

The **Nelrod** Company®

ASSESSING YOUR AGENCY

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1

WHY DO WE CARE?

→ WE MASTER THE BACKGROUND OF PUBLIC HOUSING FOR SEVERAL REASONS:

1. SO, WE CAN PERFORM OUR JOBS MORE EFFECTIVELY
 - COMPARISON TO PRIVATE INDUSTRY: PHA AS A BUSINESS
2. SO, WE UNDERSTAND THE IMPACT OF PHA STAFF MEMBERS' DECISIONS ON THE BOTTOM LINE OF THE PHA

2

2

WE ARE BEING WATCHED

- AS KEEPERS OF TAXPAYER MONEY, WE ARE SCRUTINIZED
- WE ARE ACCOUNTABLE TO EVERYONE, INCLUDING THE PHA'S CLIENTS
- OUR PHAs ARE EVALUATED BY HUD



3

POLICIES & PLANS

THE BOARD IS RESPONSIBLE FOR SETTING AND APPROVING POLICIES AND ESTABLISHING THE ADMISSION AND CONTINUED OCCUPANCY POLICY, PHA PLAN, AND ADMINISTRATIVE PLAN, IN ACCORDANCE WITH ITS OBLIGATIONS UNDER THE ANNUAL CONTRIBUTIONS CONTRACT

ONCE THE POLICIES AND PLANS ARE ADOPTED, THE EXECUTIVE DIRECTOR IS RESPONSIBLE FOR DEVELOPING PROCEDURES AND IMPLEMENTING THE POLICIES

4

4








POLICIES & PROCEDURES

- POLICY IS THE BROAD STATEMENT ABOUT HOW THE AGENCY APPROACHES A PARTICULAR AREA.
- PROCEDURES ARE THE MORE DETAILED METHODS THE AGENCY CHOOSES TO USE TO CARRY OUT THE POLICY.
- ✓ BOARD ESTABLISHES THE POLICIES
- ✓ EXECUTIVE DIRECTOR CREATES PROCEDURES TO BE USED IN IMPLEMENTING THE POLICIES

5

5

HUD REQUIRED POLICIES

-  PROCUREMENT POLICY
-  ADMISSIONS & CONTINUING OCCUPANCY POLICY (ACOP)
-  PERSONNEL POLICY
-  DRUG-FREE WORKPLACE POLICY
-  CAPITALIZATION POLICY
-  FAIR HOUSING & EQUAL OPPORTUNITY POLICY
-  REASONABLE ACCOMMODATION POLICY

6

6

OTHER POLICIES NEEDED

- INVESTMENT POLICY
- RECORDS/PROPERTY DISPOSITION POLICY
- MAINTENANCE POLICY/PLAN
- RISK PREVENTION POLICY
- RESPECT IN THE WORKPLACE POLICY
- DISCLOSURE OF RECORDS POLICY

7

7

OTHER POLICIES NEEDED

- ACCESSIBILITY POLICY
- LONG TERM CAPITAL REPLACEMENT & RESERVE POLICY
- TECHNOLOGY USE POLICY
- CONFLICT OF INTEREST/ETHICS POLICY
- CREDIT CARD POLICY
- VEHICLE USE POLICY

8

8







POLICIES & PROCEDURES

- POLICIES SHOULD BE REVIEWED REGULARLY
- UPDATED AND MODIFIED PERIODICALLY
- A CHANGE IN POLICY MAY REQUIRE A CHANGE IN PROCEDURES

9

9

HUD REQUIRE PLANS

-  SECTION 8 ADMINISTRATIVE PLAN
-  MINORITY/WOMEN BUSINESS ENTERPRISE PLAN
-  AFFIRMATIVELY FURTHERING FAIR HOUSING PLAN
-  SECTION 3 PLAN
-  ANNUAL PLAN
-  5-YEAR PLAN

10

10

HOW YOU CAN STAY INFORMED

AGENCY MISSION AND PLAN

- ✓ BE COGNIZANT OF YOUR AGENCY'S GOALS, WHETHER THEY ARE FOCUSED ON REDEVELOPMENT, INCREASED HOMEOWNERSHIP OPPORTUNITIES, OR IMPROVED ENERGY PERFORMANCE
- ✓ REVIEW YOUR AGENCY'S ANNUAL, 5-YEAR, AND CAPITAL PLANS

