

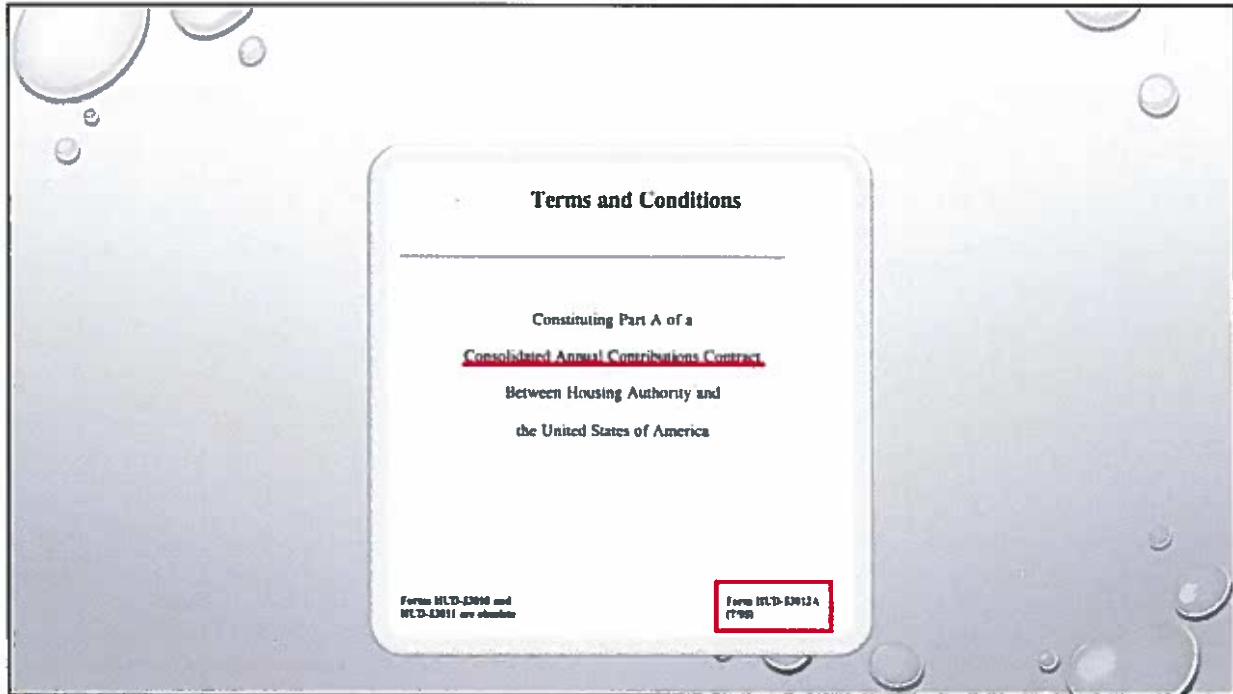
WHERE TO BEGIN?

THE FINANCIAL REGULATORY FRAMEWORK FOR THE LOW RENT PUBLIC HOUSING PROGRAM

PRESENTED BY:

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MILWAUKEE FIELD OFFICE
NOVEMBER 9, 2017

IS THERE AN AGREEMENT BETWEEN HUD AND MY AGENCY THAT OUTLINES THE TERMS AND CONDITIONS THAT I AM TO FOLLOW?



THAT'S GREAT, BUT WHERE CAN I FIND A BLANK ACC?

- The official place to retrieve any HUD Form is:

https://www.hud.gov/program_offices/administration/hudclips/forms/hud5

GOOD TO KNOW, BUT THIS IS SUPPOSED TO BE A FINANCIAL PRESENTATION. WHAT ARE THE SPECIFIC FINANCIAL SECTIONS OF THE ACC?

Section 15 - Books of Account, Records, and Government Access.

- (A) The HA must maintain complete and accurate books of account for the projects of the HA in such a manner as to permit the preparation of statements and reports in accordance with HUD requirements, and to permit timely and effective audit.
- (B) The HA must furnish HUD such financial and project reports, records, statements, and documents at such times, in such form, and accompanied by such reporting data as required by HUD.
- (C) The United States Government, including HUD and the Comptroller General, and its duly authorized representatives, shall have full and free access to all HA offices and facilities, and to all books, documents, and records of the IIA relevant to the administration of the projects under this ACC, including the right to audit and make copies.

AT HUD, THIS CLAUSE OFTEN GOES BY THE ACRONYM "WAWY". ANYBODY KNOW WHAT THAT STANDS FOR?

Section 13 - Insurance Requirements.

(A) Except as otherwise provided by HUD, the HA shall procure adequate insurance to protect the HA from financial loss resulting from various hazards if the HA determines that exposure to certain hazards exists. The types of insurance required, or that should be purchased, and other requirements with respect to insurance coverage are listed in Part B, Attachment VII, of this ACC.

(B) The HA shall, to the extent that insurance proceeds permit, promptly restore, reconstruct, and/or repair any damaged or destroyed property of a project, except with the written approval

Section 1 - Mandatory and Optional Insurance Coverage.

The following types of insurance are either required or should be purchased if the HA determines that exposure exists.

- (A) **Commercial Property.** Mandatory. Each policy must be written with a blanket limit, on a replacement cost basis, and with an agreed value clause eliminating any coinsurance provision.
- (B) **Commercial General Liability.** Mandatory.
- (C) **Workers Compensation and Employers Liability.** Mandatory.
- (D) **Owned and Non-Owned Automobile Liability.** Mandatory.
- (E) **Theft, Disappearance, and Destruction.** Mandatory only if the amount of cash and checks on hand at any one time exceeds the amount prescribed by HUD.
- (F) **Employee Dishonesty.** Mandatory.
- (G) **Boiler and Machinery.** Mandatory only if steam boilers have been installed. However, coverage is recommended if there is extensive central air conditioning, electrical transformers, or similar equipment.
- (H) **Flood.** Mandatory only for property located in a flood plain, as determined in the Federal Government's National Flood Insurance Program.

