

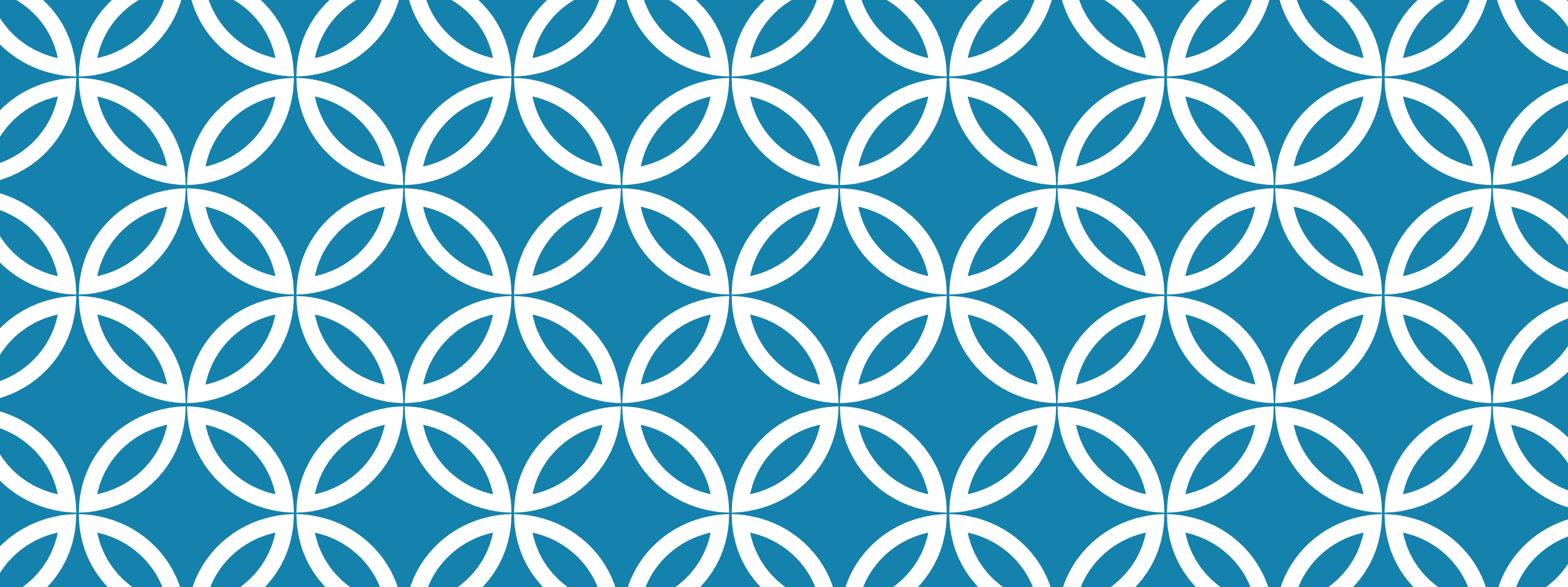


# PERFORMANCE MANAGEMENT REVIEW: WHAT TO EXPECT

Cate Mingoya  
Gretchen Haupt  
Laura Taylor  
Paul McPartland

# 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?

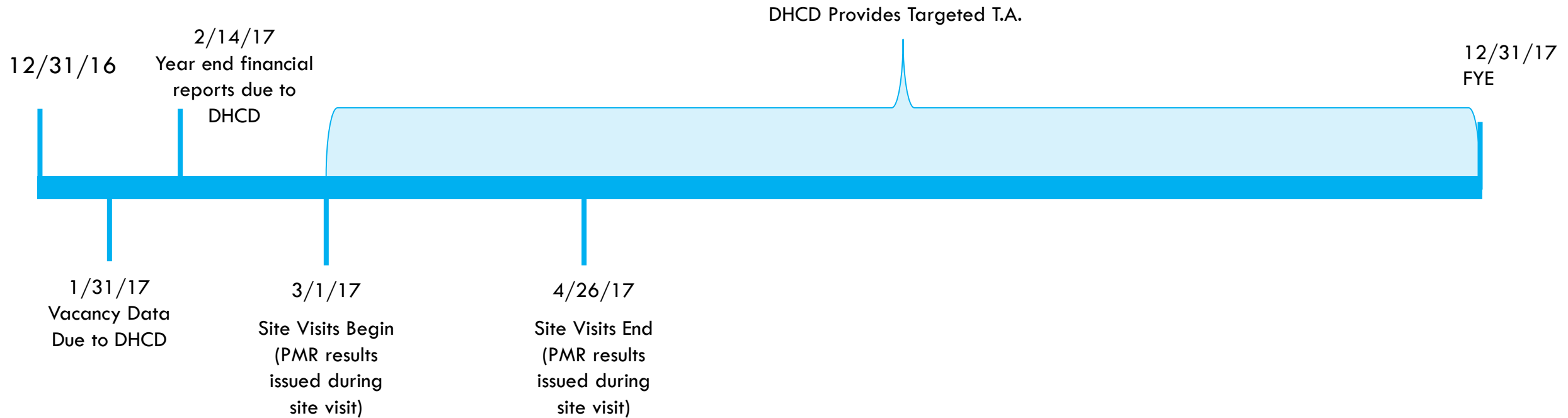


