

Table 7.1: Front-Line Costs and Fee Costs under the HCV Program

Fee Expenses ²⁹	Front-Line Expenses
<ul style="list-style-type: none"> • A share of the personnel costs (indirect personnel) for permanent and part-time staff assigned to the COCC. Indirect personnel costs include gross salary, federal and state payroll taxes and all employee benefits. • Establishment, maintenance, and control of an accounting system adequate to carry out accounting supervision responsibilities over the HCV Program. • General maintenance of HCV books and records (general ledger, accounts payable and receivable, payroll, etc.). • Supervision by COCC management staff of overall HCV Program operations. • Procurement of supplies, equipment and contract services for HCV Program activities. • Preparation of monitoring reports for internal staff and external reporting to HUD, other governmental agencies and other interested parties. • Preparation, approval, and distribution of HCV Program disbursements other than HAP. • COCC staff training, and ongoing certifications related to HCV Program activities. • Travel of COCC staff for training, or supervision related to HVC Program activities. • Attendance of COCC staff at meetings (including travel), with landlords, tenants, HUD, or other interested parties regarding HCV planning, budgeting, and review of general HCV Program activities. • Work with auditors for audit preparation and review. • Indirect cost allocations imposed on the HCV Program by a higher level of local government. • Hiring, supervision, and termination of front-line HCV staff. • Preparation and submission of HCV Program budgets, financial reports and year-end financial reports to HUD and other interested parties. • Monitoring and reporting on abandoned property as required by states. • Investment and reporting on HCV proceeds. • Storage of HCV records and adherence to federal and or state records retention requirements. • Development and oversight of office furniture, equipment and vehicle replacement plans. • Insurance costs for fidelity or crime and dishonesty coverage for COCC employees based on a reasonable allocation method. • The costs of board member stipends and non-training travel. • The costs of board member training that exceed HUD standards. 	<ul style="list-style-type: none"> • Actual costs for direct personnel permanent and part-time staff, assigned directly to the HCV Program. Direct personnel costs include gross salary, federal and state payroll taxes and employee benefits. • Travel and training for personnel assigned directly to the HCV Program. • Preparation, approval, and distribution of HCV Program HAP disbursements. • Legal fees directly rated to the operation and management of the HCV Program, including tenant and landlord enforcement actions, and other HCV Program related matters. • The cost of obtaining and receiving background reports on tenants, verification of landlord ownership and other checks related to tenant and landlord selection and participation in the program. • All bank charges related to the HCV Program. • Costs of telephone, including basic services, directory listings, and long distance charges related to direct delivery of the HCV Program. • All advertising costs related specifically to the operations of the HCV Program to include but not limited to advertising for applicants, landlords and employees in newspapers, newsletters, radio, cable TV, and telephone books. • Postage and delivery costs for HAP checks, disbursements and other mailings required to support the activities of the HCV Program. • HCV office furniture, equipment, computers and vehicles. • Service agreements and warranties to support HCV office furniture, equipment, computers, and vehicles. • Insurance costs related to auto coverage for HCV vehicles and other equipment and assets of the HCV Program. • Insurance costs for fidelity or crime and dishonesty coverage for front-line (direct cost) employees based on a reasonable allocation method. • Direct costs of collection activities related to fraud recovery. (Regulations allow the direct costs of fraud recovery to be offset against fraud collections, but indirect costs may not be offset against fraud collections. Indirect costs of fraud collection activities must be born by the HCV management fee.) • Costs of preparing and maintaining tenant and landlord files and processing tenant applications, determining eligibility, tenant rent, tenant certifications, tenant re-certifications and unit inspections. • Public relations expenses related to maintaining positive relationships between the local community, landlords and tenants. • Professional service contracts related to direct services performed for the HCV Program. • Board member training and related expenses up to a limited amount as provided by HUD³⁰.

²⁹ Fees include management and bookkeeping fees

³⁰ Board training and related expenses must be reasonable and approved by the Board before being incurred. Training expenses incurred by COCC staff are management fee expenses and may not be charged to programs.

