



# Standard Operating Procedures (SOP) for Vouchers

Version 2 • June 2020

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## Revision History

Revision Number	Revision Date	Summary of Changes	Author
1	6/16/20	Adjustment to non-key personnel	Ken Rogers/Lauren Deigh

## Approvals

This document requires the following approvals:

Name	Title
Stephanie Stone	Technical Assistance Division Director

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## Purpose and Scope

The Voucher standard operating procedure (SOP) operationalizes the requirements in the cooperative agreement and satisfies the Department's requirement for internal controls to reduce mismanagement of federal funds and manage risks associated with administration of the award.

This Voucher SOP for Recipients: 1) reviews requirements for submission of monthly payment requests; 2) discusses the roles of GTRs and Program Office staff in reviewing vouchers; and, 3) describes the voucher review and approval process and timelines. The SOP elucidates the standards by which HUD Government Technical Representatives (GTRs) will review and approve, or reject, payment requests. Given differences in Recipients' financial management systems, the SOP offers Recipients flexibility for submitting supporting documentation.

Applicability: The SOP is applicable to the submission of all payment requests for work conducted under approved work plans under the Community Compass Technical Assistance and Capacity Building Program (Community Compass) Cooperative Agreements and awards issued under other TA NOFAs linked to CFDA 14.259. There are no significant differences across different funding years of cooperative agreements that warrant one procedure for each year. If future cooperative agreements include updated procedures, this document will be updated.

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## Definitions

This SOP applies and incorporates the same meaning of terms, defined directly or incorporated by reference, in the NOFA, 2 CFR part 200, Subpart A or 24 CFR parts 84 and 85 for awards executed before December 26, 2014. Some additional terms are defined below.

**Allocable Costs** – A cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received.<sup>1</sup>

**Contractor** – a company or organization from whom the Recipient procures goods or services for work under the cooperative agreement. Contractor staff who work on the Recipient’s technical assistance projects are referred to as “contractor personnel.” Also referred to as “subcontractor personnel” in the TA provisions.

**Cooperative Agreement Officer (CAO)** - The CAO is the HUD official identified on the award document (HUD form 1044) and is authorized to execute and/or administer the award. The CAO is responsible for approving awards and amendments that obligate or de-obligate funds, suspending and terminating awards, and performing other responsibilities that are set forth in this agreement.

**Direct Costs** – Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a Federal award, other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy.<sup>2</sup>

**Draw Down** – A request for payment made by the Recipient against the Recipient’s line of credit for services performed in support of one or more activities. The draw down is also called a voucher.

**Disaster Recovery Grant Reporting System (DRGR)** – The financial and information management system used by HUD to manage Community Compass awards. The system is used for the submission and approval of vouchers and associated work plans.

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<sup>1</sup> 2 C.F.R §200.405 (2019).

<sup>2</sup> 2 C.F.R §200.413 (2019).

**Financial Management System Reports**– The Recipient’s verification/records for invoicing from their financial system. It identifies the cost for services/goods and itemizes staff rates/hours, contractor personnel, consultants, direct costs (ODC) and indirect costs, and other expenses, etc. (referred to as “financial reports” in this SOP).

**Government Technical Monitor (GTM)** – As defined by HUD, the individual designated to provide , technical advice and other assistance to support the Government Technical Representative (GTR) in the evaluation of a recipients’ performance. The GTM provides programmatic expertise and input to proposed TA work plans, products, status reports and vouchers. In some offices, the Program Office Technical Assistance Coordinator (POTAC) for a Recipient fulfills this role rather than a GTM.

**Government Technical Representative (GTR)** – As defined by HUD, the individual who is responsible for the technical direction and evaluation of a recipients’ performance. The GTR is responsible for review and approval of work plans, products, status reports, and vouchers. GTRs serve as representatives of the Cooperative Agreement Officer who has responsibility for the management and fiscal oversight of the cooperative agreement awards.

**Indirect Cost Rate** – A federally-approved rate for charging indirect costs, approved by the Recipient’s cognizant agency.

**Line of Credit Control System (LOCCS)** – HUD’s system for processing disbursements. DRGR interfaces with LOCCS and transfers approved vouchers to the Recipient’s locally designated account.

**Monthly Activity Report/Monthly Activity Summary (MAR)** – A monthly summary report template submitted with a voucher that includes a description of the work performed, hours billed, and actual costs incurred during the period of the voucher, traveler information, and status of deliverables. GTRs review the MAR to supplement information that is not documented elsewhere in voucher documents and to secure narrative accomplishments. Also known as the Monthly Activity Summary in the provisions.