**PMR LAUNCH 12/31/16 — WHAT TO  
EXPECT** |

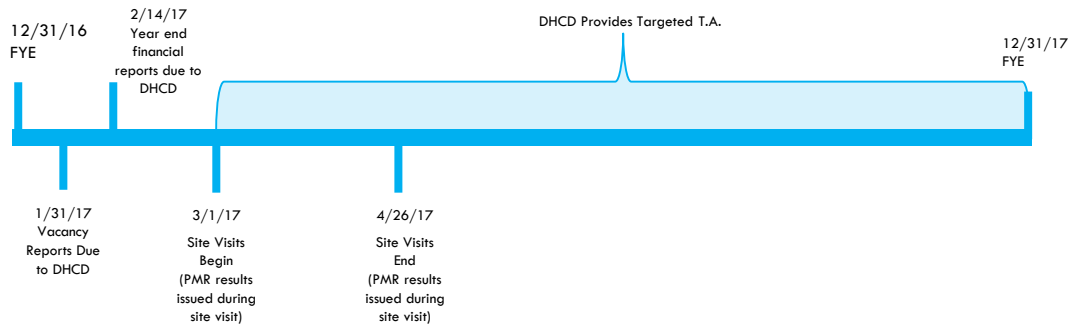
# WHAT IS THIS “PLANNING YEAR” YOU SPEAK OF?

- 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

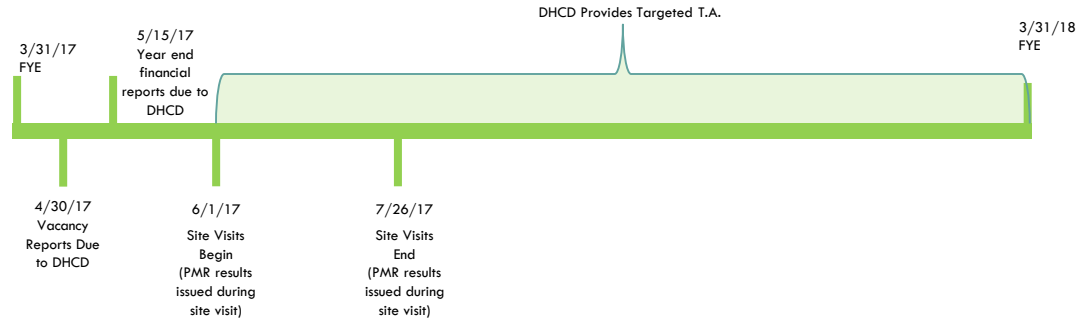
# PMR Over a Year (12/31/16 Example)