AND THERE'S MORE.....

- (I) Directors and Officers or Public Officials Liability. Optional coverage, but highly recommended.
- (J) Lead-Based Paint Liability. Mandatory for HAs undergoing lead-based paint testing and abatement.
- (K) Law Enforcement Liability. Optional, but highly recommended where the exposure exists, and the Commercial General Liability insurer has excluded coverage.

Section 11 - Operating Budget.

(A) The HA shall prepare and have approved by its Board of Commissioners an operating budget for each of its fiscal years in a manner, and using such forms, as prescribed by HUD. The HA shall submit a calculation of operating subsidy eligibility in the manner prescribed by HUD in regulations in Title 24 of the Code of Federal Regulations. HUD shall review the calculation and, if correct, and subject to the availability of funds, take action within 45 days of submission to obligate the funds and approve a payment schedule, unless the HA is notified that it must submit an operating budget as provided in (B) below. HUD may revise or amend the subsidy calculation to bring it into conformity with regulatory requirements. The HA shall submit revised calculations in support of mandatory or other adjustments based on procedures and deadlines prescribed by HUD.

(B) If HUD directs the HA to submit an operating budget because it has failed to achieve certain specified operating standards, or for other reasons which in HUD's determination require it, HUD shall, within 45 days of receipt of the complete operating budget, review and approve the operating budget if the plan of operation and the amounts included therein are reasonable. If HUD disapproves any proposed operating budget, or approves such budget with modifications, the HA shall be notified in writing and be furnished with an explanation of the reasons for such disapproval or modified approval. Any HA that is required to submit an operating budget may, at any time prior to thirty days before the end of the HA fiscal year, submit to HUD a proposed revision of any approved operating budget.

(C) HUD shall not in any Federal fiscal year approve any estimate or revision of a HA's operating budget in an amount which, together with the amount of all operating subsidies then contracted for by HUD, would exceed the amount as determined by HUD of contracting authorization for operating subsidies under the Act. HUD shall not be obligated to make any payments on account of operating subsidies in an amount in excess of the amount specifically approved by HUD.

(D) The HA shall not incur any operating expenditures except pursuant to an approved operating budget. If unbudgeted expenditures are incurred in emergencies to eliminate serious hazards to life, health and safety, the operating budget shall be amended accordingly.

Section 10 - Pooling of Funds.

(A) The HA may deposit into an account covered by the terms of the General Depository Agreement any funds received or held by the HA in connection with any project operated by the HA under the provisions of this ACC.

(B) The HA may also deposit into an account covered by the General Depository Agreement, by lump-sum transfers of funds from the depositories of other projects or enterprises of the HA in which HUD has no financial interest, amounts necessary for current expenditures of items chargeable to all projects and enterprises of the HA.

(C) The HA shall not withdraw from any of the funds or accounts authorized under this section amounts for the projects under ACC, or for the other projects or enterprises, in excess of the amount then on deposit in respect thereto.

Section 9 - Depository Agreement and General Fund.

(A) The HA shall deposit and invest all funds and investment securities received by or held for the account of the HA in connection with the development, operation and improvement of the projects under an ACC with HUD in accordance with the terms of the General Depository Agreement(s). The General Depository Agreement shall be in the form prescribed by HUD and must be executed by the HA and the depository. Immediately upon the execution of any Depository Agreement, the HA shall furnish to HUD such executed or conformed copies thereof as HUD may require. A Depository Agreement shall not be terminated except after 30 days notice to HUD.

(B) All monies and investment securities received by or held for the account of the HA in connection with the development, operation and improvement of projects in accordance with an ACC with HUD shall constitute the "General Fund."

(C) The HA shall maintain records that identify the source and application of funds in such a manner as to allow HUD to determine that all funds are and have been expended in accordance with each specific program regulation and requirement. The HA may withdraw funds from the General Fund only for: (1) the payment of the costs of development and operation of the projects under ACC with HUD; (2) the purchase of investment securities as approved by HUD; and (3) such other purposes as may be specifically approved by HUD. Program funds are not fungible; withdrawals shall not be made for a specific program in excess of the funds available on deposit for that program.

THAT'S ALL WELL AND GOOD, BUT WHERE CAN I FIND THE LATEST GENERAL DEPOSITORY AGREEMENT?

- The official place to retrieve any HUD Form is:
- https://www.hud.gov/program_offices/administration/hudclips/forms/hud5
- **The General Depository Agreement is HUD Form 51999.**

General Depository Agreement U.S. Department of Housing and Urban Development **OMB No. 2577-0075**
Office of Public and Indian Housing **Exp. 10/31/2017**

This Agreement, entered into this _____ day of _____, 20____ by and between
(herein called the "HA"), a duly organized and existing public body corporate and politic of the _____
of _____
and _____
(herein called the "Depository"), located at _____

Witness:
Whereas, the Department of Housing and Urban Development (herein called "HUD") has entered into one or more contracts (herein called the "Contract" with the HA for the purpose of providing financial assistance to develop and operate lower income housing projects, as authorized by the United States Housing Act of 1937, as amended (42 USC 1437, et seq.); and
Whereas, under the terms of the Contract the HA is required to select as depositories of its funds, financial institutions whose deposits or accounts are insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Share Insurance Fund (NCUSIF) as long as this Agreement is in force and effect.
Now Therefore, in consideration of the mutual covenants hereinafter set forth, the parties hereto agree as follows:
1. The deposits and accounts of the Depository shall continue to be insured by the FDIC Corporation or NCUSIF.
2. All monies deposited by the HA with the Depository shall be credited to the HA in a separate interest bearing deposit or interest bearing accounts, designated _____
Accounts" (herein the "Accounts"). Any portion of HA Funds not insured by a Federal insurance organization shall be fully (100%) and continuously collateralized with specific and identifiable U.S. Government or Agency securities prescribed by HUD in a notice. Collateralization is required on a daily basis at the end of the business day. Such securities shall be pledged and set aside in accordance with applicable law or Federal regulations. The HA shall have possession of the securities (or the HA will take possession of the securities) or an independent custodian (or an independent third party) holds the securities on behalf of the HA as a bailee (evidenced by safe keeping receipt and a written bailment for hire contract) and will be maintained for the full term of deposit. The Depository may substitute other securities as collateral to equal or increase the value. If the HA is an agency of an Indian tribe, the collateral shall be in United States bonds and otherwise as may be prescribed for public funds by the United States Secretary of the Treasury.