11

11

HOW YOU CAN STAY INFORMED

MONTHLY REPORTS

- ✓ CLOSELY REVIEW ALL FINANCIAL AND PERFORMANCE REPORTS
- ✓ ASK QUESTIONS IF YOU DON'T UNDERSTAND THE INFORMATION PROVIDED

AUDITS

- ✓ REVIEW THE AUDIT
- ✓ REQUEST A BOARD OF COMMISSIONER MEETING WITH THE AUDITOR

12

12

HOW YOU CAN STAY INFORMED

RESIDENTS AND LANDLORDS

- ✓ LISTEN TO INPUT AND RECOMMENDATIONS GATHERED AT MEETINGS AND IN THE COMMUNITY

PERFORMANCE ASSESSMENT INDICATORS

- ✓ REVIEW AND UNDERSTAND YOUR PHAS PERFORMANCE MONTHLY
- ✓ REVIEW AND UNDERSTAND YOUR SEMAP PERFORMANCE MONTHLY

13

13

REQUIRED MONTHLY REPORTS SHOULD INCLUDE:

MONTHLY FINANCIAL REPORTS

- ✓ SUMMARY OF REVENUE AND EXPENSE STATEMENTS FOR ADMINISTRATION AND ALL PROGRAMS

LATEST BANK RECONCILIATION

CHECK VOUCHERS ISSUED

TENANT ACCOUNTS RECEIVABLE

HCVP UTILIZATION

14

14

REQUIRED MONTHLY REPORTS SHOULD INCLUDE:

MONTHLY ASSET MANAGEMENT REPORT (PUBLIC HOUSING PERFORMANCE)

- ✓ OCCUPANCY
- ✓ MODERNIZATION SCHEDULE & UNITS THAT CANNOT BE OCCUPIED

15

15

REQUIRED MONTHLY REPORTS SHOULD INCLUDE:

MONTHLY CONTRACTING AND PROCUREMENT REPORT

- ✓ OBLIGATION AND EXPENDITURE DEADLINES
- ✓ CONTRACT AWARDS AND PROGRESS

16

16

REQUIRED MONTHLY REPORTS SHOULD INCLUDE:

MONTHLY COMPLIANCE REPORT

- ✓ OUTSTANDING AUDIT FINDINGS (FINANCIAL AUDITS, HUD, OIG)
- ✓ REPAYMENT AGREEMENTS

17

17

ESTABLISH INTERNAL CONTROLS

- ESTABLISH CHECK-SIGNING AUTHORITY
- MAINTAIN CONTROL OVER THE OBLIGATION AND DRAWDOWN OF GRANT FUNDS
- ESTABLISH AUTHORITY TO ACCESS LOCCS AND REQUEST A DRAW OF FUNDS, TO BE APPROVED BY HUD STAFF

18

18

ESTABLISH INTERNAL CONTROLS

- DESIGNATE A CONTRACTING OFFICER
- MONITOR CREDIT CARD USE
- MONITOR THE TRANSFER OF FUNDS BETWEEN ACCOUNTS OR PROGRAMS, WHEN FUNDS HAVE RESTRICTED USES

19

19

FINANCIAL STATEMENTS & AUDITS

- TWO HUD REGULATIONS GOVERN FINANCIAL REPORTING OF PHAS:
 - ✓ PUBLIC HOUSING ASSESSMENT SYSTEM (PHAS)
 - ✓ UNIFORM FINANCIAL REPORTING STANDARDS (UFRS)

20

20

FINANCIAL STATEMENTS & AUDITS

IF YOUR AGENCY EXPENDS \$500,000 OR MORE OF FEDERAL AWARDS, OR IF YOUR AGENCY ELECTS TO HAVE AN ANNUAL AUDIT, THE PHAS REGULATIONS REQUIRE YOUR AGENCY TO FILE AN ANNUAL AUDIT.

