



PIH

OFFICE OF PUBLIC & INDIAN HOUSING

CARES Act Reporting

Answers to Frequently Asked Questions (FAQs)
for
Public Housing Agencies (PHAs)

Office of Public and Indian Housing, Real Estate Assessment Center (PIH-REAC)

Version 1

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Table of Contents

1.0 Introduction	1
2.0 Financial Data Schedule (FDS) and Quarterly Reporting	2
2.1 COVID-19 Activities (CV).....	2
3.0 Financial Data Schedule (FDS) Reporting	3
3.1 General (GF).....	3
3.2 Central Office Cost Center (CC).....	7
3.3 Public Housing (PH).....	8
3.4 Housing Choice Voucher (HCV) Program	8
4.0 Quarterly Reporting.....	10
4.1 General (GQ)	10
5.0 Miscellaneous Topics (M).....	11

1.0 Introduction

HUD issued PIH Notice 2020-24 on September 14, 2020. This notice provides guidance on CARES Act quarterly reporting and PHA year-end Financial Data Schedule (FDS) reporting for PHAs, including reporting for Moving to Work (MTW) PHAs and PHAs with a Central Office Cost Center (COCC). The notice also provides information on other topics related to the implementation of CARES Act supplemental funds for PHAs.

HUD subsequently held two webinars for PHAs to discuss the notice – September 15, 2020 and October 1, 2020. The frequently asked questions (FAQs) provided in this document are from the questions provided by participants at the webinars. HUD will periodically update this document to respond to additional questions on CARES Act quarterly and FDS reporting that has been submitted to FASS-PH, the HUD field offices, or online or via a call to REAC's Technical Assistance Center

(https://www.hud.gov/program_offices/public_indian_housing/reac/support/tac).

Note: This document provides responses to questions on CARES Act quarterly and FDS reporting. There is a separate FAQ document (COVID-19 related FAQs for PHAs) that is available on PIH's COVID-19 Resources website at

https://www.hud.gov/program_offices/public_indian_housing/covid_19_resources.

2.0 Financial Data Schedule (FDS) and Quarterly Reporting

The questions and responses below pertain to both FDS and Quarterly Reporting of CARES Act funds and non-CARES Act funds used for COVID-19 activities.

2.1 COVID-19 Activities (CV)

CV1. Can we just report under “Responding to COVID-19” and not distinguish between the three categories – Prevent, Prepare for, and Respond to COVID-19 because the distinction is unclear?

Answer: For HUD reporting (both for FDS and Quarterly reporting), HUD does not ask for any type of break or distinction between the three categories. Stated differently, PHAs are only required to report the aggregate amount spent on responding to, preparing for, and prevention of COVID-19.

CV2. The example provided in HUD’s webinar shows a breakdown of 'normal' vs. 'increased' costs. Will PHAs be required to separately report 'normal' and 'increased' costs in the FDS?

Answer: For HUD reporting (both for FDS and Quarterly reporting), HUD is not asking for any break or distinction between 'normal' vs. 'increased' costs. The example was to show that a PHA may capture 'normal' and 'increased' costs separately in their accounting system. However, for HUD reporting, normal and increased costs would be added together and reported as one amount in the appropriate FDS line item.

3.0 Financial Data Schedule (FDS) Reporting

The questions and responses below only relate to FDS reporting of CARES Act funds and non-CARES Act funds used for COVID-19 activities.

3.1 General (GF)

GF1. The income statement example in Appendix 2: Example FDS Reporting of 14.HCC of PIH Notice 2020-24 refers to Note 1.

