Finance Committee Discussion

Dec 8, 2014

1. FY 15 Budget Implementation
   a. Implemented Budget Oct 1, 2014
   b. Laid off 26 filled Positions of which 19 filled positions were from HCVP
   c. Streamlined how we upload Payroll data from ADP to accounting software. Savings materialized are about 5 hours of staff time per pay period
   d. Implementing Debit Card in lieu of printing on avg 4300 checks per month for the utility payments to our tenants in the Housing Choice Voucher Program by April 1. Annual material cost savings materialized approx. $27,000 plus staff time

2. FY 2014 Close out Activity
   a. Planned un-audited submission on Dec 12 to REAC (HUD website)
   b. Challenges are still around all assets and interfunds which will be resolved next year
   c. Calculated Preliminary PHAS score estimated at 22 before audit penalty points.
   d. Compliance testing for all programs almost all complete. Made good progress during the review and have very little outstanding. See attached compliance report
   e. Financial Review will officially begin on Dec 1 for the 1st 3 weeks and continue during the 1st two weeks in January
   f. Tax Credit audit to begin Feb 9th
   g. Planned audited submission to State LA legislature on March 15 due to HUD on June 30

3. Proposed FY 15 Agency Policy Updates
   a. Fixed Assets (split away Inventory)
   b. Accounts Receivable
   c. Internal Control
   d. Travel (new)
The Compliance portion of the 2014 audit is coming to a close with minimal issues. The improvements that have been made from past audits as well as any remaining items to be completed have been captured below.

**IMPROVEMENTS & RESULTS**

**HCV-Tenant Lease Files**
In 2011, 2012, and 2013 HCV received a finding due to missing items. Although some issues were identified, we believe that all issues were resolved during this audit and no finding will be made in this regard. See HCV resolution documents attached.

**Procurement**
The auditors had no issues with compliance of laws regarding procurement of contracts.

**Davis Bacon Compliance**
The auditors had no issues with Davis Bacon Compliance.

**Federal Grants Compliance**
The auditors have identified no issues.

**Payroll Compliance**
The auditors have identified no issues.

To date, no other issues have been found; however, we do have some outstanding items as shown below.

**OUTSTANDING ITEMS**

**Real Estate, Planning, & Development & Legal**
The REPD and Legal Department did not have the Declaration of Trust/Agreement not to Alienate for the Guste II development. REPD Director has asked the General Counsel to prepare documents to record.

**Asset Management**
1. Auditors are awaiting Asset Management’s response to their question asking whether it is Guste RMC policy to complete a document checklist every time that a recertification is completed for lease files for Fischer I, Fischer III and Guste I;
2. Heritage cash receipt items were not provided in their original cash receipt submission; and
3. The security deposit listing for Fischer Senior Village tenants were not provided in their original submission.

**Finance**
1. Auditors will review general fund batches on site on December 8th with guidance from Finance on how to review the JDE System.
2. A few items overlap with the financial audit and will be provided in conjunction with this portion of the audit, namely 2014 VMS data, the schedule of expenditures and awards, journal entries, and bank reconciliations.
DRAFT

Housing Authority of New Orleans

(HANO)

Travel Policy

January 2015
Table of Contents
HANO Travel Policy and Procedure

I. Introduction:

The Housing Authority of New Orleans (HANO) incurs expenditures related to travel and entertainment that occur in furtherance of its mission, and have a business purpose related to its delivery of program activity. Each person responsible for making decisions concerning these expenditures should always ask, first and foremost, whether an expense represents a worthy use of HANO’s funds.

HANO’s primary funding source is provided by the federal government. Therefore, HANO adopts federal guidelines and the guidelines provided through applicable Office of Budget Management (OMB) Cost Principles, the U.S. General Administration (GSA) Per Diem Rates and the Internal Revenue Service Standard Mileage rate.

II. Purpose:

This Travel Guide is to provide guidelines and establishes procedures for individuals incurring business travel expenses on HANO’s behalf.

III. Objectives:

Ensure all travelers have a clear and consistent understanding of policies and procedures for business travel. Provide State Travelers with a reasonable level of service, comfort, and safety at the lowest possible cost. Maximize the organization’s ability to negotiate discounted rates with preferred suppliers and reduce travel expenses.

IV. Definitions:

Authorized Persons:

A. The Executive Director/Department Head or his/her designee is allowed to deem persons as an authorized traveler for official HANO business only.

B. Members of boards, commissions, and advisory councils required by federal or state legislation or regulation. Travel allowance levels for all such members and any staff shall be those authorized for HANO’s employees unless specific allowances are legislatively provided.

C. Advisors, consultants, contractors and other persons who are called upon to contribute time and service to HANO who are not otherwise required to be reimbursed through a contract for professional, personal, or consulting services.
D. Consultants and Contractors that are reimbursed through a contract and / or service agreements.

**Conference/Convention**- is herein defined as a meeting (other than routine) for a specific purpose and/or objective. Non-routine meetings can be defined as a seminar, conference, convention, or training. Documentation required is a formal agenda, program, letter of invitation, or registration fee. Participation as an exhibiting vendor in an exhibit /trade show also qualifies as a conference. For a hotel to qualify for conference rate lodging it requires that the hotel is hosting or is in conjunction with hosting the meeting. In the event the designated conference hotel(s) have no room available and exceeds the GSA rate, the Executive Director may approve to pay actual hotel cost not to exceed the conference lodging rates for other hotels located near the conference hotel.

**In-State Travel**- all travel within the borders of Louisiana or travel through adjacent states between points within Louisiana when such is the most efficient route.

**International Travel**- all travel to destinations outside the 50 United States, District of Columbia, Puerto Rico, the Virgin Islands, American Samoa, Guam and Saipan.