**Program Office Technical Assistance Coordinator (POTAC)** – The individual who coordinates TA activities for the Program Office. Like the GTM, the POTAC supports the GTR in the in the technical direction and evaluation of a recipient’s performance. In some offices, a GTM fulfills this role rather than a POTAC.

**Reasonable Costs** – A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the costs.<sup>3</sup>

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<sup>3</sup> 2 C.F.R §200.404 (2019).

**Recipient** – A recipient of a Community Compass Technical Assistance and Capacity Building Program cooperative agreement and/or other awards linked to CFDA 14.259. Previously referred to as the awardee.

**Supporting Documentation** – Additional information provided by the Recipient to support the request for payment.

**Work Plan** – A project implementation and service delivery plan submitted by the Recipient which outlines eligible TA or capacity-building services to one or more HUD customers. A work plan serves as the agreement between HUD and the Recipient, for the provision of TA services, and the Recipient’s formal response to a TA assignment from HUD.<sup>4</sup>

**Voucher** – The request for payment in DRGR (also called the draw down). A voucher includes one or more line items (billing for work plans) that are requests for payment of costs associated with work or services provided during a billing period.

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## **Governing Authorities: Voucher and Billing**

Recipients are subject to requirements established in the NOFA, the provisions, and all applicable Federal regulations and HUD policy. Per the TA provisions, Recipients of cooperative agreement TA awards are subject to 2 CFR part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Recipients of awards executed before December 16, 2014 are also subject to 24 CFR parts 84 and 85. 2 CFR 200 Subpart E establishes many of the cost principles and standards that are applicable to HUD TA award Recipients and are referenced in this document. Attachment 4 within the TA provisions identifies requirements for billing.

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## **Roles and Responsibilities**

This section briefly describes the voucher submission and review process.

### **Recipient**

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<sup>4</sup> “Provisions,” Work Plan, (a).

The Recipient prepares the voucher package for HUD review.

The Recipient:

- Submits payment requests to HUD at least monthly.
- Bills for costs incurred by the last day of the month following the delivery of services (based on the Recipient's monthly billing cycle), but no later than ninety (90) days following delivery.
  - Ensures that contractors and consultants submit invoices to the Recipient for costs incurred within thirty (30) days of the activity.
- Submits vouchers in DRGR and emails a copy of the financial management system report (herein referred to as "financial report") and MAR to the GTR and the appropriate GTMs/POTACs.
- Provides clarification and/or supporting documentation to the GTR, as requested, to support voucher approval.
- Certifies that the information provided with the voucher is true, correct, actual, and that outlays were made in accordance with the cooperative agreement conditions and applicable regulations.

## GTM/POTAC

The GTMs and POTACs review voucher supporting documents and coordinate with Field Office staff or subject matter experts, as applicable, to support their review. During the review they:

- Confirm that TA activities described are consistent with the work plan.
- Verify that the activities conducted are consistent with the work plan scope and tasks.
- Verify that milestones are on track.
- Verify that the deliverables are timely and of an acceptable quality.

## GTR

The GTR reviews the voucher, MAR, financial reports and other supporting documentation to ensure the costs incurred are eligible and appropriate.

The GTR:

- Reviews the voucher in consultation with the applicable GTMs/POTACs.
- Ensures that the billing complies with technical, administrative, and programmatic requirements.
- Determines whether the voucher is approvable as submitted or meets the criteria for rejection.

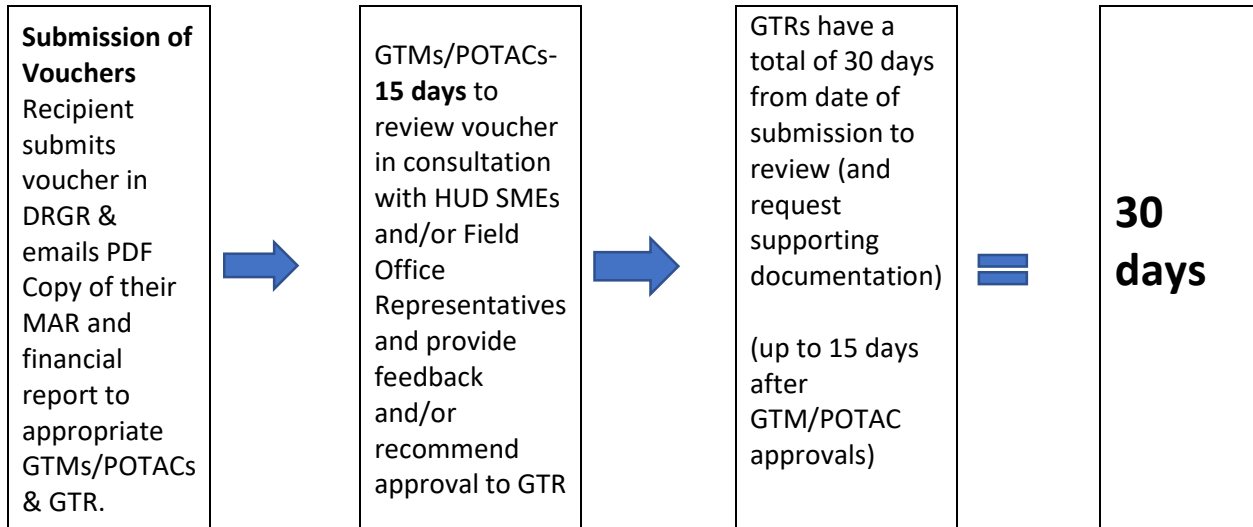
- Requests additional information as needed
  - Approves, rejects or requests additional information.
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## **Submission and Review Process**