INCOME STATEMENT

	HCV Program 14.871	HCV CARES Act Funding 14.HCC	Total
HUD Operating Grants - Admin. Fees	\$ 82,000	Note 1	
HUD Operating Grants - HAP Funding	372,000		
HUD Operating Grants	1 454,000	189,000	643,000

The note states that “Due to system limitations and unlike the HCV program column on the FDS, 14.HCC will not have detail FDS line items that separates HUD funding available for administrative fees versus HAP”. However, when I go to enter my HUD funding in the HCV CARES Act Funding column, the system shows the normal detail link for the HCV program. *Should I enter the detailed HAP and administrative fee revenue?*

Answer: The detail link to FDS Line 70600 “HUD Operating Grants” has been added to both the HCV and Mainstream CARES Act columns (14.HCC and 14.MSC). Initially, HUD thought that a system code release is required to add the detail links. However, FASS-PH is now able to provide the links without a system release.

The screen shot below shows the detail link. For CARES Act reporting, line items 70600-030 through 70600-060 are not applicable. Same as normal reporting, PHAs will need to submit a short comment in 70600-070, such as “See PIH Notices”, etc.

Line Item 70600 Details		
Line Item #	Description	Value
*70600-010	Housing Assistance Payments	\$ <input type="text"/>
*70600-020	Ongoing Administrative Fees Earned	\$ <input type="text"/>
*70600-030	Hard to House Fee Revenue	\$ <input type="text"/>
*70600-031	FSS Coordinator Grant	\$ <input type="text"/>
*70600-040	Actual Independent Public Accountant Audit Costs	\$ <input type="text"/>
*70600-050	Total Preliminary Fees Earned	\$ <input type="text"/>
*70600-060	All Other Fees	\$ <input type="text"/>
70600-070	Admin Fee Calculation Description	<input type="text"/>
Total Amount		\$ 0 <input type="text"/>

GF2. The language in Section 9 of PIH Notice 2020-24 as well as the table 9.1 shows that the fee revenue FDS lines will be available in the CARES Act COCC column (14.CCC). However, these FDS line items are not available to me when I add the CARES Act COCC column. *How do I generate the fee revenue lines?*

Table 9.1 FDS Reporting for COCC Funds in Excess of Safe Harbor Amount

FDS Fee Accounts	14.PHC Public Housing CARES Act	14.CCC COCC CARES Act	Elimination	Entity-Wide Total
70710 - Management Fee Revenue		\$50,000	(\$50,000)	\$0
70720 - Asset Management Fee Revenue		\$15,000	(\$15,000)	\$0
70730 - Bookkeeping Fee Revenue		\$10,000	(\$10,000)	\$0
91300 - Management Fee	\$50,000		(\$50,000)	\$0
91310 - Bookkeeping Fee	\$10,000		(\$10,000)	\$0
92000 - Asset Management Fee	\$15,000		(\$15,000)	\$0

Answer: FASS-PH’s initial assessment indicated that FDS line 70710, 70720 and 70730 would be available in CARES Act COCC Column. However, it was determined, that a system code release would be necessary to make these line items available in the 14.CCC column. Since the fee revenue line items will not be available, for FDS reporting purposes PHAs are instructed to report their CARES Act “COCC Fees In Excess of the Safe Harbor Amounts” in FDS line 71500 “Other Revenue” in the FDS 14.CCC column.

The fee expense lines (FDS lines 91300, 91310, and 92000) will still be available in the CARES Act award columns, such as 14.HCC and 14.PHC, and should be used to report fee expenses as described in PIH Notice 2020-24. The fee expenses (FDS line 91300, 91310, and 92000) and the fee revenue reported in 71500 “Other Revenue” should be eliminated at the entity-wide level.

GF3. Will the FDS have separate lines for to Prevent, Prepare for, and Respond to COVID-19?

Answer: No, for FDS reporting all costs related to COVID-19 are reported together in the 92100 to 92500 FDS line items with no distinction between the three categories.

GF4. HUD showed that normal wage expenses would be reported under the 14.PHC column. Should only the excess expenses (i.e., overtime & hazard pay) incurred due to COVID-19 be reported in the 14.PHC column?

