Session 2: Financial Reporting Models and Reporting Requirements
Overview

- Describe the financial reporting requirements under UFRS
- Provide a brief introduction to the FASS-PH System
- Discuss the different financial reporting models
  - A description of each reporting model
  - The applicability of each model based on a PHA size
  - FDS reporting requirements for each model
Uniform Financial Reporting Standards

- Applicability
- Submission of Financial Information
- Reporting Compliance Dates
- Annual Financial Report Filing Dates
- Responsibility for Submission of the Financial Report
Applicability

- UFRS Rule is applicable to all entities that receive HUD Financial Assistance:
  - Low-rent, Section 8, Combined, and Multifamily
  - PHAs that are non-profits, part of non-profits, or part of another government (e.g., department of a city)
  - Moving to Work PHAs
### Financial Reporting Schedule Due Date

<table>
<thead>
<tr>
<th>Fiscal Year End (FYE)</th>
<th>06/30</th>
<th>09/30</th>
<th>12/31</th>
<th>03/31</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unaudited (due 2 months after FYE)</td>
<td>08/31</td>
<td>11/30</td>
<td>02/28</td>
<td>05/31</td>
</tr>
<tr>
<td>Audited (due 9 months after FYE)</td>
<td>03/31</td>
<td>06/30</td>
<td>09/30</td>
<td>12/31</td>
</tr>
</tbody>
</table>
Extension Request

- Request Additional Time for an Unaudited Submission
- Request is Due 15 days prior to the Submission Due Date
Waiver Request

- Request Additional Time for an Audited Submission
- PIH Notice 2009-41
- Written request to local field office
  - Request is Due 30 days prior to Submission Due Date
  - Include Verifiable Justification
  - Include Reference to Applicable Regulation
The FASS-PH System
Introduction to the FASS-PH System

- Meets UFRS Requirements
  - GAAP-based System
  - Web-based Electronic System
  - In Form and Substance as prescribed by HUD

- In conformity with Final Rule: Revisions to Public Housing Operating Fund Program
  - Asset Management Model
  - Project Level Reporting
  - All PHAs must use the same FDS Template
Introduction to the FASS-PH System, cont’d.

Part of HUD’s Monitoring and Oversight Responsibilities

- Helps Assess Financial Health & Compliance
- Identifies Possible Instances of Waste, Fraud, and Abuse
- Helps in Risk Ranking of Portfolio
- Used to Inform Policy Decisions
- Used in Funding Formulas
Financial Assessment of Public Housing Agencies (FASS PHA)

FASS PH reviews the annual financial statements of over 4,000 public housing agencies and section 8 only entities in the country to assess their financial condition and risk.

Mixed Finance Properties

Entering mixed finance property status in the “Mixed Finance Exempt from FASS-ph field in RMS/PIC.

General Guidance on the Definition of a Mixed Finance Property

Within the Office of Public and Indian Housing (PIH), there are various “definitions” of a mixed finance property. In addition, a number of data sources are being used to determine a property’s mixed finance status for different purposes. For example, there has not been a controlling definition of a mixed finance property and a single data source that is relied on to determine a property’s status. In addition, the following guidance is provided:

- Only those properties with a Fully Enclosed Mixed Finance Assessment to their Annual Contributions Contract (ACC) will be considered mixed finance (for PIAS scoring and future operating, which is funding calculations). (Under PIAS, mixed finance properties do not receive a FASS or a Management Operations score.)
- Beginning with fiscal year end September 30, 2016, and continuing thereafter, the data sources for what a property is a mixed finance will be the “FASS PH” indicator in the Secretary Management System PIH Information Center (SMPIIC) (see below). If a property is a mixed finance (and therefore has a fully encoded mixed finance ACC assessment), the “FASS PH” indicator should be marked “yes.”

View all Highlights: complete listing of past and current highlighted information in FASS PH affecting compliance and financial reporting to HUD by public housing agencies and section 8 only entities.