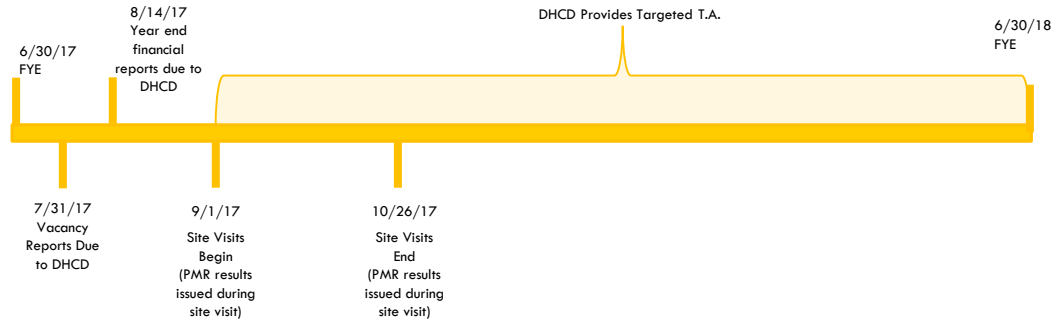
# 12/31/16 FYE



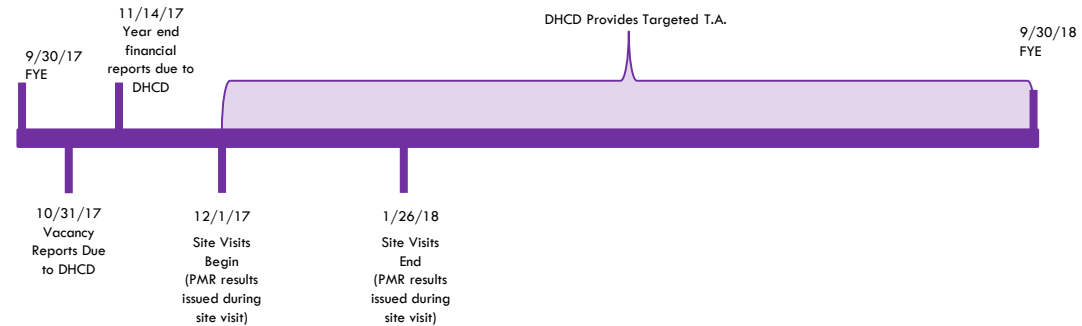
# 3/31/17 FYE



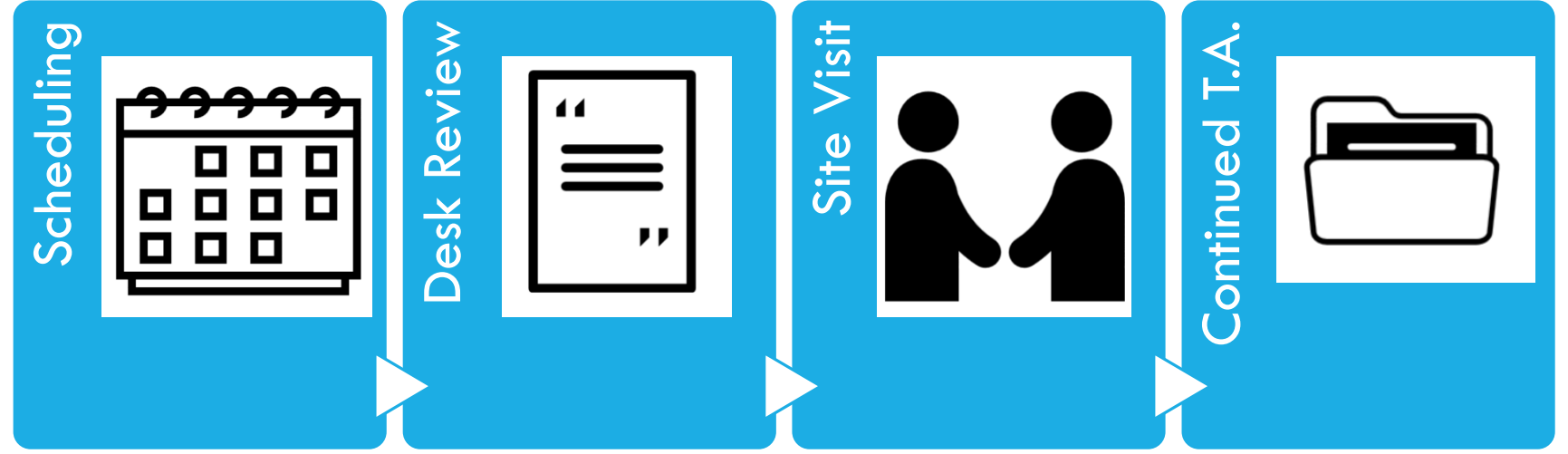
# 6/30/17 FYE



# 9/30/17 FYE



# MAJOR STEPS



# STEP ONE: SCHEDULING



HMS will call  
executive  
director



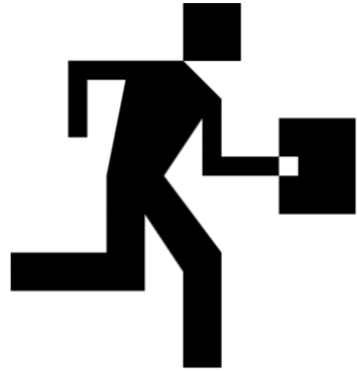
HMS Will collect site-  