THIS IS THE CURRENT GENERAL DEPOSITORY AGREEMENT... THE HUD APPROVED LIST OF COLLATERAL INVESTMENTS IS IN [PIH NOTICE 96-33](#).

THE ACC TERMS AND CONDITIONS DON'T SEEM TOO BAD. SURELY THERE MUST BE OTHER REGULATIONS THAT WE NEED TO FOLLOW. AND SINCE I AM NEW, HOW DO I KNOW WHERE I EVEN BEGIN???

- Every federal program is assigned a unique identifier called a catalog of federal domestic assistance number (AKA CFDA NUMBER).
- Once you know the CFDA numbers of your programs, there's a lot of information that you can easily access.
- Here are the CFDA numbers of some of our programs:
 - **LOW RENT PUBLIC HOUSING - CFDA NUMBER 14.850**
 - **THE CAPITAL FUND - CFDA NUMBER 14.871**
 - **HOUSING CHOICE VOUCHER - CFDA NUMBER 14.872**

WHAT INFORMATION CAN BE EASILY ACCESSED WITH A CFDA NUMBER?

- The U.S. General Services Administration maintains a website at WWW.CFDA.GOV where you can access information on any program, through a number of methods, but most easily through entering a CFDA number.

Financial Information (120)

Account Identification (121)
86-0163-D-1-604

Obligations (122)
(Formula Grants) FY 16 \$4 037 051 000, FY 17 est \$4 400 000 000 and FY 18 est \$3 900 000 000

Range and Average of Financial Assistance (123)
From \$2 510 to \$300 775 513. Average \$1 423 394

Program Accomplishments (126):
Fiscal Year 2016. The Department made \$4 03 billion in operating subsidies for approximately 1.1 million public units. Fiscal Year 2017. The Department projects to make available \$4.4 billion in operating subsidies for approximately 1.1 million public housing units. Fiscal Year 2018. The Department made \$3.9 billion in operating subsidies for approximately 1.1 million public units.

Regulations, Guidelines, and Literature (140):
24 CFR 900, 24 CFR 941, Handbook 7417.1 (Rev. 1) (Public Housing Development Handbook), Handbook 7485.1 Rev-2 (Public Housing Occupancy Admission)

Application and Award Process (090)

Preapplication Coordination (091):
Preapplication coordination is required. An environmental impact assessment is required for this program. This program is eligible for coverage under E.O. 12372, "Intergovernmental Review of Federal Programs." An applicant should consult the office or official designated as the single point of contact in his or her State for more information on the process the State requires to be followed in applying for assistance, if the State has selected the program for review.

Application Procedures (092):
2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards applies to this program. PHAs may submit a full proposal (H-UD-C2483-A) which includes, but is not limited to a project description, development method, offer of sale of real property, site information and financial feasibility pursuant to 24 CFR Part 941 and Handbook 7417.1 REV-1 and, if applicable, additional statutory or policy requirements governing the funds provided for the particular fiscal year. This program is excluded from coverage under OMB Circular No. A-110.

CFDA.GOV WILL GIVE YOU A GOOD IDEA OF REGS AND RESOURCES THAT YOU NEED TO BECOME FAMILIAR WITH!

WHERE AM I?

- The place to retrieve any current Federal Regulation is:
www.ecfr.gov
- The official place to retrieve any PIH Notice is:
https://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/notices/pih

The official place to retrieve any HUD Handbook is:
https://www.hud.gov/program_offices/administration/hudclips/handbooks/pihh

NOW THAT I KNOW WHERE I AM, WHAT IS 2 CFR 200?

- **Since December 2015, 2 CFR 200, also known as the Uniform Guidance, provides administrative requirements for ALL federal grant programs, including HUD's programs, unless there are explicit exceptions to 2 CFR 200 outlined in HUD's regulations at 24 CFR.**
- **An example of one important exception is that 24 CFR 970 outlines the disposition requirements for HUD real estate. Since this is an exception, 24 CFR 970 trumps the real estate disposition requirements at 2 CFR 200.**
- **There are very few exceptions to 2 CFR 200 in 24 CFR which means that for the vast majority of the time, 2 CFR 200 is what PHAs must follow.**

ERIC KEEPS TALKING AND I CAN'T WAIT TO GET OUT OF THIS PRESENTATION SO I CAN GO SHOPPING. HUD'S PROCUREMENT REGS ARE STILL AT 24 CFR 85.36, RIGHT?

- ***WRONG!! Awards made after December 2015 are governed by 2 CFR 200. At that time, HUD specifically updated 24 CFR 85 to say that 2 CFR 200 governs procurement.***

OK, OK, BUT THERE ARE PROBABLY NO BIG CHANGES BETWEEN 24 CFR 85 AND 2 CFR 200 REGARDING RIGHT?

- NOT EXACTLY. DOES YOUR CURRENT PROCUREMENT POLICY REFERENCE MICROPURCHASES?
- IF NOT, YOUR PROCUREMENT POLICY NEEDS TO BE UPDATED TO REFLECT 2 CFR 200 AND COME INTO AGREEMENT WITH THE PROCUREMENT METHODS THAT IT OUTLINES.

NOW MY HEAD IS STARTING TO SPIN. WHERE CAN I FIND WHAT I NEED TO KNOW ABOUT PROCUREMENT ?

