

**Agreed Upon Procedures (AUP)
Financial Review
Scope of Services**

SCOPE OF SERVICES

Category	Average Review Time (Hours)	Detailed Review Description
Rent Collections/Accounts Receivable/Vacated Accounts	1.75	<ul style="list-style-type: none"> • Obtain an understanding of key controls over rent collections, write-offs and accounts receivable. • Perform a walk-through of one to three individual rent receipts to verify that controls are in place as documented. • Trace amounts reported on Form 51-4 to the general ledger for accuracy and completeness. • Obtain detail of write-offs and verify that write-offs were included in accounts receivable at the beginning of the year.
Payroll / Travel / Fringe	2	<ul style="list-style-type: none"> • Verify analytically that wages reported on Form 51-1 reconcile to amounts reported on Forms 941 or WR-1. • Compare WR-1 amounts reported for the five highest paid employees, including the highest paid maintenance employee to the operating budget. • Select a single pay period and trace timesheets/timecards to the payroll register. Test for completeness, accuracy, and proper approvals. • Obtain a compensated absences liability schedule and reconcile to Form 51-4 and the general ledger. Test for consistency with the personnel policy.

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Disbursements / Accounts Payable	3	<ul style="list-style-type: none"> • Obtain an understanding of key controls over accounts payable and cash disbursements. • Perform walk-through of one of each of the following cash disbursements transactions; operating expenditure, capital expenditure, and employee reimbursement to verify that controls are in place, as documented. • Review credit/debit card, travel and reimbursement policies and select a sample of credit/debit card expenditures. Determine if a policy is in place, and if it is adequate (If credit cards and/or debit cards are used at the LHA, but there is no written policy, firm should note this in the report). • Select a sample of 10 cash disbursement transactions occurring during the fiscal year and test for the following attributes: Supporting documentation, approval, allowability, allocation and classification.
Inventory (Fixed Assets)	1.5	<ul style="list-style-type: none"> • Obtain a copy of the depreciation schedules/fixed asset listing, reconciled to Form 51-1 and evaluate for completeness and sufficiency of detail. • Verify capitalization policy is within state established limits. • Trace vehicles listing to insurance policies.

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Procurement / Public Bidding for Goods & Services	1.5	<ul style="list-style-type: none"> • Obtain copy of the procurement policy and verify consistency with MGL 30B. • Obtain a copy of the contract register and evaluate for completeness by analyzing the cash disbursements journal. • Select a sample of known or possible procurements (at least one procurement over \$35k (bid threshold) and at least one procurement over \$10k (quote threshold) and test for the following: approval, compliance with procurement policy, and proper selection based on MGL c.30B s.5 IFB requirements or MGL c.30B s.6 RFP requirements.
Cash Management & Investment Practices	1.25	<ul style="list-style-type: none"> • Trace bank reconciliations and bank statements to the general ledger and Form 51-4. Examine existence of deposits in transit and completeness of outstanding checks. • Verify that accounts are properly insured or collateralized. • Select a mid-year bank statement and test the reconciliation.
Operating Subsidy	2	<ul style="list-style-type: none"> • Obtain copy of the ANUEL and trace actual amounts (rental income, utilities, etc.) to general ledger, and verify amounts listed as exemptions.

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Annual Rent Calculation & Compliance	Small = 5 Medium = 8 Large = 11 Very Large = 13	<ul style="list-style-type: none"> Select a sample of tenant files (from programs 200, 667, 705 and MRVP), in accordance with the following schedule (if the LHA has multiple property managers, at least one file should be selected per manager): <table border="1" data-bbox="867 625 1365 1039"> <thead> <tr> <th><u>LHA Size</u></th> <th><u>State Units</u></th> <th><u>Sample Size</u></th> </tr> </thead> <tbody> <tr> <td>Small LHA</td> <td>1-199</td> <td>5</td> </tr> <tr> <td>Medium LHA</td> <td>200-499</td> <td>10</td> </tr> <tr> <td>Large LHA</td> <td>500-999</td> <td>10-15</td> </tr> <tr> <td>Very Large LHA</td> <td>1,000 or more</td> <td>15</td> </tr> </tbody> </table> <ul style="list-style-type: none"> Perform the following procedures: <ul style="list-style-type: none"> Obtain the rent roll and HAP roll and verify analytically the completeness of the resident population. (Rent roll and HAP roll support what is reported on Form 51-1) Test rent calculation for proper verification of income, expenses and deductions Verify notification of rent redetermination (at least 60 days prior to effective date) Verify family composition for allowance purposes Verify timeliness of annual rent redetermination Verify timeliness of Notice of Rent Change (no less than 14 days prior to effective date) Verify timeliness and proper execution of Lease Addendum 	<u>LHA Size</u>	<u>State Units</u>	<u>Sample Size</u>	Small LHA	1-199	5	Medium LHA	200-499	10	Large LHA	500-999	10-15	Very Large LHA	1,000 or more	15
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Small LHA	1-199	5															
Medium LHA	200-499	10															
Large LHA	500-999	10-15															
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Total Estimated Hour
Small: 18
Medium: 21
Large: 24
Very Large: 26