Table 7.2: Front-Line Costs and Fee Costs under the Operating Fund Program

Fee Expenses ³¹	Front-Line Expenses
<ul style="list-style-type: none"> • Actual personnel costs for individuals assigned to the following positions: <ul style="list-style-type: none"> – Executive Director and support staff; – Human resource staff; – Regional managers; – Corporate legal staff; – Finance, accounting and payroll staff; – Information Technology staff including “help desk”; – Risk management staff; – Centralized procurement staff; and – Quality control staff, including quality control inspections. • Purchase and maintenance of COCC arrangements, equipment, furniture, and services necessary to sustain the COCC. • Establishment, maintenance, and control of an accounting system adequate to carry out accounting and bookkeeping services for the AMPs. • Office expense including office supplies, computer expense, bank charges, telephone, postage, utilities, fax and office rent related to the general maintenance and support of the COCC. • The cost of insurance related to COCC buildings, equipment and personnel to include property, auto, liability, errors and omissions and casualty. • Work with auditors for audit preparation and review of audit costs associated with the COCC. • Central servers and software that support the COCC (not projects). • The costs of Board member stipends and non-training travel • The costs of Board member training that exceed HUD standards. • The cost of a central warehouse, unless, with HUD approval, the PHA can demonstrate that the costs of maintaining this warehouse operation, if included with the cost of the goods purchased, are less than what the project would otherwise incur if the goods were obtained by on-site staff. 	<ul style="list-style-type: none"> • Actual personnel costs for individuals (permanent and part-time) assigned directly to AMP sites, including project managers, site-based maintenance staff, and temporary help. • All repair and maintenance costs for the AMP, including: <ul style="list-style-type: none"> – Centralized maintenance provided under a fee-for-service arrangement, provided costs are reasonable and necessary; – Maintenance supplies; – Contract repairs including but not limited to heating and air conditioning, painting, roofing, elevators, and other systems located on a project; – Make ready expenses, including painting and repairs, cleaning, flooring replacements, and appliance replacements; – Preventive maintenance expenses, including occupied units’ repairs and maintenance, as well as common area systems repairs and maintenance; – Maintenance contracts for elevators, boilers and other project systems; and – Other related maintenance expenses such as snow removal, lawn care, Section 504 compliance, pest control and landscaping. • Utility costs. • Costs related to maintaining a site-based office, including telephone, office supplies, computer expense, postage, copier expense, cell phones, office utilities, office equipment and furniture, equipment service agreements, software license agreements, office equipment and computer repairs and other related office expenses. (If the cost of software license agreements and equipment maintenance service agreements cannot be identified to specific AMP equipment, the cost may be allocated to AMPs using a reasonable allocation methodology.) • Advertising costs such as an AMP specific procurement action, solicitation for employees and other project specific advertising actions. • PILOT. • All costs of insurance for the AMP, including property liability and casualty, auto, as well as fidelity or crime and dishonesty coverage for onsite employees. (If the cost of insurance cannot be identified to the AMP, the cost may be prorated to each AMP using a reasonable allocation methodology.) • Professional service contracts for audits, energy audits, rehabilitation, and inspection contracts and other professional service contracts specific to a project. • Property management fees, bookkeeping fees, and asset management fees. • Subject to 24 CFR part 85, the HUD Litigation Handbook 1530.1 REV-5, PIH Notice 2006-9, legal fees must be directly related to the operation and management of the AMP, including tenant lease enforcement actions, landlord-tenant disputes, and other AMP-related legal matters. Without HUD approval, legal fees may not be

³¹ Fees include property management, bookkeeping and asset management fees.

Fee Expenses ³¹	Front-Line Expenses
	<p>incurred to represent any officer or employee of PHA, in her/his individual capacity, in connection with potential civil liability or criminal conduct issues related to PHA operations. AMPs cannot be charged retainers. Any charges to a project conducted by COCC legal staff must be based on services received by the project and documented by time records.</p> <ul style="list-style-type: none"> • Audit costs (if the cost of agency's overall audit is not identified to the AMP level, the cost may be prorated using a reasonable proration methodology). • Vehicle expense (maintenance, gasoline and repairs) for site-based vehicles. • Staff recruiting and background check costs such as advertising, employment agency fees, drug testing costs and other direct costs to recruit project staff. • Family self-sufficiency staff and program costs. • Board member training and related expenses up to a limited amount as provided by HUD³².

³² Board Training and Related Expenses. Board training and related expenses must be reasonable, included in a project's budget, and approved by the Board before being incurred. Training expenses related to Board training may be prorated to projects using a reasonable methodology. Training expenses incurred by COCC staff are management fee expenses and may not be charged to projects.