- www.ecfr.gov

ALRIGHT WISE GUY, I MEAN WHERE CAN I FIND THE PROCUREMENT SECTIONS OF 2 CFR 200?

- THE PROCUREMENT SECTIONS OF 2 CFR 200 APPLICABLE TO PHAS ARE FOUND AT 2 CFR 200.318 THROUGH 2 CFR 200.326:

Procurement Standards

§200.317	Procurements by states
§200.318	General procurement standards
§200.319	Competition
§200.320	Methods of procurement to be followed
§200.321	Contracting with small and minority businesses, women's business enterprises, and labor surplus area firms
§200.322	Procurement of recovered materials
§200.323	Contract cost and price
§200.324	Federal awarding agency or pass-through entity review
§200.325	Bonding requirements
§200.326	Contract provisions

§200.302 Financial management

(a) Each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions, and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statute, regulation, and the terms and conditions of the Federal award. See also §200.450 Lobbying.

(b) The state or non-Federal entity of each non-Federal entity must provide for the following (see also §200.333 Reporting Requirements for Records and use Requests for Transfer of Records, 200.306 Methods for Collection, Transmission and Storage of Information, 200.336 Access to Records and 200.307 Restrictions on Public Access to Records):

(1) Identify each in an account of all Federal awards (or plan) and expanded and the Federal award and under which the award is made, fiscal year and Federal award identification number, as applicable, the start and end dates, Federal award identification number and year, name of the Federal agency, and name of the pass-through entity, if any.

(2) Account for, document, and report the expenditure of the Federal award in accordance with the reporting and 200.302 accounting and reporting program performance. If a Federal awarding agency requires reporting on an accrual basis from a recipient that maintains its records on other than an accrual basis, the recipient must not be required to establish an accrual accounting system. This recipient may develop accrual data for its reports on the basis of an analysis of the documentation on hand. Similarly, a pass-through entity must not require a subrecipient to establish an accrual accounting system and must allow the subrecipient to develop accrual data for its reports on the basis of an analysis of the documentation on hand.

(3) During the month, quarterly, the annual and expiration of a year, for budget, budget projects. These records shall contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation.

(4) Monitor costs and expenditures for all pass-through and other awards. The non-Federal entity must adequately segregate an asset and ensure that they are used solely for authorized purposes. See §200.303 Internal Controls.

(5) Comparison of expenditures with budget amounts for each Federal award

(6) Written procedures to implement the requirements of §200.306 Payment

(7) Written procedures for determining the allowability of costs in accordance with Subpart E—Cost Principles of this part and the terms and conditions of the Federal award

THAT TAKES CARE OF PROCUREMENT IN 2 CFR 200, WHAT ABOUT GENERAL FINANCIAL MANAGEMENT STANDARDS? DOES 2 CFR 200 COVER THAT TOO?

YOU'VE MENTIONED 2 CFR AND 24 CFR. WHAT'S WITH ALL THESE DIFFERENT NUMBERS? AND WHERE CAN I FIND OUT WHAT THEY MEAN?

- www.ecfr.gov

FEDERAL REGULATIONS ARE BROKEN DOWN INTO "TITLES", "CHAPTERS", "PARTS", AND "SECTIONS".

- EACH TITLE SERVES TO PROVIDE REGULATIONS EITHER ON A PARTICULAR PURPOSE -OR- FOR A PARTICULAR AGENCY OR AGENCIES.
- 2 CFR IS THE TITLE FOR "GRANTS AND AGREEMENTS" (I.E. A PARTICULAR PURPOSE) AND 24 CFR IS THE TITLE FOR A PARTICULAR DEPARTMENT, THE DEPARTMENT OF "HOUSING AND URBAN DEVELOPMENT".



FOR THOSE TITLES THAT ARE SPECIFIC TO A DEPARTMENT, EACH CHAPTER IS DEDICATED TO A PARTICULAR PROGRAM OFFICE. AS YOU CAN SEE, CHAPTER IX IS DEDICATED TO PIH PROGRAMS.

Title	Volume	Chapter	Source	Regulatory Entity
Title 34 Housing and Urban Development	1	Subtitle A—Office of the Secretary, Department of Housing and Urban Development		
		§ 80 OFFICE OF THE SECRETARY, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
		Subtitle B—Regulations Relating to Housing and Urban Development		
		I	100-100	OFFICE OF ASSISTANT SECRETARY FOR EQUAL OPPORTUNITY, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
		II	200-200	OFFICE OF ASSISTANT SECRETARY FOR HOUSING, FEDERAL HOUSING COMMISSIONER, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
		III	300-300	GOVERNMENT NATIONAL MORTGAGE INSURANCE CORPORATION, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
		IV	400-400	OFFICE OF HOUSING AND OFFICE OF MULTIFAMILY HOUSING ASSISTANCE, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
		V	500-500	OFFICE OF ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
		VI	600-600	OFFICE OF ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (RESERVE)
		VII	700-700	OFFICE OF THE SECRETARY, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HOUSING ASSISTANCE PROGRAMS AND PUBLIC AND MOBILE HOUSING PROGRAMS)
		VIII	800-800	OFFICE OF THE ASSISTANT SECRETARY FOR HOUSING, FEDERAL HOUSING COMMISSIONER, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (SECTION 8 HOUSING ASSISTANCE PROGRAMS, SECTION 202 HOME CT LOAN PROGRAM, SECTION 202 SUPPORTIVE HOUSING FOR THE ELDERLY PROGRAM AND SECTION 811 SUPPORTIVE HOUSING FOR PERSONS WITH MENTAL ILLNESS)
		IX	900-900	OFFICE OF ASSISTANT SECRETARY FOR PUBLIC AND MOBILE HOUSING, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

FINALLY, EACH PART WILL DEFINE THE REGULATIONS FOR A PARTICULAR PROGRAM OR ACTIVITY. FOR EXAMPLE, PART 905 IS THE PART WHERE CAPITAL FUND REGS ARE FOUND. PART 982 IS THE PART FOR HOUSING CHOICE VOUCHER REGS AND SO ON...

