Financial Do’s and Don’t’s During COVID-19

Mandy Merchant, Principal
Justin Measley, Manager
About CLA

**FISCALLY STRONG**

- $1.1 billion in revenue

**HISTORY**

**LOCATION**

- More than 120 locations nationwide
- Among the nation’s leading professional services firm

**INDUSTRY DRIVEN**

- 6,200+ employees
- We serve 3,300+ governmental entities

**RESOURCES**

- Including: 600+ state and local government professionals

**Culture of Innovation**

- Data analytics
- Proprietary modeling software
- New technologies

Create Opportunities
Disclaimers

The information contained herein is general in nature and is not intended, and should not be construed, as legal, accounting, or tax advice or opinion provided by CliftonLarsonAllen LLP to the user. The user also is cautioned that this material may not be applicable to, or suitable for, the user’s specific circumstances or needs, and may require consideration of non-tax and other tax factors if any action is to be contemplated. The user should contact his or her CliftonLarsonAllen LLP or other tax professional prior to taking any action based upon this information. CliftonLarsonAllen LLP assumes no obligation to inform the user of any changes in tax laws or other factors that could affect the information contained herein.
Speaker Introductions

- Mandy Merchant, CPA (Principal) with over 19 years of experience
- Justin Measley, CPA (Manager) with over 6 years of experience

Both specialize in auditing, accounting and consulting for Housing Authorities, Housing Finance Agencies, LIHTC properties and other housing-related entities
Objectives

• Understand the high-level impact of COVID-19 on internal controls
• Understand the PIH Notices Issued as of 9/15/20.
• Understand the “other” relevant communications from regulatory agencies.
Audience Poll

#1
Who is here today?

#2
How many years have you worked at your Housing Authority?
Overall Impact of COVID-19 on the Workforce

7 in 10 employees are still working remotely all or part of the time

1 in 4 workers want to return to the workplace once restrictions are lifted

1 in 2 of all workers would prefer to work remotely 100% of the time

Source: https://news.gallup.com/poll/311375/reviewing-remote-work-covid.aspx
Overall Impact of COVID-19 on the Workforce

87% and 65% of all management/business/financial and public administration occupations can be done remotely, respectively.

22% of employees that spend at least half their time managing or supervising employees worked remotely.

3.8% and 6.1% decrease in workforce for public administration and financial positions, respectively.

What has been the impact of COVID-19 on internal controls?

1. Fewer staff (reduced segregation of duties)
2. Revised approval processes
   a) Approvals by email only (no electronic or wet signature)
   b) Fewer approvals required
   c) Original documents not available for review
3. Less oversight and monitoring
4. Heightened risk of cyber-crimes
### Internal Control Changes

- **Possibility for three internal control environments**
  - Pre-Pandemic
  - During Pandemic
  - Post Pandemic

- **Consider:**
  - Length of time new controls were in place
  - Level of business activity
  - Message from leadership
  - Training on remote working

---

| Purpose | This form is designed to assist the auditor in gathering information related to changes in the client's organization, control procedures, and use of technology related to the COVID-19 pandemic. During the pandemic, businesses faces changes in the way they operate. The Audit-Related Services and Risk Assessment Services together must review whether the control and risk changes that have occurred in order to assess whether further expansion of the control and risk changes are made.
<p>|</p>
<table>
<thead>
<tr>
<th>Internal Control Changes</th>
<th>Related to the Pandemic (COVID-19)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Describe how the client's operations and operations during and after the COVID-19 pandemic</td>
<td>Beginning approximately March 10, 2020, many employees had to work remotely, telecommute, or in some combination of remote and face-to-face.</td>
</tr>
</tbody>
</table>

