

Subsidized Housing Emergency Rental Assistance Program (SHERA)



DANIEL DENNIS & Co
Certified Public Accountants

Introduction

Kristoffer Lane, CPA

Partner

Daniel Dennis & Company LLP

klane@danieldennis.com

617-262-9898 ext. 219

Colleen D'Alfonso, CPA

Partner

Daniel Dennis & Company LLP

cdalfonso@danieldennis.com

617-262-9898 ext. 223

DD&Co Background

- ▶ Daniel Dennis and Company LLP, is a certified public accounting firm founded in 1981.
- ▶ We serve the New England region from our office located in Dedham, Massachusetts by providing audit, tax, accounting and consulting services to a wide range of clients.
- ▶ We specialize in audits of the affordable housing and non-profit industries and have been performing these audits since inception of our firm.

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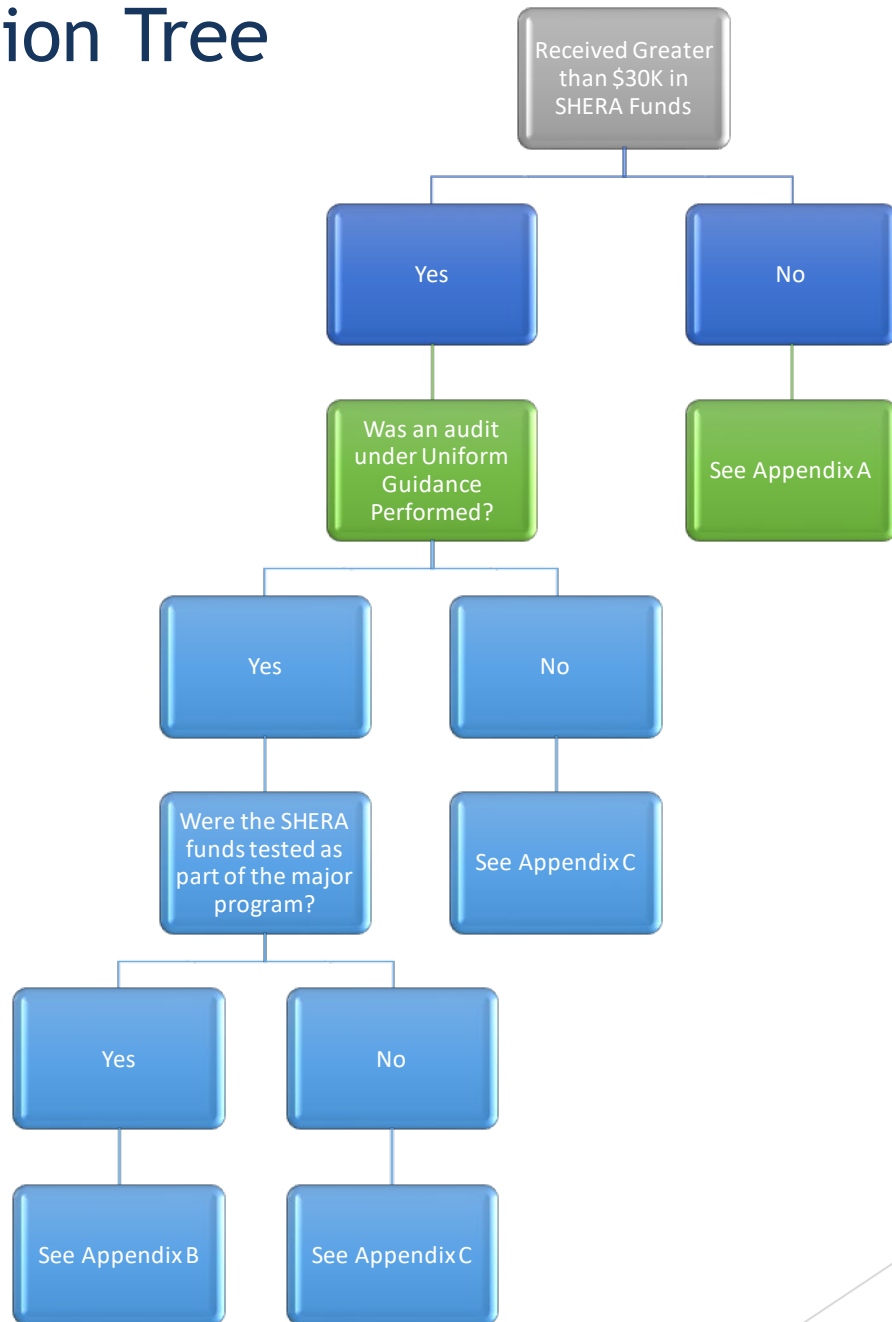
Objective