HOUSING DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
900-901		(RESERVED)
902	902.1 to 902.83	PUBLIC HOUSING ASSESSMENT SYSTEM
903	903.1 to 903.75	PUBLIC HOUSING AGENCY PLANS
904	904.101 to 904.300	LOW RENT HOUSING HOMEOWNERSHIP PROGRAMS
905	905.100 to 905.604	THE PUBLIC HOUSING CAPITAL FUND PROGRAM
906	906.1 to 906.40	PUBLIC HOUSING HOMEOWNERSHIP PROGRAMS
907	907.1 to 907.7	SUBSTANTIAL DEFAULT BY A PUBLIC HOUSING AGENCY
908	908.101 to 908.112	ELECTRONIC TRANSMISSION OF REQUIRED FAMILY DATA FOR PUBLIC HOUSING INDIAN HOUSING AND THE SECTION 8 RENTAL CERTIFICATE, RENTAL VOUCHER, AND MODERATE REHABILITATION PROGRAMS
943	943.100 to 943.101	PUBLIC HOUSING AGENCY CONSORTIA AND JOINT VENTURES
945	945.101 to 945.303	DESIGNATED HOUSING—PUBLIC HOUSING DESIGNATED FOR OCCUPANCY BY DISABLED, ELDERLY OR DISABLED AND ELDERLY FAMILIES
960	960.101 to 960.707	ADMISSION TO, AND OCCUPANCY OF, PUBLIC HOUSING
963	963.1 to 963.12	PUBLIC HOUSING—CONTRACTING WITH RESIDENT OWNED BUSINESSES
964	964.1 to 964.430	TENANT PARTICIPATION AND TENANT OPPORTUNITIES IN PUBLIC HOUSING
965	965.101 to 965.805	PHO-OWNED OR LEASED PROJECTS—GENERAL PROVISIONS
966	966.1 to 966.57	PUBLIC HOUSING LEASE AND OBRIVANCE PROCEDURE
970	970.1 to 970.30	PUBLIC HOUSING PROGRAM—DEMOLITION OR DISPOSITION OF PUBLIC HOUSING PROJECTS
971	971.1 to 971.13	ASSESSMENT OF THE REASONABLE REVITALIZATION POTENTIAL OF CERTAIN PUBLIC HOUSING REQUIRED BY LAW
972	972.100 to 972.232	CONVERSION OF PUBLIC HOUSING TO TENANT-BASED ASSISTANCE
982	982.1 to 982.643	SECTION 8 TENANT BASED ASSISTANCE HOUSING CHOICE VOUCHER PROGRAM
983	983.354	PROTECTED VOUCHER (PBVP) PROGRAM
984	984.101 to 984.401	SECTION 8 AND PUBLIC HOUSING FAMILY SELF SUFFICIENCY PROGRAM
985	985.1 to 985.100	SECTION 8 MANAGEMENT ASSESSMENT PROGRAM
990	990.100 to 990.325	THE PUBLIC HOUSING OPERATING FUND PROGRAM

Subpart J—Financial Management Systems, Monitoring, and Reporting

Contents

§905.210 Purpose—General policy on financial management, monitoring and reporting

§905.215 Submission and approval of operating budgets

§905.220 Audits

§905.225 Revised resolution requirements

§ 905.210 Purpose— *General policy on financial management, monitoring and reporting*

All PHAs that receive federal assistance for housing, operations, and capital fund activities under the Operating Fund Program shall comply with the requirements of this subpart. It is necessary for the proper management of the program in accordance with the requirements of the 1917 Act and the ACC between each PHA and HUD.

[73 FR 54807, Sept. 19, 2008, as amended at 80 FR 73641, Dec. 7, 2015]

§ 905.215 Submission and approval of operating budgets

(a) **Required documentation.**

(1) Prior to the beginning of its fiscal year, a PHA shall prepare an operating budget in a manner prescribed by HUD. The PHA's Board of Commissioners shall review and approve the budget by resolution. Each fiscal year, the PHA shall submit to HUD, in a time and manner prescribed by HUD, the approved Board resolution.

(2) HUD may direct the PHA to submit its operating budget with detailed supporting information and the Board resolution if the PHA has breached the ACC contract or for other reasons which in HUD's determination threaten the PHA's future accountability, efficiency, economy, or stability. When the PHA fails to comply in a manner that threatens its future accountability, efficiency, economy, or stability of the housing it operates, HUD will notify the PHA but it no longer is required to submit a separate operating budget with detailed supporting information to HUD for review and approval.

(3) If HUD finds that an operating budget is incomplete, inaccurate, includes illegal or inadvisable expenditures, contains misstatements of assets or errors in the application of accounting procedures, or is otherwise unacceptable, HUD may, at any time, require the PHA to submit additional or revised information regarding the budget or revised budget.

§ 905.220 Audits.

All PHAs that receive financial assistance under this part shall submit an acceptable audit and comply with the audit requirements in 24 CFR part 200, subpart F.

[73 FR 54807, Sept. 19, 2008, as amended at 80 FR 73641, Dec. 7, 2015]

§ 905.225 Revised resolution requirements.

The PHA shall retain all documents related to all financial management and activities funded under the Operating Fund for a period of five (5) years after the fiscal year in which the funds were received.

HERE ARE THE FINANCIAL MANAGEMENT REGS FOR THE OPERATING FUND PROGRAM (24 CFR 990). AS YOU CAN SEE, THE GENERAL POLICY IS TO CROSS-REFER THE REGS AT 2 CFR 200.

HERE ARE THE CLIFFS NOTES FOR CAPITAL FUND FINANCIAL MANAGEMENT REGULATIONS:

Title 24 — Subtitle B — Chapter IX — Part 905 — Subpart C — §905.308

[Browse Previous](#) | [Browse Next](#)

Title 24: Housing and Urban Development
PART 905—THE PUBLIC HOUSING CAPITAL FUND PROGRAM
Subpart C—General Program Requirements

§905.308 Federal requirements applicable to all Capital Fund activities.