Financial Submission Tools

- Accounting Briefs
- Calendar of Financial Submission
- Frequently Asked Questions
- FDS Line Definition Guide - July 2014
- FDS Submission Upload Tool
- Find Your Financial Analyst
- GAAP Flyers
- GASB Statements Updated in the FDS
- Program & Entity Reporting in the FDS
- Submission Tips

Other Information

- Asset Management
- Appeal & Waiver Process
- Appeals & Waivers Submitted to NASS
- Appeal Process
- Waiver Request Process
- Documents & Guidance
- Financial Scoring Notices
- PHAS & UFRS Rule
- FASS PH Team

Useful Links

- AICPA
- CFDA - HUD Programs
- Federal Register
- GASB
- GAO (Yellow Book)
- HUD Library
- FHA Notices
- 24 CFR Housing and Urban Development
- OMB Circulars (A-87 & A-133)
- OMB Guidance for Grants & Agreements (2 CFR 200)
Asset Management/Project-Based Accounting Website

Project-Based Accounting

Overview
The third core reform under asset management is project-based accounting. Project-based accounting provides the ability to track financial performance at the project level. Ultimately, project-based accounting provides the necessary information to make effective decisions at the project level.

- As with other federally-assisted housing programs, PHAs will be required to submit to HUD year-end financial statements on each project. These financial statements will include revenue, expense, and balance sheet items.
- Further, PHAs will only be able to charge projects for services actually received. For example, in accounting for project costs, PHAs will not be permitted simply to spread the cost of central maintenance across projects.
- Lastly, any overhead fees and any fees for centrally-provided property management services, must be considered reasonable. This means that the costs must not exceed what other efficient operators would incur for those same services in the local market.

Resources and Links

- (NEW) Special Instructions for Preparing Financial Data Schedules for Moving to Work Agencies
- Special Year-End Financial Reporting Issues for Demolition/Disposition Projects (06-17-2009)
- Capital Fund Stimulus Grant Reporting
- Clarification of Phase-in Fees (11-24-2008)
- Financial Data Schedule Line Definition Guide, November 2008 (Updated May 2012)
- Asset Management FASS-PHI Submitting a Financial Data Schedule Pre-view Demonstration
- FASS PHI - Excel Version of the Financial Data Schedule
- 
- Indian Housing
- ONAP ensures that safe, decent and affordable housing is available to Native American families and creates economic opportunities for Tribes and Indian housing residents.

- Housing Choice Voucher
- Housing Choice Vouchers allow very low-income families to choose and lease or purchase safe, decent, and affordable privately-owned rental housing.

- Public Housing
- Providing decent and safe rental housing for eligible low-income families, the elderly, and persons with disabilities.
Additional HUD Resources

- **Housing Choice Voucher Program**
  Additional financial and accounting related information, including information on the Voucher Management System (VMS) related to the HCV program and other PIH voucher programs (i.e., Disaster Voucher program (DVP)), can be found at:
  

- **Public and Indian Housing One-Stop Tool (POST) for PHAs**
  POST website provides in one place, commonly used links to PIH systems, tools, training, opportunities, program requirements, and commonly used external websites. The website can be found at:
  
Financial Reporting Models
Four Reporting Models

● Model 1 – Asset Management with COCC
● Model 2 – Asset Management using Allocated Overhead
● Model 3 – Non-asset Management
● Model 4 – Small PHAs under Asset Management
● HUD Accounting Brief #16
Session 2: Financial Reporting Models & Reporting Requirements
FDS Template – Model 3

Session 2: Financial Reporting Models & Reporting Requirements
## Asset Management Reporting Models and FDS Reporting Types

<table>
<thead>
<tr>
<th>FDS Reporting Types</th>
<th>Model 1 PHAs under Asset Management with COCC</th>
<th>Model 2 PHAs under Asset Management with Allocated Overhead and no COCC</th>
<th>Model 3 PHAs not under Asset Management</th>
<th>Model 4 Small PHAs under Alternate Asset Management Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Non-Asset Mgmt with Elimination Only</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Non-Asset Mgmt with COCC/Elimination</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Non-Asset Management</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Asset Mgmt without COCC/Elimination</td>
<td></td>
<td>•</td>
<td></td>
<td>•</td>
</tr>
<tr>
<td>5. Asset Mgmt with Elimination</td>
<td></td>
<td>•</td>
<td></td>
<td>•</td>
</tr>
<tr>
<td>6. Asset Mgmt with COCC/Elimination</td>
<td></td>
<td>•</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
All PHAs reporting under asset management were required to comply with Cost Reasonableness by 2011.