- ▶ To aid Massachusetts Housing Partnership (MHP), Mass Housing and DHCD in monitoring the recipients of SHERA funding by performing the following:
 - ▶ Determine if the recipients of SHERA funds expended the funds in accordance with SHERA program guidelines.

Who are the Monitoring Procedures Applicable to?

- ▶ Recipients of less than \$30,000 - *See Appendix A*
- ▶ Recipients who receive greater than \$30,000 and have an audit performed in accordance with the Uniform Guidance - *See Appendix B*
- ▶ Recipients who receive greater than \$30,000 and don't have an audit performed in accordance with the Uniform Guidance or the SHERA funds were not tested as a major program - *See Appendix C*

Decision Tree



Decision Tree “A” - Owners Certification

Criteria:

1. Received less than \$30,000 in SHERA funds

Deliverable:

1. Owners Certification



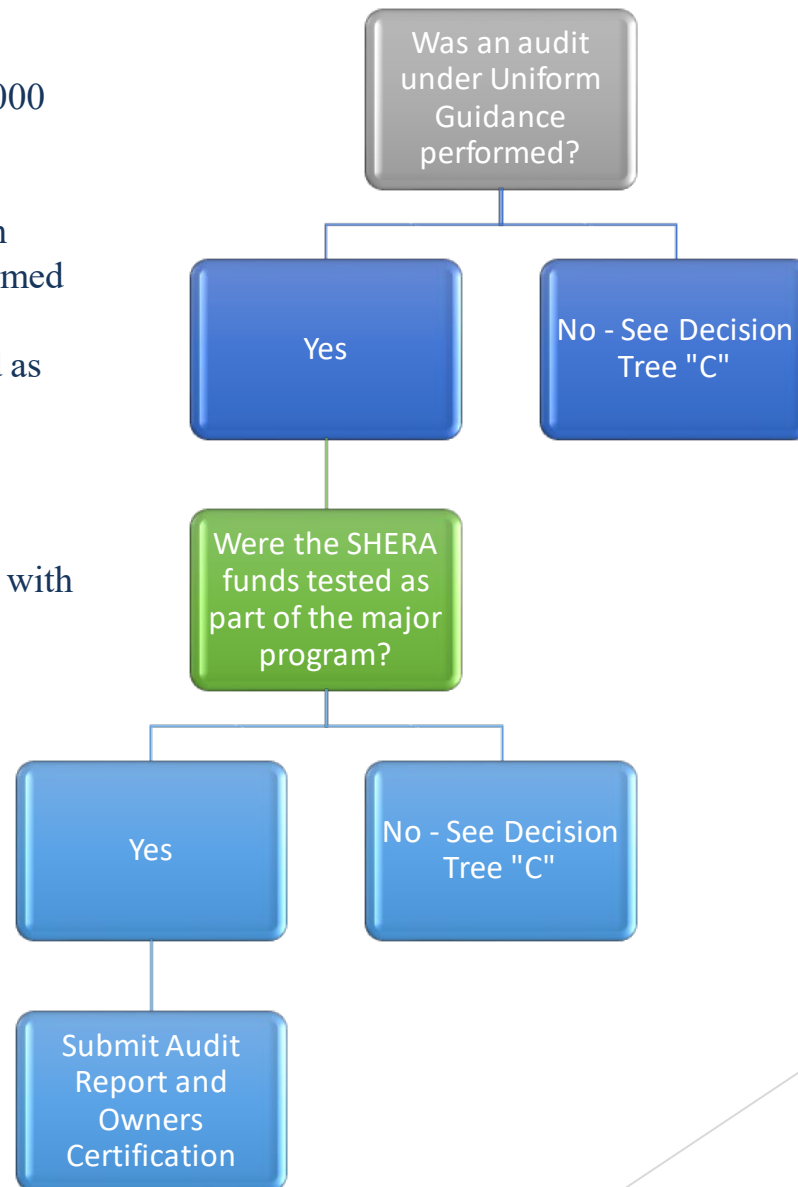
Decision Tree "B" - Uniform Guidance

Criteria:

1. Received greater than \$30,000 in SHERA funds
2. An audit in accordance with Uniform Guidance was performed