**Lowest Logical Airfare**- In general, these types of airfare are non-refundable, penalty tickets. Penalties could include restrictions such as advanced purchase requirements, weekend stays, etc. Prices will increase as seats are sold. When schedule changes are required for lowest logical tickets, penalty fees are added.

**Per Diem** - a flat rate paid in lieu of travel reimbursements for people on extended stays only.

**Receipts/Document Requirements** - Supporting documentation, including original receipts, must be retained according to record retention laws. Receipts are attached to the travel reimbursement request when submitted to Finance for payment.

**Routine Travel** - travel required in the course of performing his/her job duties. This does not include non-routine meetings, conferences and out-of-state travel.

**Travel Period**- a period of time between the time of departure and the time of return.

**Travel Routes**- the most direct traveled route must be used by official travelers.

**Traveler**- a state officer, state employee, or authorized person performing authorized travel.

V. **Policy:**

A. All non-routine travel must be authorized and approved in writing by the Executive Director. The Executive Director may delegate this authority in writing.
to one designated person. Approval documents are attached to the travel advance/reimbursement request when submitted to Finance for payment.

B. Travel related to contracts and agreements are approved by the individual that assumes the official contract administration as assigned by the Procurement Manager.

C. Travel related to grants are approved the Grant Administrator that monitors the grant activity for compliance or by the Executive Director if agency personnel is traveling as part of the authorized grant activity.

D. Travel conducted by HANO staff or Board of Directors and Advisory Council are eligible for a 100% coverage of pre-paid costs (airfare, train ticket). All other costs for per diem are eligible for a 75% travel advance for anticipated out of pocket travel costs. A travel advance/settlement form will have to be filled out and routed for approval through the agencies accounting system before a check can be issued. All travel advances are settled no later than 5 business days after the conclusion of the authorized travel and all unused funds are punctually repaid, if applicable. Check requests for travel advances or settlement are not subject to the vendor payables time table for payment.

E. All cash advances and settlements must have proper documentation attached to support the outlay of costs as well as original receipts when settling the activity. No receipts are required for meal per diems.

F. For meals and incidentals refer to the GSA rates by states at (http://www.gsa.gov). The GSA meals and incidental charts breaks out the rates for breakfast, lunch and dinner should you need to deduct any of those meals from your trip voucher. For example, if your trip includes meals that are already paid for by the government (such as through a registration fee for a conference), you will need to deduct those meals from your voucher. Refer to Section 301-11.18 of the Federal Travel Regulation for specific guidance on deducting these amounts from your per diem reimbursement claims for meals furnished to you by the government. A meal provided by a common carrier or a complimentary meal provided by a hotel/motel does not affect your per diem.

G. NO REIMBURSEMENT WHEN NO COST INCURRED BY TRAVELER. This includes but is not limited to reimbursements for any lodging and/or meals furnished at a federal or state institution or furnished by any other party at no cost to the traveler. In no case will a traveler be allowed mileage or transportation when he/she is gratuitously transported by another person.

If a rental car is required or chosen as the most cost effective means to travel, please book the arrange through a on-line source to achieve a cost benefit as often times on-line bookings have favorable rates. Only the cost of a compact or intermediate model is reimbursable. Reimbursement for fuel will be based on
actual fuel costs. A receipt must be provided when seeking reimbursement. A moving violation will not be reimbursed by HANO. One or more individuals traveling together will share the rental car. Pre-paid Fuel Options, for rental vehicles, are only to be allowed with prior approval from the Department Head, when the traveler can document that the pre-purchased amount was necessary and that the amount charged by the rental company is reasonable in relation to local gasoline cost. Each agency/department shall familiarize itself with the existence of the fuel/repair contract(s), terms and conditions as well as locations of vendors.

H. Gasoline (Receipts Required)- Reimbursements require an original receipt and only regular unleaded gasoline, or diesel when applicable, should be used. This applies for both HANO owned vehicles and rental vehicles, as midgrade, super, plus or premium gasoline is typically not necessary.

I. Personal Use of Rental- Personal use of a rental vehicle, when rented for official state business, is not allowed.

J. Insurance for Vehicle rentals Within the 50 United States: Insurance billed by car rental companies is not reimbursable. All insurance coverage for rental vehicles, other than the State's in-state and out-of-state mandatory contracts is provided by the Office of Risk Management. Should a collision occur while on official state business, the accident should immediately be reported to the Office of Risk Management and rental company. Any damage involving a third party must be reported to appropriate law enforcement entity to have a police report generated.

K. All air travel booking should be booked at least 14-21 days in advance to achieve a cost benefit as many carriers increase costs the closer you book to your departure date.

L. All approved routine travel for official HANO in-state business must be conducted by using a HANO vehicle. HANO provides the fuel for HANO owned vehicles. If a HANO vehicle is not available, HANO will reimburse mileage using the IRS mileage rate per mile driven. Use the mileage reimbursement form when filing the claim.

M. Cost for ground transportation such as buses, subways, airport shuttle/limousines, and taxis are reimbursable when the expenses are incurred as part of approved travel. See receipt requirements below.

Airport shuttle limousines, taxis and all other public transportation where a receipt is available, requires a receipt for reimbursements. A driver’s tip for shuttle/limousines and taxis may be given and must not exceed 15% of total
charge. Amount of tip must be included on receipt received from driver/company.

All other forms of public ground transportation, where a receipt is not possible and other than those listed above, are limited to $15 per day without a receipt, claims in excess of $15 per day requires a receipt.

N. If the hotel provides free WI-FI, no internet costs will be reimbursed.

O. No reimbursement is provided for ordered movies or room service. Out of state telephone costs for official business will be reimbursed, if charged.

