

# AUDIO SCRIPT

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### Slide 1: (Title Slide) Module 1: Introduction

Welcome to the Public Housing Authority Financial Management Training. This session provides an overview of the training approach and the topics that are covered in all modules of the financial management training.

### Slide 2: Introduction

In this session, we will provide information on HUD’s motivation for the in-person and on line version of this training, the roll-out of the training to date, and the target audience for the training.

The session will also provide an overview of the module topics and learning activities covered in the video version of the training and the other resources and templates that are provided as part of this training.

A suggested approach to reviewing the webinars and materials provided in this training is also discussed.

### Slide 3: Financial Management Training Initiative

The Public Housing Authority Financial Management training is sponsored by PIH’s Office of Field Operations and was the idea of the Detroit field office with responsibility for PHAs in Michigan. The training was further adopted by the Region 6 Southwest field offices with oversight responsibilities for PHAs in Oklahoma, Texas, Arkansas, New Mexico, and Louisiana.

From HUD’s own findings and audit findings from HUD’s OIG as well as PHA annual audits, HUD recognized the need to provide PHAs with training that is focused on internal controls and financial management topics related to the public housing and HCV programs. To that end, this training course was developed to help improve the financial performance of PHAs throughout the United States.

For the training, HUD wanted to make sure that the training was practical with a discussion of real-life examples, best practices, and tools that PHAs can readily implement. HUD also wanted the learning approach to be interactive with learning activities incorporated into the training topics. To that end, for many of the learning activities, the training sessions had participants work in small groups and work through the exercises among themselves before discussing as a full group. In addition, HUD requested that the training be geared to small and medium-size PHAs which make up the majority of HUD’s overall portfolio of PHAs.

### Slide 4: Financial Management Training Initiative (continued)

The materials and learning activities from the in-person training have now been modified into an on line version that can be disseminated to all PHAs.

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Along with the training materials, other useful resources have been developed and are available as part of the training. Specifically,

- A set of sample financial policies and procedures have been developed and can be modified to suit each PHA's situation. For example there are separate sample policies regarding bank reconciliation for PHAs with and without a fee accountant.
- Many PHAs already have operating budget templates but for those who do not have budget templates, an example is provided.
- Example board reports and financial dashboards with suggested indicators and metrics to be presented based on the PHA's programs (that is, Operating Fund, Capital Fund, and the HCV programs) are also available.
- Lastly, example procurements for procuring an audit, a fee accountant, banking services, and insurance have been developed.

#### Slide 5: Target Audience for Training

The training provides information that is relevant to PHAs that manage either the Public Housing program, Housing Choice Voucher program, or both programs.

The training is probably most useful to small PHAs with less than 250 units and medium-size PHAs defined as PHAs with 250 to 1,249 units. Small and medium-size PHAs because of resource constraints may need more assistance with internal controls and financial policies and procedures.

With respect to PHA personnel, the training is geared to the Executive Director, Public Housing and HCV Supervisors, and the PHA's Finance Director as applicable. The training is also intended for PHA board members, fee accountants, and auditors.

With respect to experience level, the target audience is fairly new PHA Executive Directors, program supervisors, and board members defined as those with less than one-year of experience or between 1 to 3 years of experience. However, several participants in the in-person sessions while more experienced, noted that the training was also a good refresher for them on particular topics.

#### Slide 6: On Line Version of Training

The video version of this training is organized based on the agenda that was used for the in-person sessions conducted in 2017. For the on line version of the training, each module is further divided into smaller segments of between 15 to 20 minutes each.

- Where program-specific information is provided, the information for the program is its own segment. For example, financial indicators for the HCV program is discussed in a separate segment from the Public Housing program's financial indicators. This way, if a PHA does not administer the HCV program, they can choose to skip this video training segment.
- The learning activities are also incorporated into the video version of the training and are their own segments.

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In general, the modules and learning activities should be viewed in order because the learning activities often build on each other. Specifically, Modules 1 through 9 should be viewed in order along with the learning activities. Modules 10,11, 12, and 13 can be viewed in any order because the topics are generally independent of one another.

However, the learning activities work best as part of a group setting which would allow for a more robust discussion and exchange of ideas. One suggestion is for PHAs to review aspects of the video and work through the learning activities as part of a PHA staff meeting or a Board meeting.

#### Slide 7: Modules 1 to 5 Topics

Modules 1 through 5 provide an introduction to what is meant by financial management and internal controls and the PHA operating environment.