<table>
<thead>
<tr>
<th>PHA Fiscal Year End</th>
<th>Per Financial Management Handbook</th>
<th>Current HUD Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>June</td>
<td>Project-based Budgets and</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Project-based Accounting</td>
<td></td>
</tr>
<tr>
<td></td>
<td>07/01/2007 through 06/30/2008 and</td>
<td>07/01/2008 through 06/30/2009 and after</td>
</tr>
<tr>
<td></td>
<td>after</td>
<td></td>
</tr>
<tr>
<td>September</td>
<td>10/01/2007 through 09/30/2008 and</td>
<td>10/01/2008 through 09/30/2009 and after</td>
</tr>
<tr>
<td></td>
<td>after</td>
<td></td>
</tr>
<tr>
<td>December</td>
<td>01/01/2008 through 12/31/2008 and</td>
<td>01/01/2009 through 12/31/2009 and after</td>
</tr>
<tr>
<td></td>
<td>after</td>
<td></td>
</tr>
<tr>
<td>March</td>
<td>04/01/2008 through 03/31/2009 and</td>
<td>04/01/2009 through 03/31/2010 and after</td>
</tr>
<tr>
<td></td>
<td>after</td>
<td></td>
</tr>
</tbody>
</table>
Understanding the Unaudited Submission Process
Unaudited Submission Overview

● All PHAs are required to submit unaudited financial data to HUD.

● The unaudited submission generally consists of:
  ■ Financial Data Schedule (FDS)
  ■ Data Collection Form (DCF) – General Information tab only
  ■ Submission Comments

● Submission Comments
  ■ While optional, it is strongly suggested that the PHA address any issues that were questioned in prior REAC reviews and any other reporting requirements that may cause the submission to be rejected.
Unaudited Submission Process

My Inbox
- Search for Submission
- Create New Submission
- Delete Draft Submission

PHA Info
- Select Type of Submission
- Select & Add Programs
- Speak to Comments, Late Reasons

Financial Data Schedule

Data Collection Form
- General Information
- Guide for PHA on possible conflicts and issues within the data

Edit Flags

Reports
- Hard copies or electronic downloads of financial data

Submit
- Ensure Validation of DCF & FDS before Submission

Completeness Check

Final Submission

Each Project
- Balance Sheet
  - Income Statement for Low Rent Housing
  - Income Statement for Capital Fund

Each Program
- Balance Sheet
  - Income Statement for Program

Validation required before Submission

COCC Elimination
PHA Info Screen: Asset Management Types

- Asset management is a business model that is used by PHAs administering public housing.
- The PHA must select an asset management type on the PHA Info Screen.

![Image of asset management options](image-url)
Understanding the Audited Submission Process
Audited Submission: 3-Step Procedure

1. Draft Status

- PHA creates a draft “Audit Submission” (Upload unaudited submission and make any changes required)
- Unlike Unaudited Submissions, the Audited Submission must include:
  - Notes to Financial Statements
  - Audit Info
  - Action plan, if applicable
  - Audited Financial Statements
  - Management Discussion & Analysis (MD&A)
  - Audit Findings
- Once submitted, status changes to “IPA Review”
Audited Submission: 3-Step Procedure

2. IPA Review Status
   - IPA performs agreed upon procedures (AUP)
   - Status changes to “IPA Agree” or “IPA Disagree”
   - If IPA disagrees, PHA must edit “IPA Disagree Submission”

3. Submission to HUD
   - One CPA approves the AUP (Step 2), PHA must Submit the Audited Statements

4. HUD Review and Acceptance
   - PIH-REAC reviews and approves or rejects submission
   - Process is complete once audited submission is approved
Audited Submission Process

Each Project
- Balance Sheet
  - Income Statement for Low Rent Housing
- Balance Sheet
  - Income Statement for Program

Each Program
- Balance Sheet
- Income Statement for Program

Validation required before Submission

Search for Submission
Select Type Submission
Create Submission
Delete Draft
Select & Add Programs
Speak to Comments, Late Reasons, Material Differences
Select & Add Programs

Upload Notes
Upload Audit Information
Auditor’s Agreement or Disagreement
Upload Audit Findings*
Upload Action Plan*
Upload MD&A*
Upload Financial Statement*

Guide for PHA on possible conflicts and issues within the data

Hard copies or electronic downloads of financial data

Ensure Validation of DCF & FDS before Submission

Completeness Check
Final Submission

* as appropriate
Data Collection Form
Data Collection Form

● Unaudited Submission
  ■ Includes General information for PHA
    ♦ Name, address, contact info, etc.
    ♦ Auditor information
    ♦ Fee Accountant information
    ♦ Federal Awards expended data