Answer: No, PHAs are allowed to use their CARES Act Operating Funds to pay for normal operating cost (i.e., costs that did not increase due to COVID-19) so all wages (i.e., regular wages, overtime, and hazard pay) would be reported under 14.PHC if paid from CARES Act Operating Funds.

With respect to the eligible uses of CARES Act Operating Funds, a PHA can think of these funds as typical operating subsidy a PHA would have received in any non-COVID year but the funds also have expanded eligible uses. That is, CARES Act Operating Funds can be used for: 1) to

prevent, prepare for, and respond to COVID-19, and 2) any Capital Fund eligible purpose).

Similarly, CARES Act HCV and Mainstream administrative fees can be used for COVID-19 activities and those eligible activities funded with non-CARES Act HCV and Mainstream administrative fees.

GF5. The examples assume that only CARES Act funds were used for "COVID-19" expenses. It is possible to have a net loss in the CARES Act - FDS COVID columns if non-CARES Act funds were used, correct?

Answer: From an accounting standpoint, the PHA would have an operating loss, when COVID related costs were paid from the non-CARES Act funds, as the COVID cost is required to be reported in the CARES Act column. However, if the PHA uses non-CARES Act funds, the PHA is required to transfer the non-CARES Act funds into the CARES Act column, which ultimately offsets the net operating loss.

GF6. For future years we will continue to have balances on the balance sheet. Will those always remain under the new CARES Act columns ?

Answer: For the CARES Act columns there should be very limited balance sheet activity as any capital asset purchased with CARES Act funds are required to be transferred to the non-CARES program, such as the project or the HCV program.

Also, the accounting for CARES Act funds is the same accounting as that for a reimbursable grant, which will result in zero net position / equity. Finally, any unused CARES Act will need to be returned to HUD if not spent by 12/31/2021.

Therefore, there should be no balance sheet activity reported once the PHAs spends all their CARES Act funds or after 12/31/2021.

GF7. What FDS line item would be used to report COVID-19 grants received from the State or other Federal agencies?

Answer: The COVID-19 grants is recorded in FDS line 70600, 70610 or 780000 depending on the type of grant and the grantor. Funds received from the state would be reported under the State and Local column on FDS. Funds received from other Federal agencies would be reported under the CFDA number. PHAs should include a comment indicating the COVID-19 grant name and amount for the FASS-PH reviewer.

GF8. If we use the CARES Act Operating Funds to pay for "normal" operations, do we use the FDS equity transfer accounts to transfer the CARES Act funds to the project columns on the FDS?

Answer: With the exception of the purchase of capital assets, all expenses paid from CARES Act Operating Funds are reported in the 14.PHC column and not transferred / comingled with project reporting. PHA will recognize the additional Operating Funds as revenue when an eligible cost is incurred.

GF9. In the presentation HUD stated that all COVID-19 related expenses should be reported on 92000 Tenant Services but in HUD's example, a maintenance contract was reported under the maintenance contract line. How do we know which COVID expenses to report on those lines? Maintenance contracts are separate so what about PPE supplies that are purchased?

Answer: In PIH Notice 2020-07 and 2020-18, HUD provides examples and a list of eligible COVID-19 related costs, which should be reported in FDS line 92100 thru 92500. If the PHA has spent funds on these items /activities, then the PHA should report the costs as a COVID-19 cost. For example, a PPE purchase for maintenance staff is reported as a COVID-19 cost (in the tenant services lines of the FDS). However, if the purchase was for plumbing services, the PHA would report the cost as a maintenance contract.

GF10. Are all COVID-19 related costs reported in 92100 (Tenant Services – Salaries) thru 92500 (Total Tenant Services) and all other uses of the CARES Act funds reported in their regular FDS account lines? Is that correct?

Answer: Yes, that is correct. The 92100 thru 92500 lines should account for COVID-19 related costs. Any non-COVID-19 related expenses are reported in their regular FDS lines.

Note: All capital expenses are reported as an equity transfer out.

GF11. I thought salaries paid from Cares Act funds were reported in the 92400 Tenant Services Salaries lines instead of as administrative salaries. Can you please clarify?