**Module 2: Understanding Financial Management** provides some national level information on the portfolio of housing authorities with respect to the number of PHAs that manage the Public Housing and Housing Choice voucher programs and the typical size of each program. This module also discusses common financial management deficiencies found in PHAs and introduces the concept of financial management. *Learning Activity 1* is also part of this module and introduces the case study for the “Anywhere Housing Authority” which is discussed as part of the other learning activities.

**Module 3: PHA Operating Environment** covers the financial environment that PHAs operate in; the importance of ethics in managing the programs; explains the concept of waste, fraud, and abuse including HUD remedies for non-compliance; and key provisions in the Annual Contributions Contract (ACC). *Learning Activity 2* related to “Identifying Financial Management Risk Indicators” is also part of this session.

**Module 4: Eligible Uses of Funding** provides information on the activities that are allowed to be charged against the major federal funding sources received by PHAs. That is, the Operating Fund, Capital Fund, and the Housing Choice Voucher programs. The session also covers eligible costs including cost allocation as determined by the Office of Management and Budget (OMB).

**Module 5: Effective Internal Controls** discusses the importance of the control environment, how to evaluate a PHA’s control environment, and steps for creating a proper control environment. The session also discusses the various financial policies and procedures and the importance of tailoring the policy to each PHA. *Learning Activities 3 and 4* are also part of Module 5 and provide exercises on how to conduct a risk assessment and identify control weaknesses.

#### Slide 8: Modules 6 to 10 Topics

Modules 6 to 10 cover operating and capital budgets; financial statements and PHA’s audit; and financial monitoring.

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**Module 6: Operating and Capital Budgets** covers the purpose and HUD’s requirements for the Operating Budget, steps in preparing the Operating Budget, and the relationship between the Operating and Capital Budgets. *Learning Activity 5* is part of this session and provides a review of a sample budget.

**Module 7: Financial Statements and the Annual Audit** explains how to read Generally Accepted Accounting Principles or GAAP financial statements. This session will also provide information on the different audit types, audit coverage, managing the audit process, and auditor warning flags.

**Module 8: Financial Monitoring** provides information on: 1) the financial reporting framework used by PHAs to account during the year (that is, cash vs. GAAP-based transactions); 2) the monthly financial statements provided by the Fee Accountant or finance department and how these financial statements differ from year-end financial statements; 3) the types of reports a PHA should have available to them on a monthly basis (including those that a fee accountant would typically provide; and 4) metrics from monthly reports that PHAs can use as key performance indicators or KPIs. *Learning Activity 6* provides a budget-to-actual review exercise.

**Module 9: Financial Ratios and Monitoring Reports** provides an introduction to ratio and trend analysis; information on ratios used to evaluate the Public Housing and HCV programs including ratio results for the Public Housing and Housing Choice Voucher program at a national level. This session also provides recommendations on the information and monitoring reporting that should be included in the monthly board package. *Learning Activity 7* provides an exercise on how to improve a PHA’s financial performance.

**Module 10: Financial Management Tools** provides an overview of the different financial management tools that are made available through this training for PHAs use and how the PHAs will be able to access the tools.

#### Slide 9: Modules 11 to 13 Topics

Modules 11 to 13 cover additional topics relevant to PHA financial management in the areas of asset management, procurement and personnel policies.

**Module 11: Asset Management Concept and Capital Needs Planning** provides an overview of asset management and discusses asset repositioning using mixed-finance and the Rental Assistance Demonstration (RAD) program. The session also covers capital needs planning including a discussion of the various funds that are able to be used to fund capital needs and how the capital needs assessment and REAC physical inspection reports can impact or influence a PHA’s budget. *Learning Activity 8* provides an exercise on capital needs planning.

**Module 12: Procurement Compliance** discusses procurement guidelines and methods with an emphasis on the small purchase and micro purchase method. The session also covers those areas of the procurement process that are likely to have compliance issues. Information on the procurement of legal services and banking institutions and the reasonableness of legal expenses is also provided as part of this session.

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**Module 13: Personnel Policies** covers various topics that would be reflected in a PHA’s personnel policy and provides information on: 1) the factors that a PHA should consider when determining whether to keep certain activities in-house or to contract out; 2) HUD guidance and best practice for determining employee compensation; 3) time reporting policies and best practices for exempt and non-exempt positions; 4) OMB’s guidance on employee bonuses and items to consider in conducting employee evaluations; and 5) best practices for PHA hiring policy and practices.

This ends the introduction to the Financial Management training.