---

<table>
<thead>
<tr>
<th>Change/Enforcement</th>
<th>Internal Controls as a Result of the Pandemic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Investments</td>
<td></td>
</tr>
<tr>
<td>Noncash Expenditures</td>
<td></td>
</tr>
<tr>
<td>Noncash Expenditures</td>
<td></td>
</tr>
<tr>
<td>Exchange Revenue</td>
<td></td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td></td>
</tr>
<tr>
<td>General Disbursements</td>
<td></td>
</tr>
<tr>
<td>General Disbursements</td>
<td></td>
</tr>
<tr>
<td>Compensation and Benefits</td>
<td></td>
</tr>
<tr>
<td>Long-term Debt and Financing</td>
<td></td>
</tr>
<tr>
<td>Financial Close and Reporting</td>
<td></td>
</tr>
</tbody>
</table>

---

<table>
<thead>
<tr>
<th>Technology Changes</th>
<th>Technology Changes related to COVID-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Describe any changes in technology or additional programs purchased or increased capacity that occurred as a result of the pandemic and employee working arrangements.</td>
<td></td>
</tr>
</tbody>
</table>

---

<table>
<thead>
<tr>
<th>Accounting Changes</th>
<th>Accounting Changes related to COVID-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>List any changes in accounting policies or procedures that have been or will be applied as a result of COVID-19.</td>
<td></td>
</tr>
</tbody>
</table>

---

© 2019 CliftonLarsonAllen LLP
COVID-19 Specific Considerations

• Data integrity (maintain complete electronic records)
  – Accounting and financial
  – Personal network drives
  – Emails, chat and phone logs
• Use video for interviews and record meetings
• Leverage internal audit or external subject matter experts
Audience Poll

What are some unique and/or creative ways that your PHA has been dealing with COVID-19?
PIH-Notices
PIH Notices

- 2020-05, superseded by 2020-13
- 2020-07
- 2020-08
- 2020-09

- 2020-16
- 2020-17
- 2020-18
- 2020-20
- 2020-22
- 2020-24
PIH Notice 2020-07 (PH OFND and CF)

• The CARES Act provides supplemental public housing Operating Funds ($685 MIL) and permits PHAs to use previously appropriated Capital Funds and Operating Funds flexibly until December 31, 2020.

• Supplemental CARES funding can cover normal operating and capital funds expenses in addition to the extraordinary uses that arise as PHAs prevent, prepare, and respond to the pandemic.

• Drawdowns may only be made to pay for immediate eligible expenses.

• Permits PHAs to transfer up to the entire amount of the CARES Act Supplemental Funds between projects without having excess cash.
PIH Notice 2020-07 (cont’d)

- Asset Management: Funds transferred to the COCC in excess of safe harbors (no more than 150% of normal fee) must be tracked and accounted for separately. Additionally, PHAs must be able to account for the expenditure of these funds (immediate needs to prevent, prepare for, or respond to COVID-19). Does not roll into reserves.
- Period of performance: currently ending 12/31/20.
- CFP Operations limit: all limits being lifted.
- CFP Administration Cost limit: increased from 10% to 15%
Audience Poll

If I ordered PPE and COVID-19 related supplied on 3/10/20 and I paid the vendor on 3/29/20, are these expenses eligible for CARES Act funding?
PIH Notice 2020-07 (cont’d)