Answer: All COVID-19 related costs should be reported in the 92100 (Tenant Services – Salaries) thru 92500 (Total Tenant Services). PIH Notice 2020-18, Section 4 under the CARES Act specifies eligible activities for preparing, preventing, and responding to COVID-19 and provides a list of COVID-19 related costs.

GF12. For HCV CARES Act administrative fee funding, PIH Notice 2020-24 shows that all expenses should be reported under 92500 sub-categories, but the Notice also says PHAs should use expense lines 91100 to 97800. These two statements contradict each other. Should we use normal reporting lines or tenant services lines only?

Answer: PIH Notice 2020-18 Section 4 under the CARES Act provides supplemental administrative fee funding maybe use for two purposes: (1) any current eligible Housing Choice

Vouches (including Mainstream vouchers) administrative costs during the period the program is impacted by COVID-19 and (2) new COVID-19 related activities.

Only the new COVID-19 related activities will be reported in the 92500 sub-categories. Any non-COVID-19 related expenses (i.e., current eligible HCV administrative costs) are reported in their regular FDS lines within the CARES Act column (i.e., 14.HCC).

Note: All capital expenses are reported as an equity transfer out.

3.2 Central Office Cost Center (CC)

CC1. Can fees above the safe harbor rates paid to the COCC from the Capital Fund program be used to pay for day-to-day operations of the COCC?

Answer: Yes, but remember that when using the above the safe harbor fees provision to pay for day-to-day operations of the COCC (i.e., normal operating costs that have not increased), regardless of the funding source (e.g., CFP, PH CARES Act, etc.), the PHA must show that the use of this provision is a result of a reduction of COCC fees income due to COVID-19. (See PIH Notice 2020-24, Section 8).

CC2. Can you explain the safe harbor amounts and how we discover what those amounts are?

If a PHA administers their programs under HUD's asset management model with a Central Office Cost Center (COCC), the PHA funds its overhead costs by charging its project and programs different fees allowed by HUD. Under this model, the PHA will not allocate their overhead costs.

Under the COCC concept, HUD provides the maximum fee rate that can be charged by the PHA and how the fee is earned. This information is published on HUD's website in the Public Housing Management Fee Schedules and in Chapter 7 of the Supplement to HUD Handbook, 7451.1 REV, CHG-1, Financial Management Handbook (April 15, 2007). The handbook can be accessed at the following link:

<https://www.hud.gov/sites/documents/FINANCIALMGMTTHANDBOOK.PDF>

The term "safe harbor" means that as long the PHA uses a fee rate at or below the maximum that HUD has allowed, the fee rate charged is considered reasonable and eligible.

CC3. I was confused by the "Safe Harbor" and COCC portion of the presentation. Our Agency uses an approved Indirect Cost Rate. Does "Safe Harbor" and COCC apply to us, as well or was that portion of the presentation only for organizations that have a COCC?

Answer: COCC is an abbreviation for "Central Office Cost Center." PHAs that meet specific requirements must administer the public housing program using HUD's asset management

model with a COCC.

The “Safe Harbor and COCC” portion of the presentation only applies to PHAs that are using HUD’s asset management model with a COCC.

CC4. Table 9.1 (FDS Reporting for COCC Funds in Excess of Safe Harbor Amount) in PIH Notice 2020-24 does not show the offsets to balance the equation. Would HUD please provide?

Answer: PIH Notice 2020-24 Table 9.1, page 14 illustrates FDS Reporting for fee revenue and expense for COCC funds above the safe harbor amount. Fees (management fee, bookkeeping fee, or asset management fee) above the safe harbor amounts transferred to the COCC are reported as a expense in the CARES Act supplemental funding columns. The COCC CARES Act column reports the amounts as fee income. The fee expenses and fee income are eliminated at the entity-wide FDS level. The COCC column would report expenses equal to fee revenue (not shown in table 9.1), which would balance the equation.