(a) The PHA shall comply with the requirements of 24 CFR part 5 (General HUD Program Requirements, Waivers), 2 CFR part 200, and this part.

24 CFR 5 IS A REG THAT HAS NOT BEEN MENTIONED... WHAT DOES THAT COVER?

- Since it is captured under Title 24, this reg is HUD specific (as are all Title 24 regs). 24 CFR 5 provides additional administrative and financial requirements (beyond those in 2 CFR 200) that apply across multiple HUD programs. For example, [AFFIRMATIVELY FURTHERING FAIR HOUSING](#), [PET OWNERSHIP REQUIREMENTS FOR HOUSING PROGRAMS](#), [FAMILY INCOME](#), [FAMILY PAYMENT](#), and [SUBPART L—PROTECTION FOR VICTIMS OF DOMESTIC VIOLENCE, DATING VIOLENCE, SEXUAL ASSAULT, OR STALKING](#) are captured here.

24 CFR 5 ALSO INCLUDES AUDIT AND FINANCIAL REPORT SUBMISSION DEADLINES.

- THE REGS ARE FOUND AT [SUBPART H—UNIFORM FINANCIAL REPORTING STANDARDS](#) 24 CFR 5.801 (D) (1) AND READ AS FOLLOWS:

(d) *Reporting compliance dates.* Entities (or individuals) that are subject to the reporting requirements in this section must commence compliance with these requirements as follows:

(1) For PHAs listed in paragraphs (a)(1) and (a)(2) of this section, the requirements of this section will begin with those PHAs with fiscal years ending September 30, 1999 and later. Unaudited financial statements will be required 60 days after the PHA's fiscal year end, and audited financial statements will then be required no later than 9 months after the PHA's fiscal year end, in accordance with the Single Audit Act and 2 CFR part 200, subpart E. A PHA with a fiscal year ending September 30, 1999 that elects to submit its unaudited financial report earlier than the due date of November 30, 1999 must submit its report as required in this section. On or after September 30, 1998, but prior to November 30, 1999 (except for a PHA with its fiscal year ending September 30, 1999), PHAs may submit their financial reports in accordance with this section.

PHA Financial Reporting Schedule

Fiscal Year End	9/30	12/31	3/31	6/30
Unaudited Extension Request Deadline	11/15	2/13	5/16	8/16
Unaudited Due Date ^{1,2}	11/30	2/28	5/31	8/31
Audited Due Date ³	6/30	9/30	12/31	3/31

IMPORTANT:

¹ Due dates do not include extensions

² Late penalty: 1 point score deduction every 15 days the submission is late with a maximum late penalty deduction of 5 points

³ No extensions allowed for audited Submissions

OK, SO WHEN DO I NEED TO SUBMIT MY FINANCIAL DATA TO REAC?

HOLD ON A SECOND... DO I NEED AN AUDIT IN THE FIRST PLACE?

- **NEWS ALERT!!!**
- **WE HAVE CONFIRMED WITH REAC THAT 2 CFR 200.501 GOVERNS WHETHER OR NOT AN ENTITY NEEDS TO SUBMIT AN AUDIT!!!!!!!**

WHAT DOES 2 CFR 200.501 SAY?

- **LONG STORY SHORT, IF DURING THE LAST FISCAL YEAR YOUR AGENCY EXPENDED LESS THAN \$750,000 ACROSS ALL OF ITS FEDERAL PROGRAMS, THERE IS FEDERAL NO REQUIREMENT TO HAVE AN AUDIT OF ANY SORT CONDUCTED.**

BUT....

§200.501 Audit requirements.

(a) Audit required. A non-Federal entity that expends \$750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single or program-specific audit conducted for that year in accordance with the provisions of this part.

(b) Single audit. A non-Federal entity that expends \$750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single audit conducted in accordance with §200.514. Scope of audit except when it elects to have a program-specific audit conducted in accordance with paragraph (c) of this section.

(c) Program-specific audit election. When an auditee expends Federal awards under only one Federal program (excluding RHC) and the Federal program's statutes, regulations, or the terms and conditions of the Federal award do not require a financial statement audit of the auditee, the auditee may elect to have a program-specific audit conducted in accordance with §200.507. Program-specific audits. A program-specific audit may not be elected for RHC unless all of the Federal awards expended were received from the same Federal agency, or the same Federal agency and the same pass-through entity, and that Federal agency, or pass-through entity in the case of a subrecipient, approves in advance a program-specific audit.

(d) Exemption when Federal awards expended are less than \$750,000. A non-Federal entity that expends less than \$750,000 during the non-Federal entity's fiscal year in Federal awards is exempt from Federal audit requirements for that year, except as noted in §200.503. Relation to other audit requirements. This exemption does not apply to audits or parts of non-Federal awards of the Federal awarding entity, research entity, and recipient, respectively, under a grant.

BUT #1:

- **REGARDLESS OF HOW MUCH OR HOW LITTLE YOUR FEDERAL EXPENDITURES, IF YOU INCLUDED AUDIT COSTS ON YOUR LAST YEAR'S 52723 OPSUB APPLICATION, YOU MUST COMPLETE AND SUBMIT AN AUDIT FOR THIS YEAR.**
- **ALL WI PHAS THAT HAVE A LOW RENT PUBLIC HOUSING PROGRAM INCLUDED AUDIT COSTS ON LAST YEAR'S 52723, SO ALL ARE REQUIRED TO SUBMIT A FY 2017 AUDIT, NO MATTER HOW MUCH OR HOW LITTLE THEY SPENT.**
- **SO ALL LRPH AGENCIES NEED TO SUBMIT AN AUDIT FOR 2017, BUT AFTER THE 2017, IF YOU EXPEND LESS THAN \$750,000 YOU HAVE THE FLEXIBILITY NOT TO DO AN AUDIT GOING FORWARD... JUST DON'T REQUEST OPSUB FUNDS FOR AN AUDIT ON YOUR NEXT 52723!**

§990.190 Other formula expenses (add-ons).