VI. Claims for reimbursement:

All claims for reimbursement for travel shall be submitted on the check request attaching a travel advance/settlement form and/or mileage form and submitted to Finance - Accounts Payable for processing. All claims shall include all details provided for on the form. It must be signed by the person claiming reimbursement and approved by his/her immediate supervisor. In all cases the date and hour of departure from and return to domicile must be shown, along with each final destination throughout the trip clearly defined on the form. All estimated expenses must be clearly delineated and supported. This is necessary for every trip, not just when requesting a travel advance. For every travel authorization request, the purpose of the trip for travel must be stated in the space provided on the form.

Mileage reimbursement shall be computed by one of the following options. Commuting miles are not eligible for reimbursement:

1. On the basis of odometer readings from point of origin to point of return.

2. By using a website mileage calculator or a published software package for calculating mileage such as Tripmaker, How Far Is It, MapQuest, etc. Employee is to print the page indicating mileage and attach it with his/her travel expense form.
Table of Contents
HANO Internal Control Policy

The Housing Authority of New Orleans (HANO) adopts the Internal Controls standards issued by the United States General Accounting Office. Use the December 2014 Green Book that is updated from time to time. http://www.gao.gov/greenbook/overview.

I. Definition and Objectives

An integral component of HANO’s management provides reasonable assurance that the following objectives are being achieved:

a. Effectiveness and efficiency of operations including the use of the Agency’s resources.

b. Reliability of financial reporting, including reports on budget execution, financial statements, and other reports for internal and external use.

c. Compliance with applicable laws and regulations.

Internal control comprises the plans, methods, and procedures used to meet the mission, goals, and objectives, and in doing so, support performance-based management. In addition, internal control serves as the first line of defense in safeguarding assets, preventing and detecting errors and fraud. Internal control is a continuous built-in component of operations. People are what make internal controls work. The responsibility for good internal control rests with all managers. Internal control provides reasonable, not absolute, assurance that all agency objectives are met.

II. Internal Control Standards

There are five standards for internal control. These standards define the minimum level of quality acceptable for internal control and provide the basis against which internal control is to be evaluated. These standards apply to all aspects of HANO’s operations: programmatic, financial, and compliance.

a. Control Environment – The control environment sets the tone of the organization, influencing the control consciousness of the staff. It is the foundation for all other components of internal control, providing discipline and structure. Control environment factors include the integrity, ethical values and competence of the entity’s personnel, management’s philosophy and operating style, the way management assigns authority and responsibility, and organizes and provides opportunity for training of staff, and the attention and direction provided by the Board of Commissioners and Executive Director.
b. Risk Assessment – Risk assessment is the identification and analysis of relevant risks associated with achieving objectives, such as those defined in strategic and annual performance plans, and forming a basis for determining how risks should be managed.

i. HANO assesses a variety of risks from external and internal sources. Once risks are identified, they are analyzed, including estimating the risk’s significance, assessing the likelihood of its occurrence, and deciding how to manage the risk and what actions should be taken. Because economic, regulatory and operating conditions will continue to change, mechanisms are identified and address the risk associated with this change.

c. Control Activities – Control activities are the policies and procedures that help ensure management directives are implemented. They help to ensure that necessary actions are taken to address risks of the entity in all functions. Control activities include a range of activities such as approvals, authorizations, verifications, reconciliations, review of operating performance, security of assets and segregation of duties. HANO adopts the following Control Activities:

i. Top level reviews of actual performance,

ii. Reviews by management at the functional or activity level,

iii. Controls over information processing,

iv. Physical control over assets,

v. Establishment and review of performance measures and indicators,

vi. Segregation of duties,

vii. Proper execution of transactions and events,

viii. Accurate and timely recording of transactions and events,

ix. Access restrictions to and accountability for resources and records, and

x. Appropriate documentation of transactions and internal control.

d. Information and Communication – Pertinent information is identified, captured and communicated in a form and time frame that enable staff to carry out their responsibilities.
i. Information systems produce reports containing operations, financial and compliance related information that make it possible to run and control the entity. Effective communication occurs in a broader sense, flowing down, across and up the organization. Executive management informs all HANO employees that control responsibilities must be taken seriously. Employees are responsible for understanding their own role in the internal control system, as well as how individual activities relate to the work of others. Employees communicate significant information to senior management. The senior management structure may change from time to time. However, communications occurs throughout the structure such as the Executive Director, other Executive Management Staff, General Counsel, Chief Financial Officer, and the Director of Compliance. Also, HANO provides effective communication with external entities such as HUD, residents, suppliers, regulators, and other stakeholders.

e. Monitoring – Internal control systems are monitored to assess the quality of the system’s performance over time. This is accomplished by continuously monitoring activities, separate evaluations or a combination of the two. Ongoing monitoring includes management and supervisory activities and other measures staff take in performing their duties. The scope and frequency of separate evaluations will depend primarily on an assessment of risk and the effectiveness of ongoing monitoring procedures. Internal control deficiencies should be reported to senior management, with serious matters reported to executive management and the Board of Commissioners.

Monitoring for internal control includes policies and procedures ensuring that the findings of audits and other reviews are promptly resolved. Directors and Managers are to:

i. Promptly evaluate findings from audits and other reviews,

ii. Determine proper actions in response to findings and recommendations from audits and reviews,

iii. Complete, within established time frames, all actions that correct or otherwise resolve the matters brought to management’s attention.

iv. Periodically test the corrective actions and adjust as needed.

