PERFORMANCE MANAGEMENT REVIEW (PMR)?

- PMR Launch 12/31/16 – What to Expect
- What is the “Planning Year?”
- Key Dates
- Criteria
- How Do I Figure Out My Budget to Actual Variance?
WHAT IS THIS “PLANNING YEAR” YOU SPEAK OF?

- Opportunity for DHCD and LHAs to try out the systems, tools and processes together
- DHCD will evaluate every quarter and make changes to the system/benchmark/process where necessary
- Will *not* be published anywhere
- Will focus on technical assistance
PMR Over a Year
(12/31/16 Example)

12/31/16
- Year end financial reports due to DHCD

1/31/17
- Vacancy Data Due to DHCD

2/14/17
- Site Visits Begin
  (PMR results issued during site visit)

3/1/17
- Site Visits End
  (PMR results issued during site visit)

4/26/17
- DHCD Provides Targeted T.A.

12/31/17
- FYE
MAJOR STEPS

Scheduling
Desk Review
Site Visit
Continued T.A.
STEP ONE: SCHEDULING

HMS will call executive director

HMS Will collect site-visit information (date, time, location)

HMS will send e-mail confirmation to executive director
STEP TWO: DESK REVIEW

Run desk review in PMR application

Analyze results, develop questions, consider recommendations

HMS E-mail results and letter to LHA 1 week in advance
STEP THREE: SITE VISIT

ED, maintenance director, HMS, FMS meet on site

Inspection and work order desk review

FMS and maintenance conduct inspections

HMS review desk review results with ED

FMS review inspection report with ED

E-mail results and letter to ED

ED responds by e-mail to PMR within 30 days (optional)
PMR CRITERIA
CRITERIA FOR THE PMR PLANNING YEAR 12/31/16 - 9/30/17

**Desk Review Criteria**

- Occupancy Rate (≥98%)
- Reporting Submissions and Certs (All vacancy certifications and operating statements are on time)
- Budget to Actual Variance (+ or − 10% with some caveats)
- Operating Reserve (≥ 20%)
- CIP Submission (On time and Modifications within 45 days)
- Cap Spending (Spent at least 80% of past three years Formula Funding)

**On Site Criteria**

- Annual Inspections (by LHAs) (see FMS in Resource Room Tuesday)
- Work Order Systems (see FMS in Resource Room Tuesday)

**Criteria – Not Measuring This Year**

- Master Ledger (DHCD Public Housing Portal)
- Tenant Accounts Receivable
- Accounts Payable
BUDGET TO ACTUAL
HOW DO I CALCULATE MY BUDGET TO ACTUAL VARIANCE?

Step 1: Look at Latest DHCD-Approved Budget for Total Revenue

Step 2: Make Sure You Are Only Looking at 400-1 Budget

For example, say for “Total Revenue” line item, this LHA had BUDGETED $190,000
HOW DO I CALCULATE MY BUDGET TO ACTUAL VARIANCE?

Step 3: Look at Your Most Recent Complete Operating Statement for CURRENT Fiscal Year

Step 4: Make Sure You Are Only Looking at 400-1 Operating Statement

For example, say for “Total Revenue” line item, this LHA had COLLECTED $200,000 this Fiscal Year to Date
## Calculating Budget to Actual Variance

<table>
<thead>
<tr>
<th>Actual Amount</th>
<th>Budgeted Amount</th>
<th>Variance $</th>
<th>Final Variance X 100</th>
</tr>
</thead>
<tbody>
<tr>
<td>$200,000</td>
<td>$190,000</td>
<td>$10,000</td>
<td>$0.05 X 100 = 5%</td>
</tr>
</tbody>
</table>

Our Example

So 5% is the Budget to Actual Variance for “Total Revenue”; Repeat this process for other Total Categories (see PHN for caveats).
You may find you need to submit a budget revision? What are the deadlines for budget revisions?