visit information  
(date, time, location)



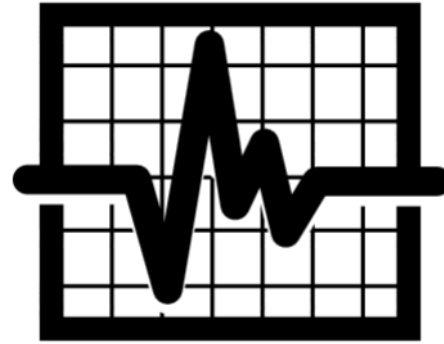
HMS will send e-mail  
confirmation to  
executive director



# 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



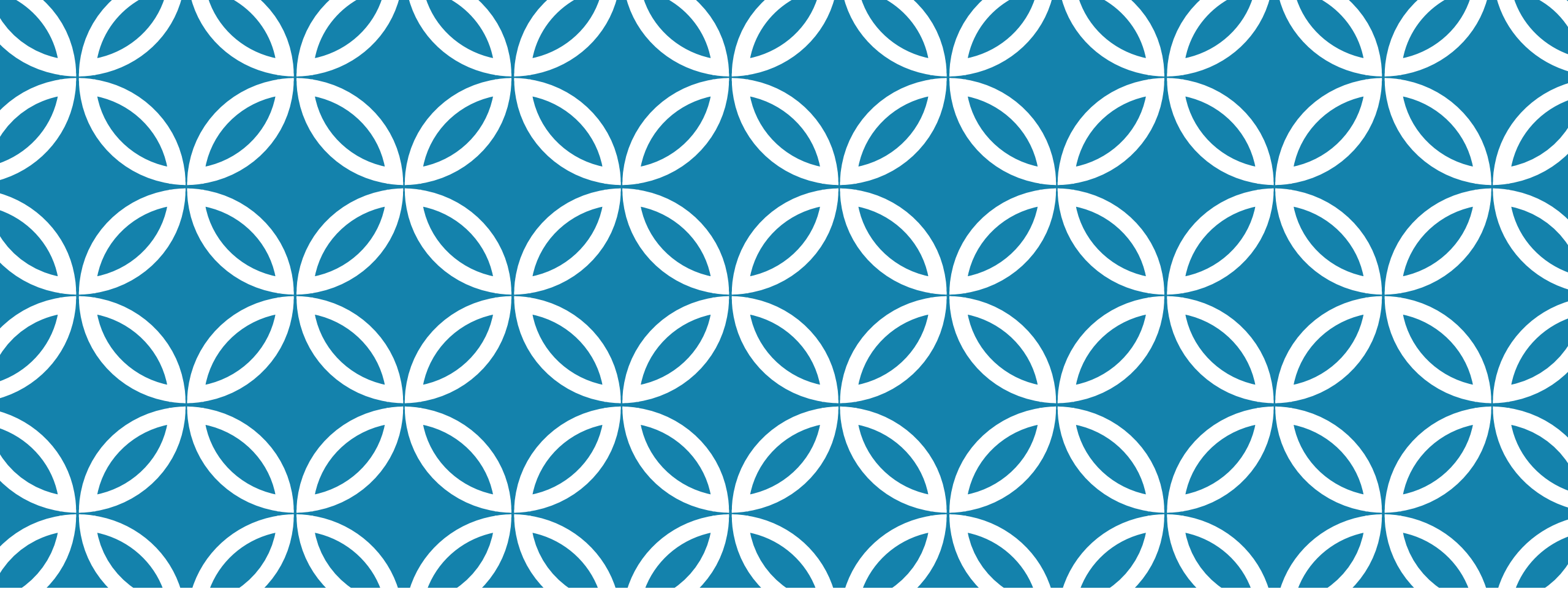
FMS review inspection report with ED



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 ( $\geq 98\%$ )