The information below provides an overview of the voucher submission/ review process and associated timelines. .

- Recipient submits vouchers in DRGR at least monthly, based on their billing cycle.
- Recipient emails the appropriate GTMs/POTACs and the GTR , providing the MAR & financial reports within 1 business day after submitting the request in DRGR.
- , GTMs/POTACs (in consultation with HUD SMEs and/or Field Office Representatives) provide feedback and/or recommend approval to the GTR within 15 days.
- GTRs complete their review of voucher within 30 days from the time of submission.. During this time, the GTR may request additional supporting documentation.
  - If additional information is needed, the Recipient will have 10 business days to provide it to the GTR.
  - The GTR will review this information within 15 business days. .
- For previously rejected vouchers the GTR will review the new submission within 15 days of receipt of the new voucher.

## Initial Review Timeframes



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## Documentation Requirements

Recipients must provide at least two documents with their voucher request: The Monthly Activity Report and the report from their financial management system. Additional supporting documentation may be provided, as required.

The requirements for the MAR are listed in Attachment 4 of the award provisions. The MAR does not need to duplicate information that the Recipient submits through their system-generated financial reports. The MAR provides narrative and other information not readily available to HUD through the financial report.

## Recipient's Financial Management System Reports

The Recipient must provide documentation of actual costs from their financial management system, which must support the description of the work performed.<sup>5</sup> Listed below are the requirements for the Recipient's financial management system report as delineated in the award provisions.

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<sup>5</sup> "Provisions," Attachment 4. Monthly Billing Requirements, (e).



- a. The cooperative agreement award number, funding source, and work plan number or name.
- b. Date of the activities (month and year)/actual costs by work plan.
- c. The names and position/title of each employee, contractor personnel, and consultant by work plan; (see below for exception); applicable hours worked for the month by work plan; the compensation rate attributable to the employee, contractor personnel, and consultant; and travel costs by each employee, contractor personnel, and consultant.
- d. Actual activity costs –costs of activity, for each employee, contractor personnel and consultant.
- e. The federally-approved indirect cost rate applied and the total indirect costs. This must be the approved rate in effect for the period during which the work was conducted.
- f. If applicable, the approved G&A rate used, and the total G&A rate costs as approved by the Recipient’s cognizant agency.
- g. A cumulative amount of funds expended by work plan and by the award.
- h. A cover page with the cooperative agreement number, funding source, current and cumulative totals by work plan number and by award.

HUD recognizes there is variability among Recipient financial management systems. For example, some financial management systems do not include the “position/title” or detailed (daily or weekly) time and wage reports for consultants and/or contractors. Therefore, HUD will accept other sources or information and make the following allowances:

1. If the Recipient’s financial report does not list the position/title, HUD will review the contractor’s/consultant’s position/title in DRGR Report 2.4, Rates and People.
2. If the Recipient’s financial report does not provide detailed information on the hours worked and/or compensation rate of contractor personnel and/or consultants, HUD will accept this information in supporting documentation, i.e., a copy of the contractor’s or consultant’s invoice.

## Monthly Activity Report (MAR)

Per the Provisions of the Award,<sup>6</sup> the MAR shall include the information requested within the template and reflect actual work performed and costs incurred by work plan, project, and award that are being billed in the Recipient’s financial management system.

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<sup>6</sup> “Provisions,” Attachment 4. Monthly Billing Requirements (#1-d).