● Audited Submission
  ■ The DCF consists of the following 4 tabs:
    ♦ General Information
    ♦ Financial Statements
    ♦ Federal Programs
    ♦ Supplemental Information
DCF – General Information Tab

Real Estate Assessment Center

Financial Assessment Subsystem (FASS-PH)

<table>
<thead>
<tr>
<th>My Inbox</th>
<th>PHA Info</th>
<th>FDS</th>
<th>DCF</th>
<th>Submit</th>
<th>Edit Flags</th>
<th>Reports</th>
<th>Logout</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

General Information Tab

PHA Information

- **PHA Code**: CA999
- **PHA Name**: Hometown Housing Authority
- **Fiscal Year End Date**: 06/30/2015
- **Submission Type**: Unaudited/A-133

Unaudited / Single Audit

General Information

<table>
<thead>
<tr>
<th>Element#</th>
<th>Description</th>
<th>Value</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>G9000-010</td>
<td>Fiscal Year Ending Date</td>
<td>06/30/2015</td>
<td>---</td>
</tr>
<tr>
<td>G2000-021</td>
<td>Reporting Period Covered</td>
<td>None</td>
<td>---</td>
</tr>
<tr>
<td>G2000-031</td>
<td>Reporting Period Covered - Months</td>
<td></td>
<td>---</td>
</tr>
<tr>
<td>G9000-020</td>
<td>Employer Identification Number</td>
<td></td>
<td>---</td>
</tr>
<tr>
<td>G2000-040</td>
<td>Multiple EIN Indicator</td>
<td>None</td>
<td>---</td>
</tr>
<tr>
<td>G9000-030</td>
<td>Data Universal Numbering System (DUNS) Number</td>
<td></td>
<td>---</td>
</tr>
<tr>
<td>G2000-050</td>
<td>Multiple DUNS Indicator</td>
<td>None</td>
<td>---</td>
</tr>
</tbody>
</table>
DCF – Financial Statements Tab: Audit Details

- Audit Details Page requests Fund Type and Fund Opinion
  - PHAs are required to enter the Fund Type and Fund Opinion for each opinion unit
  - An opinion unit is a major fund or group of non-major funds that receive a financial statement opinion by the auditor
  - If the PHA is reporting only a single fund – all fund types should be marked as “major”

- The DCF is requesting information on the fund type and fund opinion that the CFDA Program is contained in. The DCF is NOT asking for a financial statement audit opinion of the CFDA Program.
DCF – Financial Statements Tab: Audit Details, cont’d.

<table>
<thead>
<tr>
<th>CFDA#</th>
<th>NAME OF PROGRAM</th>
<th>DETAILS</th>
</tr>
</thead>
<tbody>
<tr>
<td>14.850</td>
<td>Fund Type and Opinion of the Fund containing Low Rent Public Housing</td>
<td>Unmodified Opinion</td>
</tr>
<tr>
<td></td>
<td>*G3000-200 Fund Type</td>
<td>Non Major Fund</td>
</tr>
<tr>
<td></td>
<td>*G3000-210 Fund Opinion</td>
<td></td>
</tr>
<tr>
<td></td>
<td>*G3000-220 Is the Departure or qualification related to the Low Rent Program?</td>
<td>No</td>
</tr>
<tr>
<td>14.872</td>
<td>Fund Type and Opinion of the Fund containing Public Housing Capital Fund Program</td>
<td>Unmodified Opinion</td>
</tr>
<tr>
<td></td>
<td>*G3000-200 Fund Type</td>
<td>Non Major Fund</td>
</tr>
<tr>
<td></td>
<td>*G3000-210 Fund Opinion</td>
<td></td>
</tr>
<tr>
<td></td>
<td>*G3000-220 Is the Departure or qualification related to the Capital Fund Program?</td>
<td>Yes</td>
</tr>
<tr>
<td>14.866</td>
<td>Fund Type and Opinion of the Fund containing Revitalization of Severely Distressed Public Housing</td>
<td>Modified Opinion</td>
</tr>
<tr>
<td></td>
<td>*G3000-200 Fund Type</td>
<td>Major Fund</td>
</tr>
<tr>
<td></td>
<td>*G3000-210 Fund Opinion</td>
<td></td>
</tr>
<tr>
<td>14.871</td>
<td>Fund Type and Opinion of the Fund containing Housing Choice Vouchers</td>
<td>Modified Opinion</td>
</tr>
<tr>
<td></td>
<td>*G3000-200 Fund Type</td>
<td>Major Fund</td>
</tr>
<tr>
<td></td>
<td>*G3000-210 Fund Opinion</td>
<td></td>
</tr>
</tbody>
</table>
Values selected on financial statements tab must match:
- Auditor’s Report on Financial Statements
- Auditor’s Report on Compliance and Internal Control over Financial Reporting
- If the auditor notes any significant deficiencies (G3000-030) or material weaknesses (G3000-040), the respective box should be marked with a “Yes” on the financial statements tab.
### Federal Programs