In addition to calculating operating subsidy based on the PEL and UEL, a PHA's eligible formula expenses shall be increased by add-ons. The allowed add-ons are:

(a) Self-sufficiency. A PHA may request operating subsidy for the reasonable cost of program coordinator(s) and associated costs in accordance with HUD's self-sufficiency program regulations and notices.

(b) Energy loan amortization. A PHA may qualify for operating subsidy for payments of principal and interest cost for energy conservation measures described in §990.195(a)(3).

(c) Payments in lieu of taxes (PILOT). Each PHA will receive an amount for PILOT in accordance with section 6(d) of the 1937 Act, based on its cooperation agreement or its latest actual PILOT payment.

(d) Cost of independent audits. A PHA is eligible to receive operating subsidy equal to its most recent actual audit costs for the Operating Fund Program when an audit is required by the Single Audit Act (31 U.S.C. 7501-7507) (see 24 CFR part 200, subpart F) ~~or when a PHA elects to prepare and submit such an audit to HUD~~. For the purpose of this rule, the most recent actual audit costs include the associated costs of an audit for the Operating Fund Program only. A PHA whose operating subsidy is determined to be zero based on the formula is still eligible to receive operating subsidy equal to its most recent actual audit costs. The most recent actual audit costs are used as a proxy to cover the cost of the next audit. If a PHA does not have a recent actual audit cost, the PHA working with HUD may establish an audit cost. A PHA that receives funding for an audit shall coordinate an audit. The results of the audit shall be transmitted in a brief and manner prescribed by HUD.

**WHERE'S THE REG
REQUIRING US TO
SUBMIT AN AUDIT IF
WE HAVE REQUESTED
AUDIT COSTS ON THE
52723?**

BUT #2:

- Many boards of PHAs that expend less than \$750,000 in federal funds view having an audit conducted as an important monitoring activity.
- Other PHAs may be required to have an audit performed because of local or state law.
- 24 CFR 990.190 (d) allows for HUD to provide funding for your agency if you do wish continue an audit performed, regardless of your level of the federal expenditures.
- The most important thing to keep in mind, however, from HUD's perspective, if you are below \$750,000 in Federal expenditures, **THE CHOICE WHETHER TO CONDUCT AN AUDIT IS YOURS!!**

PLEASE ALSO KEEP IN MIND:

- 24 CFR 990.190 (D) ONLY ALLOWS FOR FUNDING FOR THE AUDIT COSTS ASSOCIATED WITH THE OPERATING SUBSIDY PROGRAM. THUS, IF YOU HAVE MULTIPLE PROGRAMS, YOU MUST ALLOCATE THOSE COSTS AMONGST ALL OF THE BENEFITTING PROGRAMS.

§990.190 Other formula expenses (add-ons).

In addition to calculating operating subsidy based on the PEL and UEL, a PHA's eligible formula expenses shall be increased by add-ons. The allowed add-ons are:

- (a) *Self-sufficiency*. A PHA may request operating subsidy for the reasonable cost of program coordinator(s) and associated costs in accordance with HUD's self-sufficiency program regulations and notices.
- (b) *Energy loan amortization*. A PHA may qualify for operating subsidy for payments of principal and interest cost for energy conservation measures described in §990.125(a)(2).
- (c) *Payments in lieu of taxes (PILOT)*. Each PHA will receive an amount for PILOT in accordance with section 6(c) of the 1937 Act, based on its cooperation agreement or its latest actual PILOT payment.

(d) *Cost of independent audits*. A PHA is eligible to receive operating subsidy equal to its most recent actual audit costs for the Operating Fund Program when an audit is required by the Single Audit Act (31 U.S.C. 7501-7507) (see 24 CFR part 200, subpart F) or when a PHA elects to prepare and submit such an audit to HUD. **For the purpose of this rule, the most recent actual audit costs include the associated costs of an audit for the Operating Fund Program only. A PHA whose operating subsidy is determined to be zero based on the formula is still eligible to receive operating subsidy equal to its most recent actual audit costs. The most recent actual audit costs are used as a proxy to cover the cost of the next audit. If a PHA does not have a recent actual audit cost, the PHA working with HUD may establish an audit cost. A PHA that requests funding for an audit shall complete an audit. The results of the audit shall be transmitted in a time and manner prescribed by HUD.**

I'VE DECIDED I AM NOT GOING TO SUBMIT MY AUDIT. NOTHING WILL HAPPEN TO ME, RIGHT?

- **WRONG!** LOW RENT PUBLIC HOUSING PHAS ARE REQUIRED TO SUBMIT THEIR INFORMATION ON TIME TO REAC. FAILURE TO DO SO WILL RESULT IN A LATE PRESUMPTIVE FAILURE RATING.

Late or No Submissions (LPF)

- 24 CFR 902.62 Failure to Submit Data

Late Presumptive Failure (LPF)

If the unaudited year-end financial information is not received within 3 months past the due date, or extended due date, the PHA will receive a presumptive rating of failure for its unaudited information and shall receive zero points for its unaudited financial information and the final financial condition indicator score. The subsequent timely submission of audited information does not negate the score of zero received for the unaudited year-end financial information submission.

The PHA's audited financial statement must be received no later than 9 months after the PHA's fiscal year-end, in accordance with the Single Audit Act and 24 CFR part 200, subpart F. If the audited financial statement is not received by that date, the PHA will receive a presumptive rating of failure for the financial condition indicator.