The purpose of the MAR is to supplement the information generated by the Recipient's financial management system. The MAR must describe work conducted and billed in that month's voucher, including:

- Concise narrative statements or bullets covering the key accomplishments and activities conducted for each work plan, and
- Description of the status of products under development or delivered, including an explanation of late deliverables.

If not provided in the financial reports, the MAR should also:

- Identify the name of each person and their activities by work plan, and
- Describe travel, including name (and contractor), if applicable); city of origin and destination; and number of nights per trip.

Regardless of the source of information, the GTM and GTR must be able to verify that the work was performed consistent with the approved workplan.

## Supporting Documentation

The Recipient must provide additional, supporting documentation to explain or clarify items that are not in the financial report or MAR, or represent exceptions from standard practice.

Below are examples of supporting documentation:

- Prior authorization of travel costs in excess of allowable Federal Travel Regulation (FTR) rates.
- Itemized breakdown of travel costs, by cost category, for each traveler and other miscellaneous costs.
- Newly approved Indirect Cost Rate (if applicable).
- Space agreement for a conference.
- Other items for the GTR review.

On the next page is an example of the Narrative from a MAR when the Recipient's financial report does not link personnel, hours, and activities clearly.

	A	B	C
54	Work Plan Name	ADULT LEARNING PRODUCTS	<b>Work Performed</b>
		TAA-O-15-004-05	<p>TAA staff reported the following activities for January 2020:</p> <ul style="list-style-type: none"> <li>•Lucy van Pelt Sally Rogers provided overall administrative/oversight responsibilities for this work plan; had meetings with project team on actions being taken at sites and ensuring progress with specific work; and provided overall management and direction to project.</li> <li>•Lucy van Pelt made edits to IDIS LMA Adding Activities and published and sent the file to HAE.</li> <li>•Patty Peppermint oversaw development of IDIS modules.</li> <li>•Charlie Brown, as project manager, hosted project status meetings throughout the month of January with the TAA development team to discuss the current module development timeline, the module review process, project risks, and overall budget. He discussed the final assumptions for the stand alone module "Financial Matters" with the development team lead and HAE. He is the main point of contact for the HUD program officers and regularly provides status updates to HUD and assisted in the administrative and reporting functions for January and updated the project budget projections accordingly.</li> <li>•Snoopy A. Woodstock developed online modules for the IDIS curriculum.</li> </ul>
55	Work Plan Number		
56	Period of Performance	01/01/17 - 09/30/20	
57	Total Hours Billed this Billing Period		24
58	Total Amount Budgeted		\$349,100.00
59	Amount Previously Billed		\$289,620.84
60	Amount Billed During this Billing Period		\$3,521.66
61	Total Amount Billed to-date		\$293,142.50
62	<b>TOTAL REMAINING BALANCE</b>		<b>\$55,957.50</b>
	Traveler	Subcontractor or Consultant Organization	Origin + Destination + Number of Nights
64			
65			
66			
67			

Instructions | 
 1. Summary | 
 2. Administration | 
 3. Coordination | 
 4. Dept TA | 
 5. DR | 
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Travel costs must be approved in advance. If not clear from financial reports provided, the MAR must identify individual trips with the names, origination and destination of travel, and number of nights of the travelers (see example below). In addition, the financial reports or other supporting documentation must detail travel costs, as discussed in the Travel Notes section below.

	Traveler	Subcontractor or Consultant Organization	Origin + Destination + Number of Nights
15	Sally Rogers	Technical Assistance of America	Washington, DC - Milwaukee, WI - 3 nights
16	Lucy van Pelt	Technical Assistance of America	Washington, DC - Milwaukee, WI - 3 nights
17	Charlie Brown	Technical Assistance of America	New York City, NY - Milwaukee, WI - 3 nights
18			
19			

## Travel Expenses

This SOP provides additional information regarding the reporting of travel expenses. The current FTR (Federal Travel Regulation) <https://www.gsa.gov/policy-regulations/regulations/federal-travel-regulation-ftr> and 2 CFR part 200 guide the GTR's review of travel expenses. Recipients can refer to their own travel policy and HUD's "Travel Guidance Frequently Asked Questions" (FAQs) for more details.

Recipients must include detailed information for each traveler and trip taken. While there is no required template or format for reporting travel expenses on vouchers, Recipients should include the following details:

- Name of traveler
- Origination and destination (TDY – Temporary Duty Station)
- Dates traveled
- Mode of Transportation and associated expenses (includes airfare, train, and privately owned vehicle (POV))
- Meals and incidental expenses
- Lodging cost, including tax and fees
- Ground transportation expenses, including transportation to and from home to the airport (e.g. car rentals, public transportation, mileage)
- Other miscellaneous expenses

Recipients should refer to the "Travel Guidance Frequently Asked Questions" (FAQs) for guidance on exceptions and additional expenses. While Recipients are required to retain receipts, itemized receipts are not required with vouchers unless specifically requested by the GTR. A GTR may request a justification and/or receipts when travel expenses appear unreasonable.