#### Real Estate Assessment Center

**Financial Assessment Subsystem (FASS-PH)**

<table>
<thead>
<tr>
<th>PHA Information</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PHA Code:</strong> PHA</td>
</tr>
<tr>
<td><strong>Fiscal Year End Date:</strong> 12/31/2015</td>
</tr>
<tr>
<td><strong>PHA Name:</strong> Housing Authority PHA County</td>
</tr>
<tr>
<td><strong>Submission Type:</strong> Audited/Single Audit</td>
</tr>
</tbody>
</table>

#### Federal Program

<table>
<thead>
<tr>
<th>Element#</th>
<th>Description</th>
<th>Value</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4000-020</td>
<td>Dollar Threshold Used to Distinguish Type A and Type B Programs</td>
<td>$750,000</td>
<td>---</td>
</tr>
<tr>
<td>G4000-030</td>
<td>Low-Risk Auditee Indicator</td>
<td>Yes</td>
<td>---</td>
</tr>
<tr>
<td>G4000-040</td>
<td>Indicator-Any Audit Findings Disclosed that are Required to be Reported</td>
<td>Yes</td>
<td>---</td>
</tr>
<tr>
<td>G4000-080</td>
<td>Was a Schedule of Prior Audit Findings prepared?</td>
<td>Yes</td>
<td>---</td>
</tr>
<tr>
<td>G4100-040</td>
<td>Total Federal Awards Expended</td>
<td>$8,885,997</td>
<td>[Details]</td>
</tr>
</tbody>
</table>

*mandatory field
● The Federal Programs page includes dollar threshold, opinion and findings, agency risk indicator, and Total Federal Awards Expended (TFAE).

● Information reported should match:
  - Auditor’s Report on Compliance and Internal Control (Major Program),
  - Auditor’s Schedule of Expenditure of Federal Awards (SEFA), and
  - Auditor’s Schedule of Findings and Questioned Costs
### Housing Choice Vouchers

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4100-030</td>
<td>Amount Expended</td>
<td>$7,338,716</td>
</tr>
<tr>
<td>G4200-010</td>
<td>Major Federal Program Indicator</td>
<td>Yes</td>
</tr>
<tr>
<td>G4200-050</td>
<td>Type of Opinion on Major Federal Program</td>
<td>Unmodified Opinion</td>
</tr>
<tr>
<td>G4200-060</td>
<td>Number of Single Audit Compliance Audit Findings</td>
<td>0 [Details]</td>
</tr>
<tr>
<td>G4200-070</td>
<td>Audit Finding Reference Number</td>
<td></td>
</tr>
<tr>
<td>G4200-090</td>
<td>Are Awards Received Directly from a Federal Agency?</td>
<td>Yes</td>
</tr>
<tr>
<td>G4200-100</td>
<td>Significant Deficiency Indicator</td>
<td>No</td>
</tr>
<tr>
<td>G4200-110</td>
<td>Material Weakness Indicator</td>
<td>No</td>
</tr>
<tr>
<td>G4200-120</td>
<td>Material Non-compliance Indicator</td>
<td>No</td>
</tr>
<tr>
<td>G4100-050</td>
<td>Total Amount of Questioned Costs</td>
<td>$0</td>
</tr>
</tbody>
</table>
### PHA Information

- **PHA Code:** [Redacted]
- **Fiscal Year End Date:** 12/31/2015
- **PHA Name:** [Redacted]
- **Submission Type:** Audited / Single Audit