3. SHERA funds were audited as part the major program

Deliverables:

1. Audit Report in accordance with Uniform Guidance
2. Owners Certification



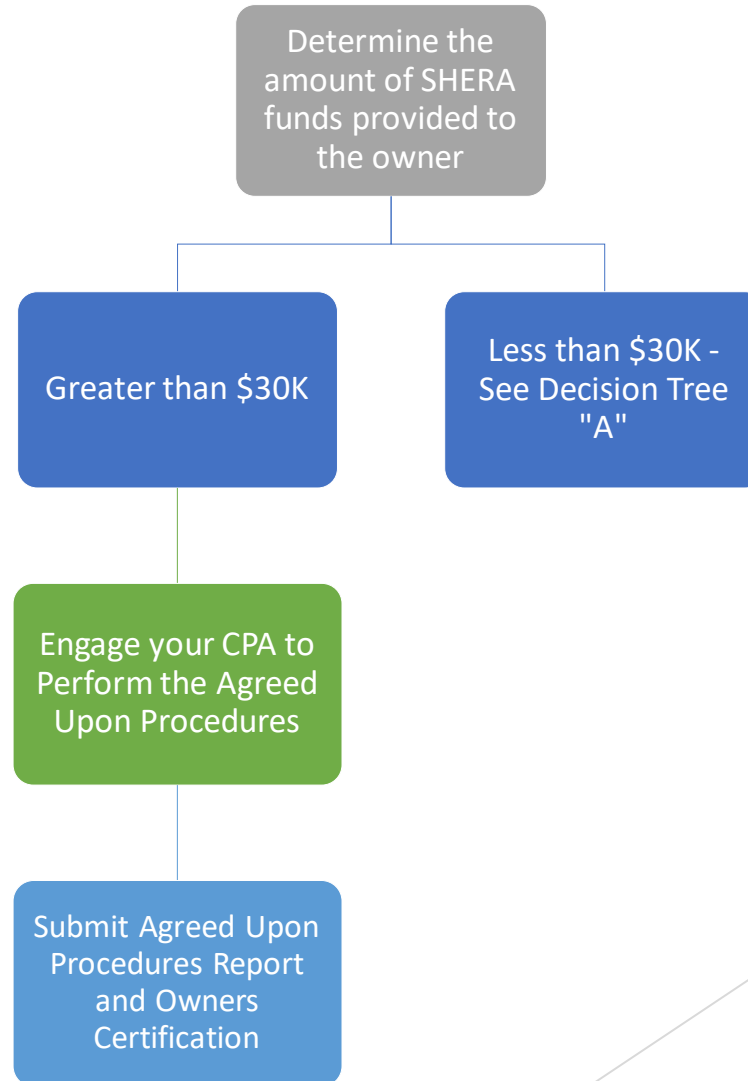
Decision Tree “C” - Agreed Upon Procedures

Criteria:

1. Received greater than \$30,000 in SHERA funds
2. An audit in accordance with Uniform Guidance was performed, but SHERA funds were not audited as part of the major program
3. An audit in accordance with Uniform Guidance was not performed

Deliverables:

1. Agreed Upon Procedures Report
2. Owners Certification



Agreed Upon Procedures

- ▶ What is an agreed upon procedures engagement?
 - ▶ Engagement performed by a CPA in which a CPA performs specific procedures agreed upon between the recipient, MHP, MassHousing and DHCD.
 - ▶ The CPA will issue a written report with the results of the agreed upon procedures performed. (Appendix E)
 - ▶ For CPA's: Agreed Upon Procedure Reports Issued after July 15, 2021, must follow SSAE NO. 19 - new performance and reporting standards.