• New BLI: 1509 “Coronavirus,” with 3 work categories:
  – Preparing for Coronavirus
  – Preventing Coronavirus
  – Responding to Coronavirus
<table>
<thead>
<tr>
<th>COCC</th>
<th>SCATTERED SITES</th>
<th>HCVP</th>
</tr>
</thead>
<tbody>
<tr>
<td>FA 1499.91</td>
<td>FA 1499.91 Fixed Assets - Prevent</td>
<td>FA 1499.91 Fixed Assets - Prevent</td>
</tr>
<tr>
<td>FA 1499.92</td>
<td>FA 1499.92 Fixed Assets - Prepare</td>
<td>FA 1499.92 Fixed Assets - Prepare</td>
</tr>
<tr>
<td>FA 1499.93</td>
<td>FA 1499.93 Fixed Assets - Respond</td>
<td>FA 1499.93 Fixed Assets - Respond</td>
</tr>
<tr>
<td>R 3500.90</td>
<td>E 4100.90 Excess Bookkeeping Fee</td>
<td>E 4100.90 Excess Bookkeeping Fee</td>
</tr>
<tr>
<td>R 3550.90</td>
<td>E 4200.90 Excess Property Management Fee</td>
<td>E 4200.90 Excess Property Management Fee</td>
</tr>
<tr>
<td>R 3650.90</td>
<td>E 4000.90 Excess Management Fee</td>
<td>E 4000.90 Excess Management Fee</td>
</tr>
<tr>
<td>R 3650.90</td>
<td>E 4300.90 Excess Capital Fund</td>
<td>E 4300.90 Excess Capital Fund</td>
</tr>
<tr>
<td>E 4110.91</td>
<td>E 4110.91 Salary Admin - Prevent</td>
<td>E 4110.91 Salary Admin - Prevent</td>
</tr>
<tr>
<td>E 4110.92</td>
<td>E 4110.92 Salary Admin - Prepare</td>
<td>E 4110.92 Salary Admin - Prepare</td>
</tr>
<tr>
<td>E 4110.93</td>
<td>E 4110.93 Salary Admin - Respond</td>
<td>E 4110.93 Salary Admin - Respond</td>
</tr>
<tr>
<td>E 4182.91</td>
<td>E 4182.91 Benefit Admin - Prevent</td>
<td>E 4182.91 Benefit Admin - Prevent</td>
</tr>
<tr>
<td>E 4182.92</td>
<td>E 4182.92 Benefit Admin - Prepare</td>
<td>E 4182.92 Benefit Admin - Prepare</td>
</tr>
<tr>
<td>E 4182.93</td>
<td>E 4182.93 Benefit Admin - Respond</td>
<td>E 4182.93 Benefit Admin - Respond</td>
</tr>
<tr>
<td>E 4590.91</td>
<td>E 4590.91 Expenses - Prevent</td>
<td>E 4590.91 Expenses - Prevent</td>
</tr>
<tr>
<td>E 4590.92</td>
<td>E 4590.92 Expenses - Prepare</td>
<td>E 4590.92 Expenses - Prepare</td>
</tr>
<tr>
<td>E 4590.93</td>
<td>E 4590.93 Expenses - Respond</td>
<td>E 4590.93 Expenses - Respond</td>
</tr>
<tr>
<td>R 3401.91</td>
<td>R 3410.91 HUD CFP - Prevent</td>
<td>R 3410.91 HUD Admin Fees - Prevent</td>
</tr>
<tr>
<td>R 3401.92</td>
<td>R 3410.92 HUD CFP - Prepare</td>
<td>R 3410.92 HUD Admin Fees - Prepare</td>
</tr>
<tr>
<td>R 3401.93</td>
<td>R 3410.93 HUD CFP - Response</td>
<td>R 3410.93 HUD Admin Fees - Response</td>
</tr>
<tr>
<td>R 8020.91</td>
<td>R 8020.91 Operating Subsidy - Prevent</td>
<td>R 8020.91 Operating Subsidy - Prevent</td>
</tr>
<tr>
<td>R 8020.92</td>
<td>R 8020.92 Operating Subsidy - Prepare</td>
<td>R 8020.92 Operating Subsidy - Prepare</td>
</tr>
<tr>
<td>R 8020.93</td>
<td>R 8020.93 Operating Subsidy - Response</td>
<td>R 8020.93 Operating Subsidy - Response</td>
</tr>
</tbody>
</table>
How is your agency spending CARES Act funding?
AREN'T YOU GOING TO DO SOMETHING TO FIGHT THE CORONAVIRUS?! I'M DOING IT.
PIH Notices 2020-08 and 2020-18 (HCV Admin)