III. Tasks and Responsibilities – Executive Staff

The internal control system is an integral part of HANO’s operating activities. Internal controls aid in the achievement of performance and operational targets and prevent loss of resources. Internal Controls can help ensure reliable financial reporting, compliance with laws and HUD regulations and avoid damage to our reputation.

a. The CFO/Director of Finance is responsible to the Executive Director and the Board of Commissioners for instilling an expectation of agency-wide integrity and control consciousness.
b. Management will establish and maintain effective internal control. This includes the effective functioning of all Internal Control Components as defined above.

c. To help management fulfill its internal control responsibility, HANO retains an internal and external audit function to provide internal control and process evaluations, risk assessment, consulting, and recommendations to improve the effectiveness and efficiency of internal controls.

d. Both internal and external auditors will have unrestricted access to HANO activities, data, records, property, computing systems and personnel required for the proper execution of its responsibilities.

e. HANO’s Internal Compliance Department or staff is responsible for monitoring the resolutions of findings of audits and other reviews. The resolution process begins when audit or other review results are reported to management and completed only after action has been taken that:

   i. Corrects identified deficiencies,

   ii. Produces improvements, or

   iii. Demonstrates the findings and recommendations do not warrant management action.

IV. Tasks and Responsibilities – Employees

All employees will assume responsibility for Internal Controls as an integral part of their duties and responsibilities.

V. Guidance

To seek advice and guidance or to report any violations or suspected violations of this policy, employees should report to:

a. Senior Management

b. Division of Finance Operations

c. Director of Compliance
DRAFT

Housing Authority of New Orleans

(HANO)

HANO
Housing Authority of New Orleans


Revised January 2015
Table of Contents
I. Introduction

The Fixed Assets Policy and Procedures Manual ("Fixed Assets Policy") is intended as a reference guide to provide HANO departments and employees with:

a. Fixed Assets policy guidelines, and  

Policies and procedures contained herein must be followed in order to promote consistency, accountability, and efficiency within the process.

Clarification of the roles and responsibilities of HANO departments and employees is an important component of this effort. HANO departments and employees are defined as those within HANO's Central Office and properties and/or programs directly managed by HANO.

The goal of this document is to provide information that offers HANO leadership, management, and employees with an understanding as to their degree of involvement for each step of the Fixed Assets process. This manual must be used by HANO employees involved in Fixed Assets processes from purchasing, receiving, tagging, capitalizing, and managing an asset through disposal.

This manual is a living document, subject to future revisions and additions. As new or revised sections are developed, updates will be issued.

II. Purpose

The purpose of these Fixed Asset Policies is to establish a broad framework of policies and guidelines to ensure that HANO's Fixed Asset functions promote administrative flexibility; efficiency and standardization, while at the same time maintain prudent internal controls and compliance with applicable statutes and regulations.

III. Scope

This Fixed Asset Policy applies to all capitalized assets and inventoried items owned by HANO. It shall apply to all fixed assets purchased by HANO regardless of the source of funds, including Capital Fund Programs, HOPE VI Programs, Housing Choice Voucher Program Operating Subsidy, PHA Operating Subsidy funds and tenant revenue.

IV. Governing Laws and Regulations

Applicable Laws and Regulations: In adopting these Fixed Assets Policies, the Board of Commissioners and HANO's Executive Director affirm that the policies are in compliance with all applicable federal, state, and local laws and regulations.

V. Definitions

Accumulated Depreciation: The total depreciation expense for an asset since acquisition.  
Acquisition Cost/Value: Value of an asset at the time it is acquired inclusive of cost incurred to put the asset in use. It is the invoice price or, if donated, review IRS Guidebook 561 for further guidelines or the fair market value.

Additions: Acquisitions of new assets, or modifications to existing assets that increase the useful life or the service potential of these existing assets. Examples include addition to a building or installation of a central air conditioning system in an office.
**Appraised Value:** The estimated value of an asset based on the expertise of a qualified independent appraiser.

**Asset Management Property (AMP):** The property groupings as determined in PIC.

**Bar Code Number:** This number appears on a bar code tag that has been affixed to the asset to assist in the annual physical inventory of furniture, fixtures, machinery, and equipment (incl. computers and other electronics).

**Book Value:** The difference between the acquisition cost and accumulated depreciation. At the time of the acquisition, book value equals acquisition cost; or for a gift, market value at the time it was donated. It is also referred to as recoverable cost.

**Building:** Roofed facility intended for the permanent or temporary shelter of persons, animals, plants, or equipment. Depreciates over 27 1/2 years.

**Capital Assets:** An item that is permanent in nature, having a useful life of at least one year, is tangible, is held for purposes other than investment resale, with a unit value of $5,000 or more for furniture, fixtures and equipment incl. vehicles which is depreciated over 5 years. All other improvements such as renovations and alterations, infrastructure improvements having a useful life of at least one year, is tangible, is held for purposes other than investment resale with a unit value of $50,000 or more will be depreciated over 15 & 20 years respectfully. Computers/Printers and other electronics are not considered fixed assets under this policy, but need to be catalogued in the inventory system. Refer to the HANO’s inventory

**Capitalize:** To record the cost as an asset subject to depreciation over its estimated useful life, rather than as an expense over one period.

**Depreciation:** A method for allocating the cost of buildings and equipment over time. Generally accepted accounting principles and federal regulations dictate that the value of fixed assets must be written off as an expense over the life of the asset. Refer to Section 1.2.3.1 for Depreciation Schedule.

**Disposal:** Final status of an asset (e.g., sale, scrap, or donation, etc.) when it is removed from the fixed asset registry.

**Expense:** A charge incurred for the current fiscal period.

**Fixed Asset Registry:** Documentation of HANO’s fixed assets including name, asset description, asset tag number, purchase value, purchase date, location, quantity, unit, inventory location, serial/VIN number, make, and model.