Reporting Submissions and Certs (All vacancy certifications and operating statements are on time)

Budget to Actual Variance ( + or – 10% with some caveats)

Operating Reserve ( $\geq 20\%$ )

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)

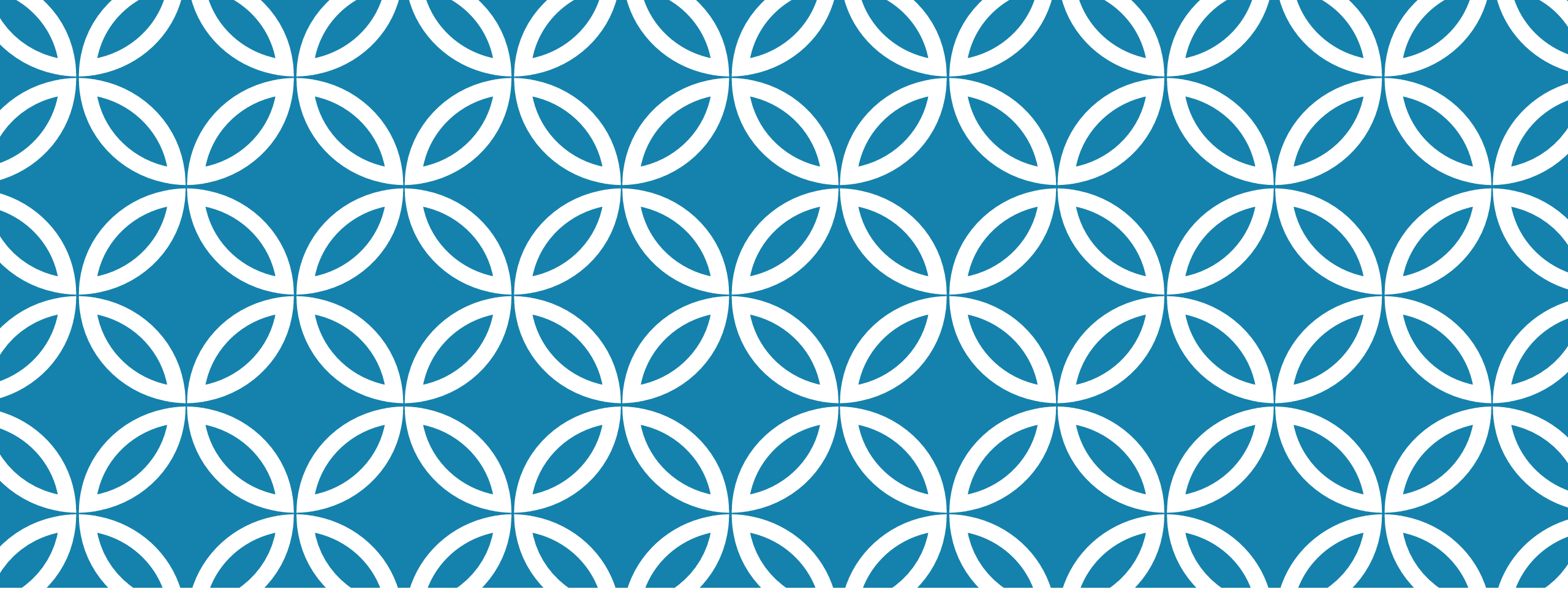
Work Order Systems (see FMS in Resource Room Tuesday)

