

**Agreed Upon Procedures (AUP)
Prescribed Format for AUP Reporting**

Local Housing Authority: _____
Executive Director: _____

Date of Agreed Upon Procedures (AUP): _____
Certified Public Accounting Firm: _____

Category	Summary of Review Description	Benchmarks	Score/Rating
<p>Rent Collections/Accounts Receivable/Vacated Accounts</p>	<p>Review 25 cash receipts to determine that amounts were deposited in a timely manner and posted to the tenant accounts. Verify deposits posted to the general ledger are traced to bank statements. Trace amounts reported on Form 51-4 to the general ledger for accuracy and completeness. Obtain a general understanding of tenant write-off procedures to ensure compliance with DHCD guidelines.</p>	<p>Ninety percent (90%) of all transactions tested must comply with Authority’s policies & procedures, as well as DHCD’s Accounting Manual, Budget Guidelines, and Generally Accepted Accounting Procedures (GAAP). Uncollectible, past-due vacated tenant’s accounts receivable balances must be written off, and the balance sheet must agree with the detailed tenant’s accounts receivable.</p>	<p>No Findings: Equal to or more than 90% of all transactions tested in compliance. LHA has written and approved Bad Debt/Write-Off Policy & Procedures for vacated accounts. Balance sheet agrees with the detailed tenant’s accounts receivable.</p> <p>Operational Guidance: Equal to or more than 90% of all transactions tested in compliance. Bad Debt/Write-Off Policy & Procedures for vacated accounts is being followed, but no written procedure, approved.</p>

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Rent Collections/Accounts Receivable/Vacated Accounts (cont)			Corrective Action: Less than 90% of all transactions tested are not in compliance. No Bad Debt/Write-Off Policy & Procedures for vacated balances. Uncollectible, past due vacated accounts are not written-off. Balance sheet does not agree with detailed tenant's accounts receivable.
Payroll / Travel / Fringe	Verify analytically that wages reported on Form 51-1 reconcile to amounts reported on various tax forms including, IRS forms W-2 and 941's along with other state forms. Compare W-2 amounts reported for the Executive Director and other administrative personnel to the	One hundred percent (100%) of total payroll paid and analytically tested must be accurate & complete. It must match budgeted amounts and tax form filings. Ninety percent (90%) of all other payroll related tests, such as	No Findings: 100% of total payroll paid and analytically tested is accurate & complete. Samples tested match budgeted amounts and tax form filings. 90% of all other payroll related tests, such as accrued compensated absences comply

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Payroll / Travel / Fringe (cont)	operating budget. In addition to the analytical review, perform procedures related to the review of actual time sheets and calculations to the actual check for a single pay period. Review actual employee benefits received to personnel policy. Review procedures for accrued compensated absences and trace amounts reported on form 51-2 to the general ledger.	accrued compensated absences must comply with the Authority's personnel policy, as well as DHCD's Accounting Manual & Budget Guidelines.	with the Authority's personnel policy, as well as DHCD's Accounting Manual & Budget Guidelines.
Disbursements / Accounts Payable	Examine expenditures for a sample of the lessor of 10 percent of expenditures or 25, with a minimum sample being at least 15. Search for unreported accounts payable, review credit card policies and select a	Ensure that the Authority has an adequate cash disbursements/accounts payable policy. Ninety percent (90%) of transactions tested must be properly authorized,	No Findings: Authority has an adequate cash disbursements/accounts payable policy, written and approved. Ninety percent (90%) of transactions tested

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Disbursements / Accounts Payable (cont)	sample of credit card expenditures. Review travel policies and procedures while verifying costs through the selection of a sample of travel expenses. Review all expenditures in excess of \$2,500 excluding payroll and utility expenditures.	reasonable, allowable and applicable to the Authority's operations, and supported by appropriate documentation. They must comply with the Authority's policies as well as DHCD policies and guidelines.	are properly authorized, reasonable, allowable and applicable to the Authority's operations, and supported by appropriate documentation. They comply with the Authority's policies as well as DHCD policies and guidelines. Operational Guidance: Authority follows an adequate cash disbursement/accounts payable policy, but it is not written or approved. Ninety percent (90%) of transactions tested are properly authorized, reasonable, allowable and applicable to the Authority's operations, and supported by

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Disbursements / Accounts Payable (cont)			<p>appropriate documentation, but there is no written policy and procedures.</p> <p>Corrective Action: Authority does not have an adequate cash disbursements/accounts payable policy, written and approved. Ninety percent (90%) of transactions tested are not properly authorized, reasonable, allowable and applicable to the Authority's operations, and supported by appropriate documentation. Does not comply with the Authority's policies as well as DHCD policies and guidelines.</p>