Agreed Upon Procedures - *Continued*

- ▶ What is the reporting period for the agreed upon procedures?
 - ▶ Agreed Upon Procedures reporting periods will correspond with the entity's fiscal year end, with the following exception:
 - ▶ If you received greater than \$30,000 of SHERA funds prior to June 30, 2021 and you are a June 30 fiscal year end.
 - ▶ Your agreed upon procedures reporting period will commence upon the date the SHERA funds were first received through June 30, 2022.

Agreed Upon Procedures - *Continued*

- ▶ June 30th Year End Example:

- ▶ June 30th fiscal year end and received SHERA funds starting in May 2021.
- ▶ The total SHERA funds received for the period of May 2021 through June 30, 2022 were greater than \$30,000
- ▶ Agreed upon procedures would be performed for the period commencing May 2021 through June 30, 2022.

- ▶ June 30th Year End Example:

- ▶ June 30th fiscal year end and received SHERA funds starting in July 2021.
- ▶ The total SHERA funds received for the fiscal year commencing July 1, 2021 through June 30, 2021 were greater than \$30,000
- ▶ Agreed upon procedures would be performed for the fiscal year end June 30, 2022.

Agreed Upon Procedures - *Continued*

- ▶ September 30th and December 31st Year End
Example:
 - ▶ Received SHERA funds starting in May 2021.
 - ▶ The total SHERA funds received for the period of May 2021 through fiscal year end was greater than \$30,000.
 - ▶ Agreed upon procedures would be performed for the fiscal year end.

Agreed Upon Procedures - *Continued*

Testing Threshold: Examine documentation for 10% of tenants that received SHERA funds, with a minimum of 2 tenants tested.

- ▶ The same tenant sample will be used for each of the 3 procedures.

Example of testing thresholds:

- ▶ Affordable Housing Project had 40 tenants that received SHERA funding.
 - ▶ 4 of the 40 tenants would be selected for testing.
- ▶ Affordable Housing Project had 10 tenants that received SHERA funding.
 - ▶ 2 of the 10 tenants would be selected for testing. (minimum of 2 tenants is required)

Agreed Upon Procedures - *Continued*

- ▶ Procedure 1: Obtain the tenant ledger for the covered period for the selected tenants and determine the following:
 - ▶ The tenant portion of the rent in arrears agrees to the amount on the owner's application for the same time period and does not include any subsidized portion
 - ▶ The SHERA funds were not used to cover utilities or other landlord imposed costs such as parking fees, damages or moving related expenses
 - ▶ The SHERA funds were applied to the tenant's rent in arrears within 30 days of the owner's receipt of the funds

** These procedures will be performed for all SHERA claims for the selected tenant during the reporting period.

Agreed Upon Procedures - *Continued*

Example of exception to the agreed upon procedure #1:

- ▶ There was no evidence that the SHERA funds were applied to the tenant's rent in arrears within 30 days of the owner's receipt for the funds.

Agreed Upon Procedures - *Continued*

- ▶ Procedure 2: Review the Owner's financial records for the receipt of other emergency rental assistance such as Rental Assistance for Families in Transition (RAFT), Emergency Rent and Mortgage Assistance (ERMA), Emergency Rental Assistance Program (ERAP) or other Federal or state emergency assistance. If other benefits were received determine the following:
 - ▶ The other emergency assistance funds were not applied to the selected tenants rent in arrears during the covered period.
 - ▶ If the tenant received other emergency assistance for tenant rent in arrears the SHERA funds were sent back to MHP or MassHousing.