<table>
<thead>
<tr>
<th>Category</th>
<th>Budget Revision Deadline</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/31/16 FYEs</td>
<td>November 30th</td>
</tr>
<tr>
<td>3/31/17 FYEs</td>
<td>February 28th</td>
</tr>
<tr>
<td>6/30/17 FYEs</td>
<td>May 1st</td>
</tr>
<tr>
<td>9/30/17 FYEs</td>
<td>August 1st</td>
</tr>
</tbody>
</table>
AGREED UPON PROCEDURES (AUP)

- Where We are In the Planning Year for AUP
- DHCD AUP Follow-Up Reviewers
- Common AUP Findings
- Clarification and Questions
Pre Planning Year

- 6/30/15
- 9/30/15

DHCD review is complete; About ½ of AUPs Have Findings in Follow-Up

Planning Year

- 12/31/15
- 3/31/16
- 6/30/16
- 9/30/16

- AUPs Completed by CPAs
- AUPs in Progress with CPA firms
- AUPs in Progress with CPA firms
- Pending Financial Statements Due 11/14

Publishing Year

- 12/31/16
- 3/31/17
- 6/30/17
- 9/30/17
DHCD AUP FOLLOW-UP REVIEWERS

Here is Who You Might Hear From DHCD for AUP Follow-Up:

• Your Housing Management Specialist (HMS)
• Finance (Ayo Yakubu-Owolewa, Kathyann Pace and Michael Chow)
• Procurement (Dean Harris)
COMMON AUP FINDINGS

- Make Sure Any Credit Card Purchases Have Documentation
- Contract Registrar (See Handout with Instructions) — Required for all modernization contracts, starting in Year 2 of the AUP, the Contract Registrar must include all goods and services contracts as well
- Annual Rent Redeterminations (must be done once a year or must have waiver from DHCD)
- Timeliness of Rent Redetermination Notices
  - Notification of rent redetermination sent at least 60 days prior to effective date (see 760 CMR 6.04 (4)(b))
  - Verify Notice of Rent Change sent no less than 14 days prior to effective date (see 760 CMR 6.04 (4)(e))
    - If you can’t get timely notices from tenants, send redetermination notices out 90 days prior as best practice
COMMON AUP FINDINGS (CONT.)

• Approval of Invoices — Warrant is not enough — signature required

• All employees’ timesheet/leave must be approved by ED; ED’s timesheet/leave must be approved by board

• Keep fixed asset listing up to date/Communicate with Fee Accountant to ensure depreciation schedule is accurate
CREDIT CARDS BEST PRACTICE

- Custody of credit cards should be minimized to key staff persons that require a credit card to perform their responsibilities, such as maintenance staff for purchasing materials (i.e., Home Depot card).
- Credit card limits should be reasonable.
- Supporting documentation should be retained for all purchases and reconciled with monthly statements.
- Monthly statements should be examined by someone other than the card holder.
- Staff should be informed of what constitutes allowable costs.
FIXED ASSET LISTING/DEPRECIATION SCHEDULE
BEST PRACTICE

Staff should be aware of the LHAs Capitalization Policy in order to identify items that should be capitalized when purchased.

LHAs should conduct periodic (annual or semi-annual) inventories (counts) of assets as a means of safeguarding assets.

LHAs should periodically review depreciation schedules to ensure that the schedules are complete:

- Newly purchased items have been added to the schedule.
- Recently disposed of items have been removed from the schedule.
- The schedule has sufficient detail.
FIXED ASSET LISTING/DEPRECIATION SCHEDULE

BEST PRACTICE

Make sure fee accountant and board are aware of any equipment purchases and disposals you plan to make.

Fee accountant should make proper entries at time of acquisition/disposal

Surplus tangible supplies; M.G.L. c 30B, §15

- **salvage value < $10,000**: Follow jurisdiction’s written procedures (advertising, quote seeking)
- **salvage value > $10,000**: 1) sealed bids, 2) public auction, 3) established market
CLARIFICATION - TENANTS ACCOUNTS RECEIVABLES (TAR)

- **Current Policy (Still in Effect until PHN on Tenants Accounts Receivables (TAR) is Issued):**
  Unpaid TAR balances must remain on the books for 12 months.

- **Proposed Policy Change:**
  Vacated accounts only: when LHA exhausts all rent collection efforts/deems these vacated balances uncollectable AND board signs off,
  Directly Write Off These Balances Out of TAR on a quarterly basis.
  - Write-offs MUST be tracked and may be included in the NEW* TAR Application.

- **No Balances for Current Residents Should Be Written-Off.**
QUESTIONS?