**Fixed Equipment:** Equipment permanently affixed to a building but separate from the building itself. Examples include light fixtures, Security Cameras, Depreciates over 5 years.

**Fleet:** HANO’s road and off-road vehicles used for business purposes. Depreciates over 5 years.

**Gift-in-Kind:** A donation to HANO of a tangible or intangible asset other than cash or securities. The gift can be something consumable such as office equipment or supplies; or something with a longer duration, such as computer equipment, books, or artwork.

**Intangible Asset:** An asset not having physical substance (e.g., a patent or goodwill).

**Inventory Item Number:** A sequential number assigned to each tagged capital asset and computers/electronics that is unique to the asset.
Land: The solid part of the earth’s surface whether improved or unimproved.

Lease, Capital: An installment payment agreement to acquire fixed assets. Leases are considered capital leases if any one of the following criteria is met:

- Ownership transfers to leasee at the end of the lease;
- Lease contains bargain purchase option;
- Lease period is at least 75% of its useful life;
- Present value of lease payment is at least 90% of fair market value.

Lease, Operating: An installment payment agreement that does not meet the criteria of a capital lease. The lease is expensed.

Maintenance: Activities related to routine repairs (recurring or preventive) to buildings and other structures.

Market Value: The cost to acquire an item in its current condition through an arm’s-length transaction. Also referred to as fair market value.

Moveable Equipment: An item that is not permanently affixed to or part of a building. Examples include copiers, computers, fax machines, and printers.

Obsolescence: A factor to consider when determining the disposition of assets. Assets are obsolete when they are no longer useful to HANO.

Ownership Tag: An identification tag to be affixed to equipment with an acquisition cost less than $5,000 for inventory control purposes. Never the less, tagging and management of the assets must be consistent with 24 CFP 85.32 (d).

Renovation: Construction activity that changes and/or improves the function of all or part of a facility. Renovations will be capitalized if they add useful space or extend the facility’s useful life with a value of $50,000 and over. Depreciates over 15 years for building improvements and 20 years for infrastructure improvements.

Software: The entire set of programs, procedures, and related documentation associated with a computer system. Depreciates over 3 years.

Useful Life: The period of time over which an asset is useful to HANO in performing the function for which it is purchased.

VI. Responsibilities

The responsibilities of the following HANO employees are limited to their responsibilities related to Fixed Assets and Inventory only and are not all inclusive.

a. CFO/Director of Finance – CFO/The Director of Finance is responsible for the accounting of the Fixed Assets for HANO, and shall hold Finance Staff accountable for complying with these Fixed Assets Policies and related Procedures. The Director of Finance shall be responsible for ensuring the following:

b. Compliance with these Policies and Procedures.
c. Ensure this Policy is reviewed annually to comply with any rule changes and updated as needed based on rule changes and that proposed Policy changes are presented to the Executive Director to obtain Board of Director's approval.

d. Review and approve with the Procurement Director/Manager all reasonable requests for the transfer or disposal of assets.

e. Ensuring HANO's physical inventory review of its capital assets is conducted at a minimum every 2 years consistent with 24 CFP 85.32 (d).

f. The Procurement Director/Manager is responsible for the management/inventory of the Assets, both capitalized and not-capitalized, for HANO, and shall hold

g. Department Directors and other staff accountable for complying with the Inventory Policy as it relates to the capital assets, furniture and equipment incl.

i. computers/printers and other electronics. All transfers or disposition removal of a

ii. tagged capital asset from the inventory will be coordinated with the Finance

h. Department to maintain the accuracy of the depreciation ledger.

VII. Capital Assets

d. Capital Asset Valuation

i. A capital asset is defined as tangible, non-consumable property, which is capitalized. A capital asset has an acquisition cost of at least $5,000 per unit costs has a useful life of at least one year, and is used to conduct HANO business. The cost of a capital asset should include the purchase price plus all costs to acquire (shipping and handling, taxes, etc), install, and prepare the equipment for its intended use.

e. Purchased Assets

i. Asset Valuation: The purchase price, transportation costs, installation costs, value-received from trade-in (if applicable), and any other direct expenses incurred by HANO in obtaining the asset(s) must be included when determining asset value.

ii. Special Rules for Grants and Contracts: If additional components valued under HANO's capital threshold for an existing piece of capital equipment funded by a sponsored agreement are subsequently purchased, they may be capitalized if the additional components are specifically budgeted in the grant or contract. Assets that are obtained under a grant or contract must comply with all contractual obligations set forth in the agreement.

f. Donated Assets

i. The value recorded by HANO for a donated asset is the market value of the asset when it is given or as determined by IRS guide 561. To determine the market value of the asset, the appraisal price, the selling
price to HANO for an equivalent item, and/or information on IRS Form 8283 may be used. In order to inform HANO’s Finance and Accounting Department of the asset, a Gift Report should be completed. Unlike purchased assets, transportation and installation costs should not be included when valuing a donated asset.

ii. In some cases, HANO may receive title(s) to an asset that was purchased with government or corporate funds and whose title was held by the funding agency. When title is transferred, HANO receives a gift-in-kind for the market value of the item on the date it was transferred, not for the original acquisition amount.

iii. The following special rules have been adopted for determining their market value:

iv. If the equipment has a unit list price greater than $5,000 and is a standard item on the price list of the donating company, value the gift at list price.

v. If the equipment has a unit list price greater than $5,000 and is a unique item that is not on the standard company price listings, value the gift at the company’s established price.

vi. In all cases, to facilitate proper stewardship and to meet IRS requirements, gifts of fixed assets must be added to HANO’s Fixed Asset Registry and communicated to the Department of Finance.