## 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

Line	ACCT	Classification
		<b>REVENUE</b>
<u>1</u>	3110	Shelter Rent - Tenants
<u>2</u>	3115	Shelter Rent - Federal Section 8
<u>3</u>	3190	Nondwelling Rentals
<u>4</u>	3400	Administrative Fee - MRVP
<u>5</u>	3610	Interest on Investments - Unrestricted
<u>6</u>	3611	Interest on Investments - Restricted
<u>7</u>	3690	Other Revenue
<u>8</u>	3691	Other Revenue - Retained
<u>9</u>	3692	Other Revenue - Operating Reserves
<u>10</u>	3801	Operating Subsidy - DHCD (4001)
<u>11</u>	3802	Operating Subsidy - MRVP Landlords
<u>12</u>	3803	Restricted Grants Received
<u>13</u>	3920	Gain/Loss From Sale/Disp. of Prop.
<u>14</u>	3000	<b>TOTAL REVENUE</b>



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

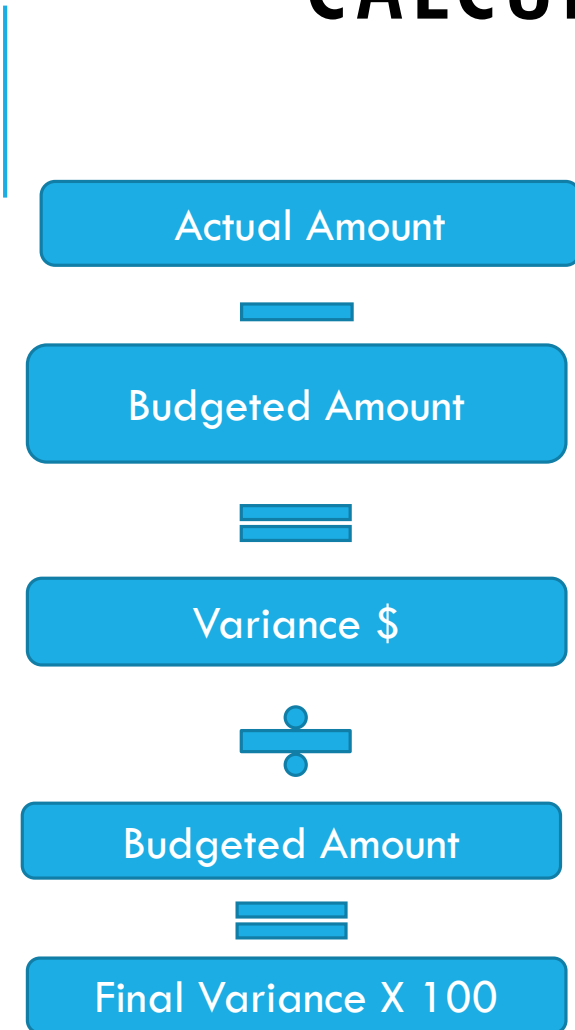
Step 4: Make Sure You Are Only Looking at 400-1 Operating Statement

Line	ACCT	Classification
		<b>REVENUE</b>
<u>1</u>	3110	Shelter Rent - Tenants
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<u>12</u>	3803	Restricted Grants Received
<u>13</u>	3920	Gain/Loss From Sale/Disp. of Prop.
<u>14</u>	3000	<b>TOTAL REVENUE</b>



For example, say for “Total Revenue” line item, this LHA had COLLECTED \$200,000 this Fiscal Year to Date

# CALCULATING BUDGET TO ACTUAL VARIANCE



## Our Example

\$200,000

—

\$190,000

=

\$10,000

÷

\$190,000

=

.05 X 100 = 5%

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?

Category	Budget Revision Deadline
12/31/16 FYEs	November 30 <sup>th</sup>
3/31/17 FYEs	February 28 <sup>th</sup>
6/30/17 FYEs	May 1 <sup>st</sup>
9/30/17 FYEs	August 1 <sup>st</sup>



# AGREED UPON PROCEDURES (AUP)

Gretchen Haupt  
Laura Taylor

# AGREED UPON PROCEDURES (AUP)

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

# AGREED UPON PROCEDURES (AUP)

## Pre Planning Year

6/30/15

9/30/15

DHCD review is complete;  
About 1/2 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  
  
•DHCD  
Beginning  
to Review

*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?**