- HCV supplemental appropriation: $1.25 billion
- May funding: 2 months of average CY2018 and 2019 administrative fee eligibility (100% proration)
- August funding: UML in VMS for the month of May ‘20 multiplied by the CY2020 administrative fee rates, times 2, prorated at approx. 117%.
- Eligible uses include: (1) any currently eligible administrative costs and (2) new COVID-19 related activities
- Period of availability: currently ending 12/31/20.
PIH Notice 2020-08 and 2020-18 (cont’d)

- Does NOT roll into UNP
- Must be tracked and accounted for separately
- If not expended during the period of availability, remaining funds will be remitted to HUD.
- Encourage utilizing supplemental administrative fee amounts first
- DHAP funding may be used towards coronavirus-related expenses as carry-over funds.
PIH Notice 2020-09

• Eligible PHAs will receive an increase in Mainstream voucher authorized units and additional budget authority
• 30% increase between the 2 NOFAs
PIH Notice 2020-13 (Supercedes 2020-05)

- Housing Choice Voucher (HCV), Public Housing, Indian Housing Block Grant (IHBG), and Indian Community Development Block Grant (ICDBG).

**PHAs**

**HUD encourages for critical operations to still continue**

- Issuing vouchers so families can find housing.
- Processing Requests for Tenancy Approvals (RFTAs) so families can be approved to move into units.
- Processing requests for portability moves
- Processing minimum rent hardship exemptions
- Completing reexaminations for participants who have experienced a decrease in income.

**NOTE:** HUD has not provided waivers that would allow tenants to stop paying their portion of rent.
Authority of the Waivers

- Established under the authority of the CARES Act and Secretary Carson’s finding that these waivers are necessary for the safe and effective administration of the programs.

Applicability of the Waivers

- PHAs may adopt any or all of the waivers during the period of availability.
- If waivers are adopted, PHA’s must:
  - Keep written documentation on which waivers were adopted and their effective dates.
  - Clearly communicate all materials, notices, and communications to families in a timely manner.
Audience Poll

#1 Are PHAs required to submit written waiver requests to HUD?

#2 Can the waivers be retroactive to the state’s emergency declaration or the date the President declared a national emergency?
PIH Notice 2020-13 (cont’d)

- Waivers are effective for immediate use as of the date of notice (April 10, 2020).
- Annual Recertifications: all due in CY2020 must be completed by 12/31/20
- Initial and annual inspections: can accept owner’s self-certification through 12/31/20. PHA must conduct an HQS inspection no later than the 1-year anniversary of the date of the owner’s certification.
- Biennial HQS inspections: 1 year delay
PIH Notice 2020-13 (cont’d)

- HQS QC inspections: waived through 12/31/20
- LRPH inspections: waiver to inspect each project during CY2020; however, all properties will be required to be inspected in CY2021.
- Capital Grant Closeouts: AMCC forms due between 3/1/20-9/30/20 (12 months from expenditure deadline) are extended by 6 months.
- SEMAP: scores remain until FYE 3/31/21 unless requested
**PIH Notice 2020-16 (Shortfall Funding)**

- Addresses shortfall funding to mitigate the risk of insolvency among PHAs
- A PHA that has less than the equivalent of one month of operating expenses held in reserve is experiencing current insolvency.
- Less than 2 months: near insolvency.
- Eligible funding is calculated as difference between the PHA’s Months of Reserves (MOR) per the FDS and the amount that is equal to 2 months MOR.
- HUD will calculate based on FDS submission for the following dates: 12/31/19; 3/31/19; 6/30/19; 9/30/19
PIH Notice 2020-16 (cont’d)

- Operating Reserves = Current Assets – Current Liabilities
- Monthly Expense = Operating Expenses (FDS 96900) / 12
- MOR = Operating Reserves / Monthly Expense
- Eligible PHAs:
- Apply to 2020ShortfallFunding@hud.gov
PIH Notice 2020-17 (HAP Supplemental Funding)