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## Additional Billing Guidance

### Trailing Costs

Recipients are reminded that the MAR narrative should not describe activities that were conducted during the billing period, but not billed for on the month's voucher. This is often the case for a contractor/consultant who has not yet billed for their work or travel costs. Report the activities or travel costs attributable to the "trailing costs" in the MAR for the month in which the costs are billed. If applicable, note in the MAR that trailing costs will be billed in a future

voucher. If the billing occurs more than 90 days after the work performed, the Recipient must justify the late billing and seek authorization for reimbursement from the GTR.

### Staff Listed on Work Plans

Key personnel must be listed and any change in key personnel must be prior approved by HUD. Recipients may bill for an individual who is not key personnel and not on the work plan, provided that they have a HUD-approved rate effective during the time worked.

### Direct Billing for Individuals Allocated to Indirect Cost Rate

As a general rule, Recipients may not directly bill for individuals if 100 percent of their labor costs are included in the indirect cost rate calculation. HUD recognizes, however, that such personnel may at times be involved in Direct TA work and billed as Direct Labor on the financial report. The Recipient must inform the GTR of this change and provide documentation in your annual audit to demonstrate that HUD was not double billed for the labor of this person (billed both directly and indirectly).

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## Additional Information - GTR Voucher Review Checklist

This section outlines the key questions GTRs consider in reviewing vouchers and is included for Recipient awareness. GTRs will utilize a checklist for each voucher submitted in DRGR regardless of the number of line items (work plans) included in the voucher. The GTR considers each question, as appropriate, at both the voucher level and at the line item/work plan level. Some questions pertain to the overall voucher and supporting documentation; most apply to each work plan for which charges are billed.

The checklist consists of the following eight (8) overarching questions:

1. Are products delivered and services performed eligible TA products/services?
2. Are labor costs and hours billed at the appropriate rates?
3. Are indirect costs consistent with award terms & conditions?
4. Are travel costs consistent with travel requirements?
5. Were the costs incurred within the period of performance of the work plan?
6. Are costs properly supported?
7. Are arithmetic calculations correct?

8. Are billed work descriptions consistent with the approved work plan?

Utilizing the checklist, the GTR may: 1) approve the voucher (in whole or in part), 2) identify specific voucher line items for which additional information or supporting documentation is needed, and/or 3) reject one or more line items. The following sections further describe the approval options and delineate reasons for rejection.

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## **Voucher Approval - Working with Recipient to Remedy Submission**

Except as noted below in the “Rejection of a Voucher” section, GTRs may approve vouchers while additional information is pending or work with the Recipient to obtain additional information. After completing the voucher review, the GTR will identify any work plan payment requests (voucher line items) that need clarification, correction, or additional supporting documentation. When the GTR submits a request for additional voucher supporting documents in DRGR, the System will send an email to all Recipient personnel with the DRGR user role of “Submit Voucher Documents to HUD”. Please ensure that the appropriate staff within the Recipient organization are set up to receive these notifications.

The Recipient must respond to requests for additional information by uploading documents/responses in DRGR within 10 business days or request additional time if needed. This allows the Recipient to respond to the GTR’s questions and remedy issues without the GTR rejecting the voucher and triggering a resubmission. In addition, GTRs can approve individual line items of a voucher so as not to delay all payment on the voucher. Line items with concerns may remain open until issues are resolved (up to 90 days from submission date) or the GTR determines that the voucher must be rejected.

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## **Rejection of a Voucher**

A voucher or a line item must be rejected if costs are determined to be ineligible or if they cannot be supported through explanation or additional documentation. The following is a sample list of reasons for voucher rejection.

- The products/services performed and billed for were not eligible TA products/services.
- Staff, contractor personnel, or consultants billed for on the Recipient’s financial report did not have an approved wage rate in DRGR, or the wage rate was not effective during the period worked.
- Indirect Cost Rate billed is not consistent with rate authorized by the Recipient’s cognizant agency.
- Costs billed are not allowable direct costs.
- Costs billed are not reasonable

- Costs billed are not allocable.
- Discrepancy between the voucher line item payment request and the financial report amount.

If the voucher or voucher line item is rejected, the GTR will include in their comments the reason for the rejection. When the voucher is resubmitted, the GTR will complete the review within 15 business days.