PHAS (Public Housing Assessment System)

- HUD's scoring system for the Low Rent Public Housing Program

PHAS Performance Indicators and total points

- Physical (PASS) 40 Points
- Financial (FASS) 25 Points
- Management Operations (MASS) 25 Points
- Capital Fund 10 Points
- Total Points 100 Points


- Scores by AMP (project) and combined into a PHA score
- Mixed Finance projects are not scored

WHAT OTHER ASPECTS OF MY FINANCIAL INFORMATION ARE AUTOMATICALLY EVALUATED BY HUD?

- **24 CFR 902 ESTABLISHES THE PUBLIC HOUSING ASSESSMENT SYSTEM.**

WHAT SPECIFIC ELEMENTS COMPRISE THE FINANCIAL PORTION OF THE PHAS SCORE?

- THE ELEMENTS ARE THE QUICK RATIO, MENAR, AND DEBT SERVICE RATIO:



Real Estate Assessment Center
Financial Assessment Subsystem (FASS-PH)

PHA Information

PHA Code: Fiscal Year End Date: 6/30/16
 PHA Name: Housing Authority
 Submission Type: Audited/Non Single Audit

Review Score Details

Project ID: WI Project Score: 25.00

3 items found, displaying all items. 1

Sub Indicators	Points	Max Points	Measurement Of
Quick Ratio (QR)	12.00	12.00	Liquidity
Months Expendable Net Assets Ratio (MENAR)	11.00	11.00	Adequacy of Reserves
Debt Service Coverage Ratio (DSCR)	2.00	2.00	Capacity to Cover Debt

How Quick Ratio is Scored

- QR < 1.0 → 0 points
- QR = 1.0 → 7.2 points
- 1.0 < QR < 2.0 → 7.2 < points < 12.0
- QR ≥ 2.0 → 12.0 points

Quick Ratio (QR) Details

Project ID: W1 Project Score: 25.00
 Score: 12.00 Value: 13.83

Formula: Adjusted Unrestricted Current Asset/Current Liabilities
 $((111 + 114 + 115 + 120 + 131 + 135 + 142 + 144) / (310 - 343 - 010))$

Line Item	Description	Amount
Numerator		
111	Cash - Unrestricted	\$239,776
114	Cash - Tenant Security Deposits	\$8,570
115	Cash - Restricted for Payment of Current Liabilities	\$
120	Total Receivables, Net of Allowances for Doubtful Accounts	\$276
131	Investments - Unrestricted	\$132,086
135	Investments - Restricted for Payment of Current Liability	\$
142	Prepaid Expenses and Other Assets	\$4,602
144	Inter Program Due From	\$
Sub-Total		\$385,310
Denominator		
310	Total Current Liabilities	\$27,858
343-010	CFFP	\$
Sub-Total		\$27,858

HOW ARE THE FINANCIAL PHAS ELEMENTS CALCULATED? HERE'S THE QUICK RATIO CALC.

How MENAR is Scored

- MENAR < 1.0 → 0 points
- MENAR = 1.0 → 6.6 points
- 1.0 < MENAR < 4.0 → 6.6 < points < 11.0
- MENAR ≥ 4.0 → 11.0 points

Months Expendable Net Assets Ratio (MENAR) Details

Project ID: W1 Project Score: 25.00
 Score: 11.00 Value: 25.37

Formula: Adjusted Unrestricted Current Asset - Current Liabilities/Monthly Operating Expense
 $((111 + 114 + 115 + 120 + 131 + 135 + 142 + 144) - (310)) / ((96900 + 97100 + 97200 + 97800) / 12)$

Line Item	Description	Amount
Numerator		
111	Cash - Unrestricted	\$239,776
114	Cash - Tenant Security Deposits	\$8,570
115	Cash - Restricted for Payment of Current Liabilities	\$
120	Total Receivables, Net of Allowances for Doubtful Accounts	\$276
131	Investments - Unrestricted	\$132,086
135	Investments - Restricted for Payment of Current Liability	\$
142	Prepaid Expenses and Other Assets	\$4,602
144	Inter Program Due From	\$
310	Total Current Liabilities	\$27,858
Sub-Total		\$357,452
Denominator		
96900	Total Operating Expenses	\$157,353
97100	Extraordinary Maintenance	\$11,616
97200	Casualty Losses - Non-capitalized	\$
97800	Dwelling Units Rent Expense	\$
Sub-Total		\$168,969

HOW ARE THE FINANCIAL PHAS ELEMENTS CALCULATED? HERE'S THE MENAR CALC.

Debt Service Coverage Ratio Scoring

DSCR < 1.0	0 points
≥ 1.0 but < 1.25	1 point
DSCR ≥ 1.25	2 points
NO DEBT AT ALL	2 points

Debt Service Coverage Ratio (DSCR) Details

Project ID: W1 Project Score: 25.00

Score: 2.00 Value: No Debt Service

Formula: Adjusted Operating Income/Annual Debt Service
(96700 + 97000)/(96710 + 96720 + 11020)

Line Item	Description	Amount
Numerator		
96700	Total Interest Expense and Amortization Cost	\$0
97000	Excess of Operating Revenue over Operating Expenses	\$28,843
Sub-Total		\$28,843
Denominator		
11020	Required Annual Debt Principal Payments	\$0
96710	Interest of Mortgage (or Bonds) Payable	\$
96720	Interest on Notes Payable (Short and Long Term)	\$
Sub-Total		\$0

HOW ARE THE FINANCIAL PHAS ELEMENTS CALCULATED? HERE'S THE DEBT SERVICE CALC.

WHAT OTHER PHAS ELEMENTS HAVE A FINANCIAL COMPONENT?

- A COUPLE OF MANAGEMENT SCORES → TARS AND ACCOUNTS PAYABLE, ARE ALSO SCORES THAT CARRY FINANCIAL IMPORTANCE.

<u>Tenant Accounts Receivable</u>	5.00	5.00	Tenant accounts receivable of a project against the tenant charges for the project's fiscal year.
<u>Accounts Payable</u>	4.00	4.00	Money that a project owes to vendors at the end of the project's fiscal year for products and services purchased against total operating costs.

QUESTIONS??