d. Leased Assets

i. Leased Assets are assets purchased under a capital lease (see Section V – Definitions).

ii. Assets purchased under a capital lease should be recorded when the asset is placed in use.

iii. All capital leases should be valued at the current market value and should not include any interest.

iv. If the current market value is unknown, use a present value calculation based on the monthly payments to determine the cost minus inputted interest.

e. Constructed Buildings and Improvement/Renovations

i. The value of an asset includes the total amount paid for acquiring or improving the asset, such as labor, materials, architectural and design fees, charges by brokers, agents, notaries, building permits, inspections, and filing costs. Also included are the costs of utilities during construction and landscaping related to the building.

ii. All HANO-owned facilities that are permanent structures must be recorded as capital assets.

iii. Any alternation or renovation to an existing facility that:
iv. Adds usable square footage of facility space as a fixed asset, regardless of cost; or
v. Extends the facility’s useful life and is considered non-routine maintenance or repair must be recorded.
vi. Exceeds costs of $50,000 for renovation and alteration.

vii. All constructed buildings, improvements, renovations, and related expenditures will be charged to the appropriate AMP property.

f. Recording a Fixed Asset

i. HANO’s financial accounting system will create a fixed asset inventory record for each transaction that is coded to a fixed asset expenditure account (e.g., capital account) upon invoicing.

g. Depreciating an Asset

i. A provision for depreciation is recorded in HANO’s financial accounting system to reflect the net asset value of land improvements, buildings, equipment, and other holdings during their useful lives.

h. Depreciation Schedule

i. Straight-line depreciation is to be used beginning on the 1st day of the next Fiscal Year (FY) the asset is put into operation and ending based on Useful Life

The table below defines the useful life of various asset categories:

<table>
<thead>
<tr>
<th>Asset Category</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Software, Hardware and office machines</td>
<td>3 years</td>
</tr>
<tr>
<td>Furniture and other Equipment</td>
<td>5 years</td>
</tr>
<tr>
<td>Cars, Trucks, and vans</td>
<td>5 years</td>
</tr>
<tr>
<td>Renovations and Alterations</td>
<td>15 years</td>
</tr>
<tr>
<td>Infrastructure improvements, utilities</td>
<td>20 years</td>
</tr>
<tr>
<td>Buildings</td>
<td>27 1/2 years</td>
</tr>
</tbody>
</table>
Housing Authority of New Orleans
(HANO)


Revised January 2015
I. Accounts Receivable Introduction

This Accounts Receivable Policy and Procedures Manual ("Accounts Receivable Policy") is intended as a reference guide to provide the Finance Department, User Departments, and HANO staff with a set of policies and procedures to follow in the accounts receivable process which should be adhered to in order to safeguard HANO assets. The goal is to provide information that allows the Finance Department, User Departments, and HANO staff the ability to understand their degree of involvement for each step of the accounts receivable process.

A key goal of this manual is to impress upon every HANO employee involved in the accounts receivable process that there are specific policies and procedures which must be adhered to in order to safeguard HANO's assets in a responsible, lawful and ethical manner.

This manual is a living document, subject to future revisions and additions. As new or revised sections are developed, updates will be issued. Periodically, new editions of this manual will be issued.

II. General Provisions

a. Purpose

The Housing Authority of New Orleans' Board of Commissioner(s) has adopted this Accounts Receivable Policy to provide the Authority staff with a set of policies and procedures to ensure that HANO's accounting functions promote administrative flexibility and efficiency, while at the same time maintaining prudent internal controls and compliance with applicable statutes and regulations.

b. Scope

This Accounts Receivable Policy applies to all HANO receivables. It shall apply to all receivables by any means to the agency.

c. Approval of Policies

These Accounts Receivable Policies shall be adopted by HANO's Board of Commissioner(s) and any substantive policy changes to the Policies must also be approved by the Board.

In adopting these Accounts Receivable Policies, the Board of Commissioner(s) authorizes the Executive Director or his/her designee to approve and implement appropriate Accounts Receivable Procedures that are consistent with these Accounts Receivable Policies. The Board shall hold the Executive Director responsible for ensuring the appropriateness of any Accounts Receivable Procedures adopted. Amendments related to the procedural process for Accounts Receivable or adjustments to receivable accounts will not require board approval and are at the discretion of the Executive Director. In the event of an ambiguity, contradiction, or unforeseen situation not addressed clearly or directly in these Policies, the Executive Director or his/her designee shall use his/her best professional judgment in making a decision that will best protect the interests of HANO, and ensure HANO's compliance with applicable statutory and regulatory requirements.

These Accounts Receivable Policies shall become effective upon approval by the Board of Commissioner(s), provided, however, to the extent that any of these Policies require changes in administrative practices different from the Accounts Receivable Policies and Procedures, adopted
by the Board of Commissioner(s), the existing practices shall remain in place until superseded by new accounts receivable policies.

d. Approval of Procedures

In adopting these Accounts Receivables Policies, the Board of Commissioner(s) authorizes the Executive Director/ his/her designee to approve and implement appropriate Accounts Receivable Procedures that are consistent with these Accounts Receivable Policies. The Board shall hold the Executive Director/Chief Executive Officer responsible for ensuring the appropriateness of any Accounts Receivable Procedures adopted. The Accounts Receivable Procedures may be amended at any time at the discretion of the Executive Director and does not require the approval of the Board of Commissioner(s).