3.3 Public Housing (PH)

PH1. For equity transfers in the Public Housing program, should the memorandum accounts reflect the purchase of capital assets from CARES Act funds?

Answer: When reporting the transfer of the capital asset to the public housing project on the FDS, the PHA should also report the amount in the capital asset memorandum accounts of the low rent column (FDS line 11610 – 11660).

3.4 Housing Choice Voucher (HCV) Program

HCV1. PIH notices state that CARES funding cannot be used to increase a PHA’s unrestricted net position. But in the PIH notices, HUD also states CARES Act funding can be used for regular operating expenses. If a PHA uses CARES Act funds to cover its HCV payroll, the PHA would be increasing the revenue in the program from Non-CARES Act funds which increases the net income and therefore increases a PHA’s net position. Is this allowed?

Answer: The PIH Notices is making a distinction between CARES Act and Non-CARES Act funds and a PHA’s unrestricted net position.

The PIH Notices states that CARES Act funds cannot be used to increase a PHA’s Public Housing program’s reserves or a HCV program’s administrative fee reserves (i.e., unrestricted net position).

For Public Housing, the CARES Act funds are held by HUD until the PHA has an eligible use for the funds. The PHA is then permitted to draw down the CARES Act funds which the PHA

must use to liquidate the liability immediately. When used in this manner, CARES Act funds would not increase public housing reserves. Similarly, HCV CARES Act administrative fees remain unearned, until the PHA has an eligible cost which the PHA will liquidate using CARES Act funds.

However, as presented in the example, HUD does permit CARES Act funds to be used for payroll. Non-CARES Act funds that are now available (because the funds are not used to cover HCV payroll), would increase a PHA's administrative fees reserves.

4.0 Quarterly Reporting

The questions and responses below only relate to FDS reporting of CARES Act funds and non-CARES Act funds used for COVID-19 activities.

4.1 General (GQ)

GQ1. Are PHAs required to resubmit 1st Quarter expenses that have already been submitted using the new FDS designations for COCC, etc.?

Answer: Quarterly reporting requirements are separate from FDS reporting requirements. Once the quarterly reporting portal is available, PHAs will receive training on reporting into the portal and reporting for prior quarters.

GQ2. How were component unit (CU) funds determined? We did not receive funds for our CUs. Is it too late to apply for funds?

Answer: The CARES Act requires quarterly reporting where the PHA has received more than \$150,000 in CARES Act funds. The slide from the presentation illustrated that for quarterly reporting purposes, a PHA should exclude from the \$150,000 reporting threshold, any CARES Act funds that are provided to a PHA's component units (blended or discrete).

The slide was not meant to imply that a PHA's component unit could apply for or would receive CARES Act funds.

5.0 Miscellaneous Topics (M)

M1. The FDS changes provided in PIH Notice 2020-24 was issued on September 14, 2020. For June 30 year-end PHAs, is the FDS still due on 10/30/2020?

Answer: Yes, the due date for June 30, 2020 unaudited submissions remain October 30, 2020. PHAs are expected to report their CARES Act funds as described in PIH Notice 2020-24.

M2. Has HUD extended the period of availability of CARES Act funds?

Answer: As fully discussed in Section 4 of PIH Notice 2020-24, the period of availability for the CARES Act Operating Funds, CARES Act HCV and Mainstream Administrative Fees, and CARES Act HAP funds for the HCV, Mainstream, and Moderate Rehabilitation program are extended through December 31, 2021.

Also, the provision allowing full fungibility between the Operating and Capital Funds for FY 2020 and prior year appropriations also has been extended through December 31, 2021.

Finally, PHAs are reminded that Shortfall funds are only available through December 31, 2020.

M3. Does a PHA need to have separate checking accounts for CARES Funds?

Answer: PHAs are not required to have separate checking account for CARES Act funding. However, PHAs must maintain accounting records that fully support the receipt and disbursement of all CARES Act funds.