UNAUDITED

- ✓ SUBMITTED ELECTRONICALLY VIA FDS WITHIN 2 MONTHS OF FYE
- ✓ PREPARED BY FINANCE STAFF OR FEE ACCOUNTANT

AUDITED

- ✓ PHA WITH MORE THAN \$500,000 IN FEDERAL FUNDING
- ✓ SUBMITTED VIA FDS WITHIN 9 MONTHS OF FYE
- ✓ PREPARED BY INDEPENDENT CONTRACTOR

21

21

PUBLIC HOUSING ASSESSMENT SYSTEM (PHAS)

PHAS IS THE SYSTEM THAT HUD USES TO ASSESS A PHA'S PERFORMANCE IN MANAGING ITS PUBLIC HOUSING PROGRAMS

- ✓ PHAS USES A 100-POINT SCORING SYSTEM BASED ON FOUR INDICATORS:
 - PASS (PHYSICAL ASSESSMENT SUBSYSTEM) – 40 POINTS
 - FASS (FINANCIAL ASSESSMENT SUBSYSTEM) – 25 POINTS
 - MASS (MANAGEMENT ASSESSMENT SUBSYSTEM) – 25 POINTS
 - CFP (CAPITAL FUND PROGRAM) - 10 POINTS

22

22

FASS – FINANCIAL CONDITION

→ SCORING SUB-INDICATORS

✓ QUICK RATIO (QR) LIQUIDITY = 12 POINTS

✓ MONTHS EXPENDABLE NET ASSETS RATION (MENAR)
ADEQUACY OF RESERVES = 11 POINTS

✓ DEBT SERVICE COVERAGE RATIO (DSCR) CAPACITY TO COVER
DEBT = 2 POINTS

→ TOTAL MAXIMUM POINTS = 25

23

23

PASS - PHYSICAL CONDITION

→ INSPECTABLE AREAS

✓ SITE = 15 % (AREA WEIGHT) MAX POINTS = 18.5

✓ BLDG EXTERIOR = 15 % MAX POINTS = 17.5

✓ BLDG SYSTEMS = 20 % MAX POINTS = 19.7

✓ COMMON AREAS = 15 % MAX POINTS = 5.5

✓ DWELLING UNITS = 35 % MAX POINTS = 38.8

→ TOTAL MAXIMUM POINTS = 100

24

24

MASS – MANAGEMENT OPERATIONS

→ SCORING SUB-INDICATORS

✓ OCCUPANCY = 16 POINTS

✓ TENANTS ACCOUNTS RECEIVABLE = 5 POINTS

✓ ACCOUNTS PAYABLE = 4 POINTS

→ TOTAL MAXIMUM POINTS = 25 POINTS

25

25

CAPITAL FUND PROGRAM

→ SCORING SUB-INDICATORS

✓ TIMELINESS OF FUND OBLIGATION = 5 POINTS

✓ OCCUPANCY RATE = 5 POINTS

→ TOTAL MAXIMUM POINTS = 10 POINTS

26

26

PHAS

SCORES ARE GENERATED FOR EACH DEVELOPMENT, OR ASSET MANAGEMENT PROJECT (AMP). AMP SCORES ARE WEIGHTED BY HOW MANY UNITS ARE IN THE AMP AND THEN COMBINED INTO THE AGENCY-WIDE SCORE

- ✓ THE AGENCY-WIDE SCORE IS USED TO DETERMINE THE PHA'S DESIGNATION
 - SCORES OF < 60 RESULT IN A "TROUBLED" DESIGNATION
 - SCORES OF 90 POINTS OR ABOVE RESULT IN A "HIGH PERFORMER" DESIGNATION

27

27

SECTION 8 ASSESSMENT PROGRAM

SEMAP IS HUD'S PERFORMANCE MEASUREMENT TOOL FOR THE HCVP AND ASSESSES 14 PERFORMANCE INDICATORS

28

28

SECTION 8 ASSESSMENT PROGRAM



29

29

COMMISSIONER RESPONSIBILITY WITH HUD PERFORMANCE MEASURES

- THERE ARE CONSEQUENCES FOR POOR PERFORMANCE.
- ✓ HUD REQUIRES CORRECTIVE ACTIONS
- ✓ HUD MAY LIMIT NEW FUNDING AWARDS
- ✓ IF VIOLATIONS ARE FLAGRANT, HUD CAN WITHHOLD ADMINISTRATIVE FEES, CAPITAL FUNDS AND OPERATING SUBSIDIES UNTIL CORRECTIONS ARE MADE
- ✓ A TROUBLED PHA IS LESS ABLE TO SUPPORT THE FAMILIES IN THE COMMUNITY WHO NEED THE AGENCY'S SUPPORT

