Public Housing Authority Financial Management Training

Module 10:

Financial Management Tools

Module 10 Topics

- **Financial Management Tools**
  - Sample Financial Policies and Procedures
  - Operating Budget Template
  - Board Report including Financial Dashboard Templates
  - Procurement Templates

- **Access to Financial Management Tools**

Module 10

FINANCIAL MANAGEMENT TOOLS

Financial Management Tools

- Sample Financial Policies and Procedures
  - 34 Example Policies & Procedures
- Operating Budget Template
  - Budget Policy & Supporting Information Checklist
- Board Report & Financial Dashboard Templates
  - Monitoring Reports; Key Performance Indicators; and Financial Monitoring Dashboards
- Procurement Templates
  - Audit; Fee Accountant; Banking; and Insurance

Financial Management Tools (continued)

- **Use of Financial Management Tools**
  - Most housing authorities already have similar tools. There is no requirement to use the new tools
  - Many of the tools, however, are a requirement (i.e., PHAs must have an operating budget, comprehensive polices and procedures, proper procurements, etc.)
  - Tools represent best practices
- **Safe Harbor**
  - While the use of the tools cannot guarantee compliance in every aspect of financial management, the use of the tools will greatly improve the likelihood of compliance
  - Proper use of the tools will likely improve the housing authority's internal controls and financial management performance

Sample Financial Policies & Procedures

- ## Separate Microsoft Word and Excel files

Sample Financial Policies & Procedures		
1. Accounts Payable	13. Expenditure Cycle – Purchase of Goods & Services	25. PHA Provided Items
2. Asset Disposition	14. Financial Reports & Analysis	26. Rent Collection
3. Bank Reconciliations	15. Financial Close & Reporting	27. Revenue Cycle
4. Board Reporting	16. FSS Escrow Account	28. Security/Pet Deposits
5. Capital Asset	17. General Internal Controls	29. TAR Processing
6. Capital Fund	18. General Ledger Interfacing	30. Transaction Processing
7. Capitalization Policy	19. HAP Processing	31. Travel (and forms)
8. Check Writing	20. Interfund Transfer	32. Uncash Check
9. Conflict of Interest	21. Investments	33. Vehicle Use
10. Cost Allocation	22. Maintenance Inventory	34. Write-off
11. Credit Card	23. Payroll Processing	
12. Disbursement	24. Petty Cash	

Sample Financial Policies & Procedures (continued)

- Approach: PHAs should
  - Review their financial policies and procedures to determine if the required areas are covered under their housing authority's current policy and procedures and determine if there are areas that need to be updated
  - Prioritize which policies to review using the handout which shows the policies that are considered to be high, moderate, and low risk – focusing first on those policies that are "high risk"
  - Best Practices:
    - PHAs may choose to review one or two policies at each Board meeting, modify, and obtain Board approval until all financial policies and procedures have been updated
    - Partner with another PHA to jointly develop /update financial policies and procedures

Operating Budget Template

- HUD requires an annual operating budget for the Public Housing program
  - Public Housing budget must be approved by PHA Board
  - Budgets for other programs administered by the PHA is not required but is recommended
- The Operating Budget tool is an Excel-based file
- The template allows for the preparation of individual program and project budgets
- The template will consolidate these budgets into an overall PHA agency-wide budget
- The budget template has also been designed to provide documentation on how specific line item amounts were developed and provides analysis of major budget line items

Operating Budget Template (continued)

- Other documents provided with Operating Budget template:
  - Sample Budget Policy and Procedures
    - Identifies PHA programs required to have an operating budget
    - Identifies staff involved in the budget process and responsibilities
    - Establishes timeframe/schedule for budget process
    - Establishes policy requirement for board approval before the start of the fiscal year
    - Establishes policy on budget overruns
  - Operating Budget: Supporting Information Checklist (Handout)
    - Provides a checklist of the supporting information that should be provided to the Board and Executive staff for key budget items and are organized by general information, revenue, and expense budget items
- Approach:
  - No PHA budget: Start with budget template
  - Have a PHA budget: Compare current budget with budget template and modify current PHA budget to add new concept and correct for deficiencies

For additional information on Budget Policy and Procedures, refer to **Module 6: Operating and Capital Budgets**.

Board Report & Financial Dashboard Templates

- There is no HUD requirement that cover what information must be in a board reporting package
- Certain information, however, is needed by a Board to perform proper governance and oversight
- How information is displayed and provided can increase the Board's effectiveness
- The Board/dashboard templates provided is an Excel-based file with separate tabs for:
  - Monitoring Reports
  - Key Performance Indicators (KPIs)
  - Financial Monitoring Dashboards (Public Housing, Capital Fund, and HCV)
- Public Housing Monitoring Report – Provides an example of Board metrics for:
  - Occupancy Rates
  - PH Waitlist
  - Vacant Unit Status
  - Rent Collection
  - Tenant Accounts Receivable (TAR) Outstanding
  - Work Orders

Board Report & Financial Dashboard Templates (continued)

- **Key Performance Indicators (KPIs)**
  - Provides trending information on a monthly basis for key line items in a format that allows the Board and Executive staff to focus on those key program drivers and tracks monthly trends (upward/downward) and variances in performance
  - Key Performance Indicators (KPIs) example are provided for the Public Housing and HCV programs
- **Financial Monitoring Dashboards**
  - Public Housing Dashboard – Provides trending data for the PHA's PHAS Designation, overall PHAS score, and at the PHAS indicator level (Physical, Financial, Management) for multiple years
  - Capital Fund Dashboard – Provides status and spending plan for the PHA's open Capital Fund grants: 1) obligation/disbursement end date: 2) percent budgeted for hard/soft costs; and 3) amounts budgeted/disbursed by Budget Line Items (BLIs)
  - HCV Program Dashboard (Administrative Fee & HAP) – Provides trending information for key line items for multiple years

Procurement Templates

- Procurement templates have been provided for:
  - Audit Services
  - Fee Accountant Services
  - Banking Services
  - Insurance
- Procurement templates include information on:
  - Procurement strategy,
  - Services requested (scope of work), and
  - Evaluation factors and associated weights for selecting vendor
  - Mandatory HUD clauses
- Approach: Review the housing authority's procurement schedule and determine if any financial procurements are due for rebid and review the RFP and proposal

Access to Financial Management Tools

- Location of Financial Management Tools
  - All Financial Management tools can be downloaded from the Resources section of the webpage for this training

End of Module

This Ends the Training Module on

Financial Management Tools