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<p>Inventory (Fixed Assets)</p>	<p>Trace amounts to capitalized inventory/depreciation schedules. Select a sample for capitalized items and verify calculation of depreciation expense. Review supporting documentation related to additions and disposals during the period. Trace vehicle listing to insurance policies. Verify capitalization policy is within state established limits. Inquire with management to determine if any construction in progress is present.</p>	<p>Ninety percent (90%) of fixed assets tested must be traceable to a current fixed asset listing, and cross-checked to supporting documentation and physical evidence, such as invoices and tags. An additional weakness will be noted if the balance sheet amounts do not agree with the inventory listing or the fixed assets ledger.</p>	<p>No Findings: Ninety percent (90%) of fixed assets tested are traceable to a current fixed asset listing, and cross-checked to supporting documentation and physical evidence, such as invoices and tags. The balance sheet amounts agree with the inventory listing or the fixed assets ledger.</p> <p>Operational Guidance: Less than 80% of fixed assets tested are traceable to a current fixed asset listing, and cross-checked to supporting documentation and physical evidence, such as invoices and tags. An additional weakness will be noted if the balance sheet amounts do not agree with the</p>

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Inventory (Fixed Assets) (cont)			<p>inventory listing or the fixed assets ledger.</p> <p>Corrective Action: No fixed asset listing for current fixed assets. Could not trace or verify current fixed assets to current fixed asset listing, and cross check supporting documentation and physical evidence, such as invoices and tags. Could not verify balance sheet amounts or fixed asset ledger, because not inventory listing.</p>

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Capital/Modernization Funds	Verify completion of submissions. Sample hard and soft costs to verify classification and budget line coding. Trace hard costs to capital inventory listings. Examine year end requisitions to determine completeness. Trace requisitions to deposits. Verify that closed work plans on form 080 and form 090 match the accounting records	One hundred percent (100%) of modernization transactions and reports must comply with DHCD requirements. Requisitions must agree with deposits, and closed work plans must match accounting records.	<p>No Findings: One hundred percent (100%) of modernization transactions and reports comply with DHCD requirements. Requisitions agree with deposits, and closed work plans match accounting records.</p> <p>Operational Guidance: Not Applicable. Authority given a score/rating of “No Findings” or “Corrective Action” for this category.</p> <p>Corrective Action: Less than one hundred percent (100%) of modernization transactions and reports comply with DHCD requirements. Requisitions agree with deposits, and closed</p>

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Capital/Modernization Funds (cont)			work plans match accounting records.
Procurement / Public Bidding	Review LHA policies and procedures for procurement verifying that policies meet State requirements. Review board minutes and expenditures to search for items purchased that would require bids to be taken during the period. Select a sample of those bids and review the selection criteria used for the awarding bid.	The Authority’s policies & procedures must be board approved and comply with state requirements. One hundred percent (100%) of the goods and services procured must include adequate documentation to verify that bids were obtained and awarded properly.	<p>No Findings: Authority’s policies & procedures are board approved and comply with state requirements. One hundred percent (100%) of the goods and services procured include adequate documentation to verify that bids were obtained and awarded properly.</p> <p>Operational Guidance: Not Applicable. Authority given a score/rating of “No Findings” or “Corrective Action” for this category.</p>

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Procurement / Public Bidding (cont)			Corrective Action: Authority's policies & procedures are not board approved and comply with state requirements. Less than one hundred percent (100%) of the goods and services procured include adequate documentation to verify that bids were obtained and awarded properly.
Cash Management & Investment Practices	Trace financial statement amounts to bank reconciliations and bank statements. Review investment balances and confirm bank account balances with financial institutions. Examine existence of deposits in transit and completeness of	One hundred percent (100%) of financial statement investment balances must be confirmed, and in agreement with bank statements and reconciliations. All investments must also be properly authorized.	No Findings: One hundred percent (100%) of financial statement investment balances are confirmed, and in agreement with bank statements and reconciliations. All investments are properly authorized.

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Cash Management & Investment Practices (cont)	outstanding checks. Verify that accounts are properly insured or collateralized. Determine if investment purchases and redemptions were properly authorized and allowed.		Operational Guidance: Not Applicable. Authority given a score/rating of “No Findings” or “Corrective Action” for this category. Corrective Action: Less than one hundred percent (100%) of financial statement investment balances are confirmed, and in agreement with bank statements and reconciliations. All investments are properly authorized.
Operating Subsidy and Reserves	Review the operating subsidy received and compare receipts to the bank statements. Trace utility amounts to consumption reports.	One hundred percent (100%) of subsidy earned & received must be traceable, and agree with year-end operating	No Findings: One hundred percent (100%) of subsidy earned & received is traceable, and agree with year-end operating statements.

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<p>Operating Subsidy and Reserves (cont)</p>	<p>Verify amounts listed as exemptions. Determine if operating reserve is above 20% floor or if health & safety exceptions were present.</p>	<p>statements. Operating subsidy received must also be traceable to bank statements for deposit verification. A weakness should be noted if the reserve level is less than 20%.</p>	<p>Operating subsidy received is also traceable to bank statements for deposit verification. Reserve level is at or more than 20%.</p> <p>Operational Guidance: One hundred percent (100%) of subsidy earned & received is traceable, and agree with year-end operating statements. Operating subsidy received is also traceable to bank statements for deposit verification. A weakness will be noted, because the reserve level is less than 20%.</p>

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Operating Subsidy and Reserves (cont)			Corrective Action: Less than one hundred percent (100%) of subsidy earned & received is not traceable, and does not agree with year-end operating statements. Operating subsidy received is not traceable to bank statements for deposit verification. Reserve level is less than 20%.