The Accounts Receivable Procedures included within these Accounts Receivable Policies, adopted by the Board of Commissioner(s), shall remain in effect unless in conflict with, or superseded by, either these Accounts Receivable Policies or new Accounts Receivable Procedures, administratively approved by the Executive Director/ or his/her designee.

e. Segregation of Duties

Segregation of duties is an internal control intended to prevent or decrease the occurrence of innocent errors or intentional fraud. This is done by ensuring that no single individual has control over all phases of the accounts receivable process. No one employee should control the receipt of cash and/or checks, preparation and reconciliation of bank statements, depositing of cash payments, and recording the transactions.

If HANO leadership finds that current staffing levels prohibit proper segregation duties, Department Directors and other areas of HANO leadership may need to take a more active role to achieve separation of duties, by checking the work done by others.

III. Tenant Receivables

Timely payment of established rents is a critical factor in being able to meet financial obligations. HANO Sites have the fiduciary responsibility to collect all rental income due and payable, in a timely manner. Dwelling rental income represents a significant portion of the total funds available to HANO for the operation and maintenance of its public housing developments. Payment of rent is a basic responsibility of all residents in accordance with their Residential Lease Agreement. HANO will comply with all state and local laws pertaining to the collection of rent as well as the provisions of this policy, the HANO Rent Collection and Eviction Policy, and the Admissions and Continued Occupancy Policies “ACOP”. HANO staff shall expend considerable time and effort to ensure that rents are paid on time and the burden of these efforts should be placed as fully as possible on those who fail to meet the outlined expectations.

IV. Security Deposits

Security deposits shall be required in accordance with HANO’s Rent Collection and Eviction Policy in the approved Admissions and Occupancy Plan (ACOP).

V. Rent Collection

Rent Collection shall be in accordance with HANO’s Rent Collection and Eviction Policy in the approved Admissions and Occupancy Plan (ACOP).
VI. Methods of Payment

Payment of rent and other charges should be made by check or money order in person at the development office where the tenant resides or at the Iberville site for scattered site residents. Under no circumstance shall cash be accepted as a form of payment.

VII. Month End Procedures

a. Bank Reconciliations

The Finance Department is responsible for performing all monthly bank account reconciliations. Bank reconciliations should be completed by the 10th day following the month end. When reconciling the bank accounts, the procedures performed should include, but not limited to the following:

- A comparison of dates and amounts of monthly deposits on the bank statement to the Weekly Deposit Packets
- A comparison of inter-organization bank transfers to ensure that both sides of the transaction have been recorded
- An investigation of items rejected by the bank (i.e. returned checks or deposits)
- A comparison of wire transfer dates received and dates sent
- A comparison of voided checks
- Verification of appropriate check sequences from month to month and within the month

Upon completion of the bank reconciliation, the assigned accounting staff will prepare all general ledger adjustments and ensure that the bank reconciliation balances agree to the general ledger and provide the adjusting entries and bank reconciliation to the Accounting Manager(s) for review and approval.

b. Allowance for Doubtful Accounts

The site management shall ensure that all uncollectible and past due accounts are reported to HANO’s finance department. When HANO is unable to collect an accounts receivable, the Finance Department shall initiate a claim for further collection processing in accordance with HUD rules and regulations and HANO’s ACOP.

Accounts receivable are reported in the financial statements at their net realizable value. New collectible value is gross amount of receivables less an allowance estimated for accounts that may become totally or partially uncollectible. An allowance should be calculated for accounts receivable based on the Days past due as listed below.

<table>
<thead>
<tr>
<th>Days</th>
<th>% Uncollectible</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 120 days</td>
<td>10%</td>
</tr>
<tr>
<td>121 – 240 days</td>
<td>90%</td>
</tr>
<tr>
<td>365+ days</td>
<td>100%</td>
</tr>
</tbody>
</table>

Allowance for doubtful accounts should be calculated using the following percentages:

Note: Adjust the box

Comment (03): Recommend adding language that basically states the Bank Recs in tied and agreed to the GL balance... We have at times been told that the Bank Rec is done only to find out that it was done but GL had a different balance.

Comment (04): That does not happen. Describe as we are pulling this data.

Comment (05): Seig – Are these percentages representative of HANO’s actual performance... Also there is no percentage for 241 to 359 days?

Comment (06): Adjust the box

Comment (07): For the FS that includes TAR

Comment (08): Is this a review of the entire FS or simply the TAR accounts?

C. Financial Statement Review for 3rd Party Agreements

All third party and Resident Management Corporation (RMC) sites shall submit month-end financials to the Asset Management Department for review. These month-end financials...
should be provided by the RMC and 3rd Party Property Managers no later than the tenth (10th) day after the end of the month.

The Asset Management Department should review the month-end financials based on the review criteria outlined in the ACOP.

The Asset Management Department should discuss the Allowance for Doubtful Accounts and with collaboration of the Finance Department communicate any necessary adjustment by the RMC to the accounts.

d. HUD Subsidy for Single Room Occupancy Program (SRO)

The Finance HCVP staff will reconcile on a monthly basis the HUD Subsidy (HAP and Admin Fee) for the SRO program and establish the corresponding A/R based on the reconciliation. Since the SRO program is subject to an annual contract settlement, the A/R will be reviewed once more when HUD has approved the settlement. The Accounting Manager will review and approve all A/R’s.

VIII. Grant Management and Types of Grants

a. Capital Fund Grants

Capital funds are awarded to Public Housing Agencies (PHA’s) annually for the development, financing, and modernization of public housing developments and for management improvements.

- Capital Funding

The Capital Fund grant is a Federal grant awarded annually for the use in development, financing, and modernization of public housing developments.