### Supplemental Information

<table>
<thead>
<tr>
<th>ELEMENT#</th>
<th>DESCRIPTION</th>
<th>VALUE</th>
<th>DETAILS</th>
</tr>
</thead>
<tbody>
<tr>
<td>*G3100-040</td>
<td>SAS 119 &quot;in relation to&quot; Opinion on the Financial Data Schedule</td>
<td>Fairly Stated</td>
<td>---</td>
</tr>
</tbody>
</table>

**Required Supplemental Information**

- **G3100-050** Are MD & A omitted? (For PHAs reporting as a non-profit, select "No" for this element. This question should be skipped for all component unit submissions.)
  - **Value:** No

- **G3100-060** Are other supplemental Information Omitted?
  - **Value:** No
PHA Information Screen and Component Unit Check Box
The Component Unit Check Box

- Two criteria must be met in order to select the Component Unit box on the PHA Info page:
  - PHA is a component unit, department or program of a local government or jurisdiction or nonprofit agency.
  - PHA will not have its own separate Single Audit (or non Single Audit).

- Checking the CU box is not simply an issue of whether the entity is a component unit as defined by GASB.
For PHAs that select the Component Unit box, there are 4 required attachments:

- Notes to Financial Statements,
- Audit information (currently mandatory),
- Audit Findings (if applicable), and
- Action Plan (if applicable)

All other PHAs must submit the required audit attachments based on the audit type selected.
Required Audit Attachments
Required Audit Attachments: Uniform Guidance (UG) Audit

● Uniform Guidance Audit:
  1. RSI (MD&A and GASB 68)
  3. Notes to the Basic Financial Statements
  4. Auditor’s Report on Financial Statements
  5. Auditor’s Report on Compliance and Internal Control (Government Auditing Standards)
  6. Auditor’s Report on Compliance and Internal Control (Major Program)
  7. Schedule of Expenditure of Federal Awards
  8. Schedule of Findings and Questioned Costs
  9. Schedule of Prior Audit Findings
  10. Corrective Action Plan
Required Audit Attachments: Non UG Audit

• Non Non-Single Audit (Yellow Book Audit):
  1. Required Supplemental Data (MD&A and GASB 68)
  3. Notes to the Basic Financial Statements
  4. Auditor’s Report on Financial Statements
  5. Auditor’s Report on Compliance and Internal Control (Financial Reporting)
Required Audit Attachments

- Audit Information must be attached to the appropriate section of the Notes & Findings page
  1. RSI (MD&A and GASB 68)
  2. Financial Statements
  3. Notes to the Financial Statements
  4. Audit Information
  5. Audit Findings
  6. Action Plan
Required Audit Attachments: MD&A

- Provides an analytical overview of the PHA’s financial activities
- Topics prescribed by GASB 34 to be included in the MD&A:
  - Brief discussion of basic financial statements
  - Comparative analysis of current and prior year financial information
  - Known information expected to impact financial operations
  - Reported figures and data must be consistent with FDS, F/S, DCF
Required Audit Attachments: GASB 68

- New FDS Lines in REAC template
  - 200 – Deferred Outflows
  - 357 – Accrued pension and OPEBs
  - 400 – Deferred Inflows

- 10-year schedules regarding:
  - Sources of changes in the components of NPL
  - Ratios that assist in the assessing the magnitude of the NPL
  - Comparisons of actual employer contributions to actuarially required amounts
Required Audit Attachments: Financial Statements

- Government-wide Financial Statements
  - Statement of Net Position
  - Statement of Activities
  - Statement of Cash Flows (full accrual)

- Fund Financial Statements
  - Statement of Net Position
  - Statement of Revenues, Expenses, and Changes in Net Position
  - Statement of Cash Flows
Required Audit Attachments: Notes to Financial Statements

- The attached Notes tab:
  - Should be Completed and Properly Presented
  - Amounts should tie to FDS and/or F/S

- Topics include:
  - Summary of Significant Accounting Policies
  - All Other Disclosures
The following attachments belong in the Audit Information Tab:

- Auditor’s opinion and Financial Statements
- Auditor’s Report on Compliance Internal Controls (Yellowbook Report)
- Auditor’s Report on Internal Compliance and Internal Control (Major Programs)
- SEFA should match TFAE (including CFDA #) on DCF
Required Audit Attachments: Audit Findings

- Summary Schedule of Prior Audit Findings
- Auditor’s Schedule of Findings and Questioned Costs
  - Summary
  - Financial Statement Findings
  - Federal Program Findings
- Verify that all opinions and findings match DCF
Required Audit Attachments: Action Plan