30

30

COMMISSIONER RESPONSIBILITY WITH HUD PERFORMANCE MEASURES

- AS A COMMISSIONER, IT IS YOUR RESPONSIBILITY TO ENSURE THAT THE PHA IS PERFORMING WELL.
- ✓ FOCUS ATTENTION ON WEAK PHAS AND SEMAP PERFORMANCE AREAS FOR EFFECTIVE AND EFFICIENT USE OF SCARCE RESOURCES
- ✓ ESTABLISH GOALS FOR THE WEAK PERFORMANCE AREAS
- ✓ MATCH PERFORMANCE AGAINST GOALS IN EVERY BOARD MEETING
- ✓ DETERMINE THE REASON FOR THE FAILURE IF GOALS ARE NOT BEING MET
- ✓ LOOK FOR PATTERNS AND TRENDS

31

31

BOARD RESPONSIBILITY VS. EXECUTIVE AUTHORITY

- THE BOARD CAN:
- ✓ ESTABLISH INTERNAL CONTROLS
- ✓ ESTABLISH PERSONNEL SELECTION AND EVALUATION POLICIES
- ✓ ESTABLISH PERFORMANCE CRITERIA
- ✓ REVIEW INDEPENDENT AUDITS AND HUD REVIEWS
- ✓ VISIT THE PROPERTIES
- ✓ ESTABLISH ACCOUNTABILITY STANDARDS

32

32

RESPONSIBILITIES OF THE INDIVIDUAL BOARD MEMBER

- BE INFORMED
- REPRESENT THE PHA POSITIVELY IN THE COMMUNITY
- REPRESENT THE COMMUNITY FAIRLY ON THE BOARD
- SUPPORT THE EXECUTIVE DIRECTOR
- COMMIT TO BE PART OF THE SOLUTION RATHER THAN THE PROBLEM
- ACTIVELY RECRUIT PARTNERSHIPS, AS WELL AS PROGRAM AND FUNDING RESOURCES FOR THE AGENCY

33

33

RESPONSIBILITIES OF THE BOARD

- REPRESENT THE AGENCY IN YOUR COMMUNITY
- PUBLIC SPEAKING
- DEVELOPING RESOURCES
- REPRESENT THE GREATER COMMUNITY WITHIN THE BOARD

34

34

EVALUATING THE WORK OF THE HOUSING AUTHORITY

→ THE BOARD MONITORS AGENCY PERFORMANCE IN:

- ✓ PROPERTY MANAGEMENT
- ✓ ADMINISTRATION
- ✓ PROPERTY DEVELOPMENT
- ✓ REGULATORY COMPLIANCE

35

35

ANOTHER VIEW

→ BOARD MEMBERS SHOULD ACQUAINT THEMSELVES WITH INFORMATION ABOUT THE PHA'S:

- ✓ FINANCE
- ✓ PHYSICAL/PROPERTY OPERATIONS
- ✓ OVERALL ORGANIZATION OF THE PHA
- ✓ PERSONNEL MANAGEMENT ISSUES
- ✓ GOVERNMENT RELATIONSHIPS
- ✓ MAINTENANCE ISSUES

36

36

LIABILITIES OF THE BOARD

→ THE BOARD IS LEGALLY RESPONSIBLE FOR THE OPERATION OF THE AUTHORITY

- ✓ BE ALERT TO "RED FLAGS" SUCH AS:
 - INELIGIBLE OR UNSUPPORTED COSTS
 - NEGATIVE CASH FLOW
 - INADEQUATE ACCOUNTING RECORDS
 - UNUSUAL EXPENSES OR PAYMENTS

37

37

LIABILITIES OF THE BOARD (CONTINUED)

- EXCESS TRAVEL
- REPORTED FINANCIAL DATA NOT IN AGREEMENT WITH BOOKS
- FUNDING FOR UNAPPROVED ACTIVITIES
- AVOIDING CONFLICTS OF INTEREST- BOTH YOUR OWN AND OTHERS
- KNOWING WHAT IS AND IS NOT COVERED BY YOUR PUBLIC OFFICIAL'S LIABILITY INSURANCE

38

38



39