- Option 1: PHAs that experience a significant increase in voucher per unit cost (PUC) due to extraordinary circumstances
- Applications are accepted through 10/31/20
- Eligibility: PHAs with a PUC (most recent month) that is equal or greater to 102% than the PUC used to determine CY2020 renewal funding

<table>
<thead>
<tr>
<th>Group</th>
<th>Application Evaluation Result</th>
<th>Submission Complete Application</th>
<th>Part I – PUC PUC &gt; than 102%</th>
<th>Part II - Reserves HAP Reserves &lt; 3 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority</td>
<td>Eligible for Immediate Funding</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Regular</td>
<td>To be funded in November 2020</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Ineligible</td>
<td>Ineligible for Funding</td>
<td>No</td>
<td>No</td>
<td>N/A</td>
</tr>
</tbody>
</table>
PIH Notice 2020-17 (cont’d)

- Option 2: PHAs that would be required to terminate rental assistance for families as a result of insufficient funding.
- Apply to 2020Shortfallapplications@hud.gov
- Period of Availability:
  - Option 1: 3/27/20 with funds awarded through to 6/30/21
  - Option 2: 12/31/20
- May only be used for current year eligible HAP expenses
- Cannot roll into RNP, must be tracked and accounted for separately
PIH Notice 2020-20 (Mod Rehab)

(a) The PHA’s average monthly Mod Rehab renewal funding amount is calculated by dividing the PHA’s 2020 Mod Rehab contract renewal funding allocation by 12.

(b) The average monthly Mod Rehab HAP renewal funding amounts for all PHAs is totaled and compared to the available $10,000,000 to determine the proration factor.

(c) The proration factor is applied to the PHA’s average monthly Mod Rehab HAP renewal funding amount to determine the amount of the PHA’s funding award.
PIH Notice 2020-20 (cont’d)

- Period of availability: 12/31/20
- Funding cannot be used for PHA administrative expenses
- HAP and vacancy payments only
- Includes various waivers, including:
  - recertifications and utility allowance adjustment due in CY20, done by 12/31/20
  - inspections delayed one year
PIH Notice 2020-22 (Mainstream Funding)

- $150MIL in additional funding
- Any PHA that administers the HCV program is eligible.
- Submit completed HUD-52515 via email to MainstreamFunding@hud.gov
- Awarded amount will be the lesser of requests vouchers or:

<table>
<thead>
<tr>
<th>PHA Size (based on total HCV program Annual Contributions Contract (ACC))</th>
<th>Maximum Mainstream Vouchers to be Awarded Under this Provision*</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than 5,000 vouchers</td>
<td>100</td>
</tr>
<tr>
<td>1,000 to 4,999 vouchers</td>
<td>75</td>
</tr>
<tr>
<td>Less than 1,000 vouchers</td>
<td>40</td>
</tr>
</tbody>
</table>

- Deadline: 12/31/20
PIH Notice 2020-24 – HOT OFF THE PRESS!!

• Issued September 14, 2020

• Period of Availability – Updated through 12/31/2021
  – Includes transfer of CARES Act Supplemental funds between projects without having excess cash.
  – Includes 150% safe harbor fees
  – Includes administrative costs limitation increase from 10% to 15%
  – HCV Shortfall funds only available through 12/31/20

• Extension of Unaudited Submission for 6/30/2020 to 10/30/2020 (60 days)
  – Note: no change to the audited submission deadline
PIH Notice 2020-24 (cont’d)

- No CFDAs due to 1-time appropriation
  - Thus, supplemental funds reported under the regular CFDA # on SEFA when expended
- 6 new columns in FDS:

<table>
<thead>
<tr>
<th>#</th>
<th>New Column #</th>
<th>Column Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>14.PHC</td>
<td>Public Housing CARES Act Funding</td>
</tr>
<tr>
<td>2</td>
<td>14.HCC</td>
<td>HCV CARES Act Funding (both HAP and Administrative Fee)</td>
</tr>
<tr>
<td>3</td>
<td>14.MSC</td>
<td>Mainstream CARES Act Funding (both HAP and Administrative Fee)</td>
</tr>
<tr>
<td>4</td>
<td>14.MRC</td>
<td>Moderate Rehabilitation CARES Act Funding</td>
</tr>
<tr>
<td>5</td>
<td>14.CCC</td>
<td>Central Office Cost Center CARES Act Funding</td>
</tr>
<tr>
<td>6</td>
<td>14.CMT</td>
<td>CARES Act Funding Transferred to MTW</td>
</tr>
</tbody>
</table>
PIH Notice 2020-24 (cont’d)

- Use of new columns is REQUIRED (NO UML info included in columns)
- 14.CCC (COCC-COVID) is for management, bookkeeping, and PH asset management fees in excess of safe harbor rates (up to an additional 50%). Transfer AND use is recorded here, no ending net position!

<table>
<thead>
<tr>
<th>FDS Fee Accounts</th>
<th>14.PHC Public Housing CARES Act</th>
<th>14.CCC COCC CARES Act</th>
<th>Elimination</th>
<th>Entity-Wide Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>70710 - Management Fee Revenue</td>
<td>$50,000</td>
<td>($50,000)</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>70720 - Asset Management Fee Revenue</td>
<td>$15,000</td>
<td>($15,000)</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>70730 - Bookkeeping Fee Revenue</td>
<td>$10,000</td>
<td>($10,000)</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>91300 - Management Fee</td>
<td>$50,000</td>
<td>($50,000)</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>91310 - Bookkeeping Fee</td>
<td>$10,000</td>
<td>($10,000)</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>92000 - Asset Management Fee</td>
<td>$15,000</td>
<td>($15,000)</td>
<td>$0</td>
<td></td>
</tr>
</tbody>
</table>
PIH Notice 2020-24 (cont’d)

- If fees in excess of the safe harbor amount were used for COCC capital activity, the transaction will be reported as an equity transfer out of 14.CCC to the regular COCC column. The COCC column will show the receipt of the capital assets as an equity transfer in (FDS line items 11040-070 through 11040-110).

- Reminder: Supplemental operating funds (LRPH) are drawn down once expense is incurred.

- Reminder: Supplemental administrative fees (HCV) are unearned revenue until utilized for allowable cost.
PIH Notice 2020-24 (cont’d)

- Normal administrative expenses and enhanced/increased administrative expenses (i.e., non-COVID-19 eligible activity whose costs are higher than normal due to the pandemic, e.g., higher payroll costs because the PHA is providing hazard pay) will be reported in the proper FDS expense line item based on the type of expense, with no distinction between the two categories (e.g., both normal salary and hazard pay would be reported under FDS line 91100 Administrative Salaries).
PIH Notice 2020-24 (cont’d)

• All COVID-19 related costs should be reflected in the 92xxx FDS line item series. The 92xxx series of accounts are associated with tenant services (i.e., 92100 Tenant Services – Salaries, 92200 Relocation Costs, 92300 Employee Benefit Contribution – Tenant Services, 92400 Tenant Services – Other and 92500 Total Tenant Services).

• This reporting will allow HUD to determine how much of the supplemental funds were used to support program operations and how much was used to prepare for, prevent, and respond to COVID-19.
PIH Notice 2020-24 (cont’d)

• Supplemental administrative fees used for capital activity will be reported as an equity transfer out of 14.HCC or 14.MSC to the respective HCV (CFDA #14.871) or Mainstream (CFDA #14.879) program.

