having been paid at the proposed rate by their clients, including for-profit organizations, nonprofit organizations, and governments, excluding HUD;
- \_\_\_\_\_ 20. If selected will provide evidence that the rates the organization has negotiated are consistent with the best/lowest customary rates that were negotiated by the proposed individual or organization's prior clients;
- \_\_\_\_\_ 21. If selected will provide certification that compensation rates for work on federal work is the same as that paid for similar work on non-federal activities; and
- \_\_\_\_\_ 22. Has taken reasonable measures to safeguard protected personally identifiable information (PII) and other information that HUD or a pass-through entity designates as sensitive, or the recipient considers sensitive, consistent with applicable Federal, State, local, and tribal laws regarding privacy and obligations of confidentiality.

**Certified by:**

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Print Name of Authorized Representative

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Organization Name

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Signature of Authorized Representative or Designee

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Date



## ATTACHMENT C-2: ADMINISTRATIVE AND FINANCIAL REFERENCES

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1. Electronic Code of Federal Regulations (eCFR) is available at [www.ecfr.gov](http://www.ecfr.gov).
2. The 2015 General Section NOFA and Program NOFA:
  - <http://portal.hud.gov/hudportal/documents/huddoc?id=2015nofa-gensec.pdf>
  - [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/administration/grants/fundsavail/nofa2015/pfspshdemo](http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/grants/fundsavail/nofa2015/pfspshdemo)
3. Administrative Requirements (applicable for all entities including commercial/for-profits, non-profits, and institutions of higher learning):
  - 2 CFR Part 200 (Subpart A, B, C, D)
4. Cost Principles:
  - 2 CFR Part 200 Subpart E
  - Federal Acquisition Regulations (FAR), 48 CFR Part 31.2, Cost Principles for Commercial Organizations
5. Audits (applicable for all entities including commercial/for-profits, non-profits, and institutions of higher learning):
  - 2 CFR Part 200 Subpart F
6. Travel (applicable Federal Travel Regulations (FTR), prescribed by the General Services Administration):
  - 41 CFR Chapters 300-301