Agreed Upon Procedures - *Continued*

- ▶ Procedure 3: For the selected tenants determine any evictions in process were suspended upon the approval of the SHERA application and no new evictions for non-payment of rent were initiated.
- ▶ Procedure 4: Obtain the signed Owners Certification
 - ▶ To be included as the last page of the agreed upon procedures report.
 - ▶ See sample owners certification in Appendix D

Agreed Upon Procedures - *Continued*

- ▶ When are the Agreed Upon Procedures Reports Due?
 - ▶ The earlier of due date established by the lending institution or 120 days after fiscal year end.

Questions?

Appendix A

Criteria:

1. Received less than \$30,000 in SHERA funds

Deliverable:

1. Owners Certification

Determine the amount of SHERA funds provided to the owner

Less than \$30K

Submit the Signed Owners Certification

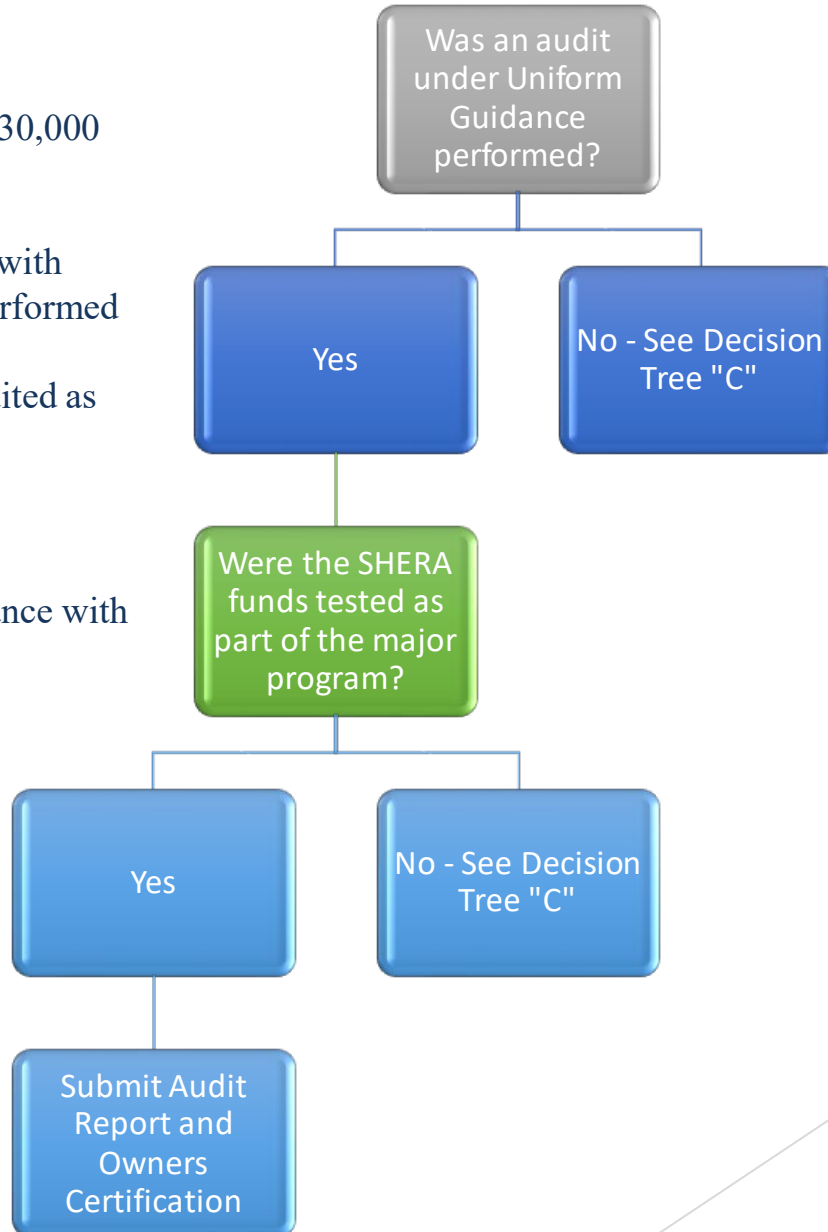
Appendix B

Criteria:

1. Received greater than \$30,000 in SHERA funds
2. An audit in accordance with Uniform Guidance was performed
3. SHERA funds were audited as part the major program

Deliverables:

1. Audit Report in accordance with Uniform Guidance
2. Owners Certification



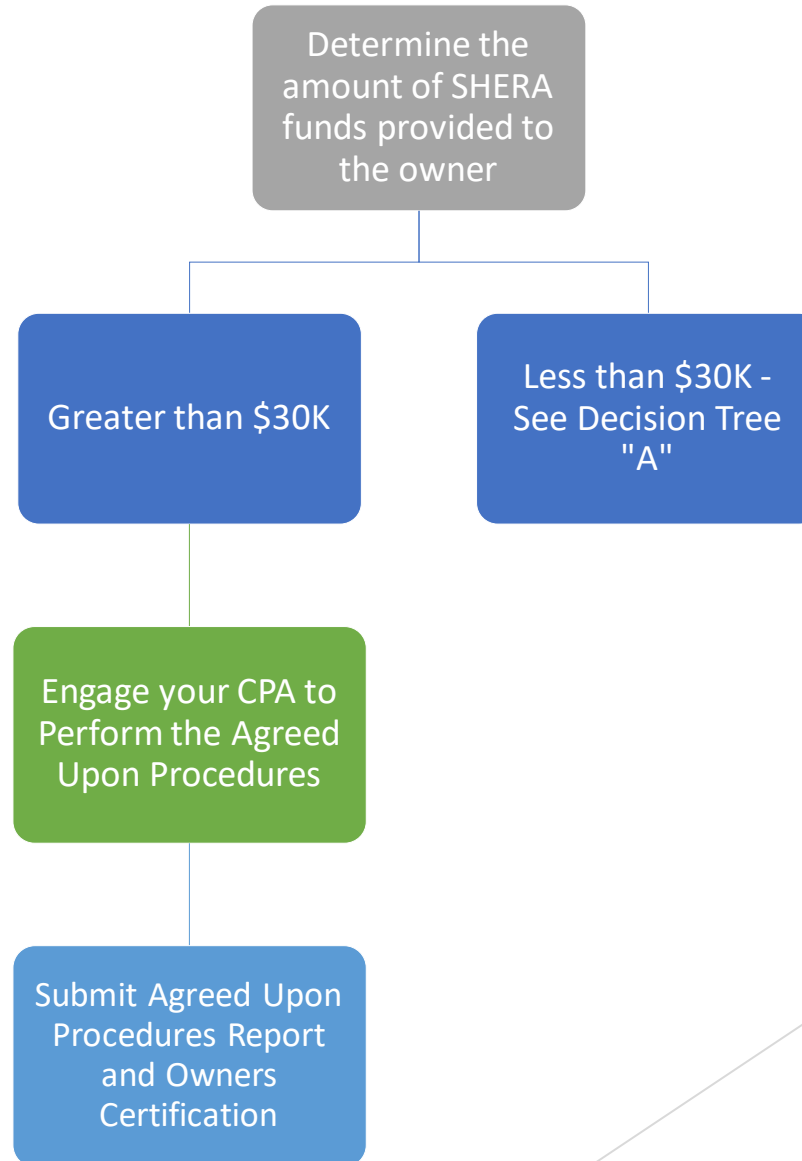
Appendix C

Criteria:

1. Received greater than \$30,000 in SHERA funds
2. An audit in accordance with Uniform Guidance was performed, but SHERA funds were not audited as part of the major program
3. An audit in accordance with Uniform Guidance was not performed

Deliverables:

1. Agreed Upon Procedures Report
2. Owners Certification



Appendix D

Real Estate Entity LLC

December 31, 2021

Owner's Certificate

I hereby certify that I have complied with the requirements of the Subsidized Housing Emergency Rental Assistance (SHERA) Program and the owner's agreement for the SHERA Program.

Owner's Signature

Owner's Name (print)

Date