• The HCV and Mainstream Voucher program will show the receipt of the capital assets as an equity transfer in (FDS line items 11040-070 through 11040-110). Once the asset is placed into service, the PHA should transfer the asset to the program and report any associated depreciation expense in the program and not in 14.HCC and/or 14.MSC.
PIH Notice 2020-24 (cont’d)

• Supplemental Operating Funds used for capital activity will be reported as an equity transfer out of 14.PHC to the respective project(s) that will “own” the capital asset. The project will show the receipt of the capital assets as an equity transfer (FDS line items 11040-070 through 11040-110) in the Low Rent column of the project. In addition, the capitalized costs also should be reported in the memorandum accounts for each project (FDS lines 11610 through 11660) in the Low Rent column.
PIH Notice 2020-24 (cont’d)

• All HCV and Mainstream Voucher program COVID-19-related costs should be reported in 14.HCC and/or 14.MSC, regardless of the funding source.

• The PHA will report a transfer in to 14.HCC or 14.MSC from the respective funding source (i.e., typically the HCV program or COCC). The transfer in will match the expense incurred, meaning there should be no increase in equity in 14.HCC or 14.MSC due to these transactions.
  – i.e. use of non-supplemental administrative fees for COVID-19 expenses
PIH Notice 2020-24 (cont’d)

- All public housing COVID-19-related costs will be reported in 14.PHC, regardless of the funding source.
- The PHA will report a transfer-in to the 14.PHC from the respective funding source (i.e., typically a project).
- Cost of normal operating expenses and enhanced/increased operating expenses supported by non-supplemental Operating Funds (*administrative fees*) should continue to be reported in the respective project(s) and not in 14.PHC (*HCV or Mainstream program, not 14.HCC or 14.MSC*)
PIH Notice 2020-24 (cont’d)

• Any supplemental HAP funding received by a PHA will be accounted for and reported like supplemental administrative fees.
  – That is, the HAP funding is not earned until the PHA has incurred an eligible HAP expense, which will then be funded by the supplemental HAP.

• Supplemental HAP funds received will be reported in the 14.HCC and/or 14.MSC column. HAP expenses associated with supplemental funds will be reported in FDS line 97300 (HAP expense).

• CARES Act Operating Funds will be excluded from PHAS Financial Condition Indicator
PIH Notice 2020-24 (cont’d)

- CARES General Quarterly Reporting Requirements (> $150,000 CARES):
  - Due 10 days after quarter end (i.e. 7/10/20 ; 10/10/20)
  - HUD will provide PHAs with a reporting portal for quarterly reporting
  - Until portal is available (expected 10/10/20), reporting requirements are waived for PHAs (may require retroactive reporting to 7/10/20)
  - Once aggregate CARES Act supplemental funding > $150,000, the PHA is required to provide quarterly reporting on EACH CARES Act grant, regardless of individual award amount and amount spent.
  - ADDITIONALLY: once a PHA is awarded > $150,000, they may be required to provide retroactive reporting on the awards prior to reaching $150,000. So, DOCUMENT!!
  - “HUD must be able to reconcile the PHA’s quarterly CARES Act reporting to the PHA’s FDS reporting” – THINK VMS. Reporting will mirror FDS.
True or False: in January 2021, PHAs must not charge programs in excess of 100% of the safe harbor rates
Other Communications
Other Communications

• COVID FAQs
• Reporting
COVID FAQs

- Directly from HUD, 5 versions

- March 13, 2020
- March 30, 2020
- April 22, 2020
- May 29, 2020
- July 16, 2020
COVID FAQs Important Matters

- **PIH-COVID@hud.gov**: HUD COVID-dedicated email address
- VMS: no extensions. If delays, contact FMC.
- Required public meetings must still occur remotely during quarantine.
- If Capital Funds are utilized to cover eligible COVID-related activities, PHAs will need to update the affected 5-year action plans and corresponding annual statements/budgets (within a reasonable period of time).
- Operating funds can be utilized for specialized cleaning of a unit and temporary relocation of that family to another unit while it is performed.
COVID FAQs Important Matters (cont’d)

• Capital funds can be utilized for larger-scale specialized cleaning of multiple units and temporary relocation of multiple families to other units while it is performed.