- Required if findings are reported for financial reporting and (or) federal programs
- **Corrective Action Plan** should include:
  - Identification of each finding and reference
  - Description of action taken or explanation
  - Name of contact person responsible for corrective action (BE SURE!!)
  - Anticipated completion date of corrective action
AU-C 725 and Auditor Attestation
Supplementary Information (SI) and AU-C 725 Opinion

- SI is presented for purposes of additional analysis and is not a required part of the financial statements:
  - SEFA – required by Uniform Guidance
  - FDS – required by HUD

- SI is presented based on AU-C 725: Reporting on Information Accompanying the Basic Financial Statements in Auditor-Submitted Documents
Auditor Attestation

- Auditors are required to perform Agreed Upon Procedures (AUP) in order to assure the accuracy and completeness of the data submitted to PIH-REAC.

- Auditor compares the electronic data in the draft FASS-PH submission to the hard copy of the basic financial statements, audit reports, and FDS.
Common Reporting Issues: Unaudited & Audited Submissions
Common Reporting Problems: Unaudited Submission

- FASS Data is Materially Different than Other Independent Data Sets
  - Voucher Management System (VMS) examples include:
    - Housing Assistance Payments
    - Vouchers Leased
    - Interest Income
    - Port-in Information
    - NRP, UNA, and Cash Balances
    - Fraud
    - FSS Escrow Forfeitures
  - Revenue doesn’t agree to HUD
    - HUDCAPS
    - ELOCCS
Common Reporting Problems: Unaudited Submission, cont’d.

● HCV Compliance and Financial Distress (not rejected if correctly reported)
  ♦ Due From’s and Operating Transfers Out
  ♦ Negative Equities
  ♦ Unit months leased greater than unit months available

● Submission Fails Basic Business Rules
Common Reporting Problems: Unaudited Submission, cont’d.

- Other General Reporting Problems
  - PHA failed to report programs or programs are comingled with other programs
  - NRP Adjustment is not reflected in submission
  - Elimination column incorrect
  - Bank overdrafts
  - Debt reported incorrectly
  - Interfund amounts on lines 144 & 347
  - Management fee calculations
  - Security deposits liability & cash
  - Equity accounts
Common Reporting Problems: Unaudited Submission, cont’d.

- Other general reporting problems:
  - Restricted cash vs. Unrestricted cash
  - Validation errors
  - Capital funds – Hard & soft costs and revenue
  - Negative expense lines
  - DCF differences
  - Memo fields
  - Prior period adjustments
  - Transfers
  - Unreported PH units
Common Reporting Problems: Audited Submission

- AU-C 725 opinion on FDS is missing.
- PHA submission type is incorrect, therefore, the wrong attachments were submitted.
- Federal Awards Expended reported in Audit Report is different that what was reported on the Data Collection Form in the system.
- Financial Statements and associated information do not meet minimum professional requirements.
Common Reporting Problems: Audited Submission, cont’d.

- Auditors Reports do not reconcile to the Data Collection Form (opinions, findings, federal awards expended).
- Financial Statements do not reconcile to the FDS and the differences are material.
- MD&A, Financial Statements, and Notes to the Financial Statements do not reconcile to each other.
● REAC’s goal is to approve a financial submission that is properly classified and shows data that is a fair reflection of the PHA’s financial condition.

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accept</td>
<td>No errors noted and all prior issues corrected</td>
</tr>
<tr>
<td>Conditionally Accept</td>
<td>Issues noted, but deemed immaterial</td>
</tr>
<tr>
<td>Reject</td>
<td>Errors and/or issues noted that are material or a significant number of small issues are present that cause the submission to be unreliable</td>
</tr>
</tbody>
</table>
● Keeping in mind REAC’s goal, submissions are generally conditionally accepted unless the errors or issues noted are material, meaning the FDS may not provide a fair reflection of the PHA’s financial condition.

● Conditionally accepted issues need to be addressed on the audited submission (or next submission).

● Rejected submissions need to be corrected and re-submitted within 15 calendar days of rejection.
Notification and Follow-Up

- PHAs receive notification of conditional acceptance and rejections via NASS.
- Reminder, past due and other notifications are automatically sent to PHAs.
- These notifications are sent using the PHA’s email address as reported in PIC.