- Replacement Housing Funding (RHF Grants)

The Replacement Housing Funding (RHF grant) is a Federal grant awarded to PHA’s annually (in 5 year increments) to be utilized as funding to provide replacement housing for tenant’s vacated from a PHA site that has or will be demolished.

b. HOPE VI Grants

The HOPE VI grant is a Federal grant awarded through a competitive process and awarded on a project basis for redevelopment activity of a demolished site. Funds are used primarily for the creation of new low income housing units, acquisition, community supportive services and relocation activity.

c. Other Grants

From time to time HANO is awarded grants from other agencies such as the Louisiana Recovery Authority, other State grants and Affording Housing grants in connection with redevelopment activities such as FEMA and Disaster Block Grants.
d. Operating Subsidy

Operating subsidy funds pay for PHA’s operating costs that exceed the rent PHA’s collect for all units under ACC with HUD. Operating costs include resident services, allocated fee for service costs, employee salaries and benefits, maintenance and utilities, along with other expenses. HANO owned sites and 3rd party owned sites (eligible sites) that are under agreement with HANO receive 1/12 of the total annual operating subsidy for which it is eligible, minus a negotiated percentage used to assist with funding the general and administrative expenses of the housing authority.

- Drawdown of Operating Subsidy Funds

The assigned accountants under supervision of the Accounting Manager are responsible for requesting operating subsidy funds within LOCCS. Each month, the finance team requests the appropriate amount of operating subsidy funds based on the approved operating subsidy amount awarded to each site by HUD. Once the funds are available in LOCCS, such funds can be drawn down from LOCCS and dispersed by the 10th of each month the sites to fund operations. All funds drawn down are placed into HANO’s general fund.

e. Grant Administration (Duties of Grant Accountant)

The Grant accountant and Accounting Manager are responsible for monitoring grant activities including utilization and compliance with the grant agreement. The Grant Accountant is ultimately responsible for reviewing obligation status and assuring that expenditures are properly coded to achieve timely reimbursement through LOCCS. Grant reporting is coordinated with the Development and Modernization Department. LOCCS drawn down packages are prepared by the Grant Accountant and reviewed by the Accounting Manager. The Accounting Manager requests the funds for reimbursement to HANO from LOCCS and provides any necessary information to achieve timely reporting.

f. Grant Award Recognition

Grants should be recorded as follows:

- Upon receipt of the grant, the Grant Accountant will obtain a copy of the budget to permit budget tracking.

- Monthly, the grant expenditures and revenue are reconciled and the necessary journal entries are processed to recognize the grant income.

- At year-end the appropriate journal entry will be prepared to record the asset or expense that reconciles to the corresponding grant revenue.

g. Grant Receivables

A grant receivable is the amount due to HANO from HUD and/or other state/local governmental entities. Once grant expenditures are incurred by HANO, the expenditures are eligible for reimbursement from the appropriate grantor and are considered grant receivables.

The Finance Department will prepare a month-end accounts receivable accrual for all outstanding receivables. The Grant Accountant shall prepare the necessary journal entry(s) in the general ledger with all supporting documentation which shall be submitted to the Accounting Manager for review and approval and posting in the system.
h. Financial Monitoring of Grants

Financial monitoring is an important element to ensuring full utilization and timely reimbursement of grants. The Grant Accountant should perform the following to ensure grants are properly monitored:

- **Monitoring grant revenues to ensure grant awards are fully utilized** – The terms of a typical grant agreement generally include an obligation and expiration date (i.e. the date by which HANO must obligate or spend the awarded amount) and all unspent funds are forfeited. Therefore, comparing revenues earned to the award amount to ensure full utilization.

- **Monitoring grant receivables to ensure all reimbursement requests are submitted and received** – Outstanding receivables represent amounts due to HANO from HUD. Receivable balances should be reviewed to ensure HANO has completed reimbursement requests and received payment for all amounts due.

IX. Non-Federal Receivables (Program Income and Mortgage Note Receivable or other Loan Receivables)

Non-Federal Receivables usually represent proceeds from insurance claims, other reimbursements due to fraud and/or proceeds from the sale of Real Estate Property, etc. and are recorded when measurable and realizable.

HANO will accrue interest on mortgage notes receivable (long-term and short-term) based on the contractual rate for its development investments, in the form of loans, to both entities in which HANO has a controlling ownership interest and to entities where HANO has no ownership interest, or no controlling ownership interest. For those mortgage notes receivable where HANO does not have an ownership interest (public housing rights), or a controlling interest in the project, HANO retains the legal rights as the lender, and will pursue collection, in accordance with the original terms of the notes, which provides for extended due dates of loan payments usually 40 years or more.

Due to the uncertainty created by the extended time period to repayment and the provisions on certain notes that limits payment to defined surplus cash or net cash flows, HANO will write off the interest portion in the same year and only recognize interest payment received when cash payments are received. This will permit HANO to provide timely delivery of annual loan confirmations consistent with executed legal documents while not overstating the financial data schedule for net cash flows.

X. Landlord Receivables

In the instance that a landlord has been overpaid, a receivable is due to HANO. When it is identified that a landlord has been overpaid, the finance department will create a receivable in Elite and EnterpriseOne and generate a credit memo to be sent to the landlord requesting payment. These payments are received by the Treasurer. A daily Daily Deposit Packet is created by the Financial Administrative Assistant/Treasurer and the payment is deposited into HANO’s Housing Choice Voucher account. All final deposits are signed off by the Treasurer. The Treasurer is responsible for creating the journal entry to post into EnterpriseOne by the Accounting Manager.

The completed Daily Deposit Packet is provided to the Treasurer the day following the deposit of the cash payment. The Treasurer will review the bank account online and verify the bank account reflects a deposit of the same amount as the Daily Deposit Packet. The Treasurer shall approve the Daily Deposit Packet and provide to the accounting team to be used in the monthly bank account reconciliation.