• Stimulus payments to tenants are excluded from income (temporary, non-recurring). The $600 unemployment enhancement is also excluded.

• Updated audited FDS submission due dates:

<table>
<thead>
<tr>
<th>FYE</th>
<th>Due Date</th>
<th>Extended Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>6/30/2019</td>
<td>3/31/2020</td>
<td>9/30/2020</td>
</tr>
<tr>
<td>9/30/2019</td>
<td>6/30/2020</td>
<td>12/31/2020</td>
</tr>
<tr>
<td>12/31/2019</td>
<td>9/30/2020</td>
<td>3/31/2021</td>
</tr>
<tr>
<td>3/31/2020</td>
<td>12/31/2020</td>
<td>6/30/2021</td>
</tr>
</tbody>
</table>
COVID FAQs Important Matters (cont’d)

• Updated audited FDS submission due dates:

<table>
<thead>
<tr>
<th>FYE</th>
<th>Due Date</th>
<th>Extended Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/31/2019</td>
<td>2/29/2020</td>
<td>8/31/2020</td>
</tr>
<tr>
<td>3/31/2020</td>
<td>5/31/2020</td>
<td>11/30/2020</td>
</tr>
</tbody>
</table>

• Hazard pay during a pandemic is allowable if the PHA complies with the specific requirements of 2 CFR 200.430 (Compensation-personal services), including the requirement that total compensation be reasonable for the services rendered. Compensation for employees engaged in work on Federal awards will be considered reasonable if it is consistent with the pay for similar work in other activities of the federal grantee (i.e. consistent with pay for unassisted properties).
Other Matters
Other Matters

• Subsequent Event footnote
• FEMA Funding
• Eviction Moratorium
• Note: New Financial Date Schedule Line Definition Guide (Issued July 2020)
Subsequent Event Footnote

• Potential impact on your HA
  – Tenant collection
  – Vendors
  – Mortgagees
  – Grantors

• Impact on economy

• Disclose uncertainty
FEMA Funding

- All applicants must meet certain eligibility requirements related to four components: cost, work, facility and applicant type.
- In general, any work that would be considered for FEMA funding must be required as a result of the declared incident, must be located within the designated area (with the exception of sheltering and evacuation activities), and be the legal responsibility of an eligible applicant.
- For State, Territorial, Tribal, and local Applicants, evaluating facility eligibility is not necessary for most Emergency Work.
FEMA Funding (cont’d)

- With respect to the cost component, in general it must be:
  - Directly tied to the performance of eligible work
  - Adequately documented
  - Reduced by all applicable credits, such as insurance proceeds and salvage values
  - Authorized and not prohibited under Federal, State, Territorial, Tribal, or local government laws or regulations
  - Consistent with applicant’s internal policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the Applicant
  - Necessary and reasonable to accomplish the work properly and efficiently
FEMA Funding (cont’d)

• Application process:

1. Attend virtual applicant briefing
2. Log on or create account at PA grants portal
3. Submit RPA
4. Submit COVID-19 PW (and docs)
5. FEMA and state (recipient) review documents
6. Sign final grant
7. Receive funding
Eviction Moratorium

- Section 4024 of CARES Act
- In effect 3/27/20-7/25/20
- Hold on evictions (those not initiated prior to 3/27/20)
- Hold on fees and penalties related to nonpayment
- Applies to Public Housing, Section 8 HCV and PBV, Mod Rehab, mixed-finance properties, FHA-insured mortgage properties, and LIHTC.
**Eviction Moratorium**

- For the HCV program, PHAs are allowed to provide Owners with Retention Fees or other incentive fees that may assist in retaining a tenant who may, for example, need to enter into a repayment agreement for unpaid rent.
- Tenant must repay or sign a repayment agreement to pay any amount owed.
- Moratorium only applies to evictions related to nonpayment of rent/charges (i.e. not drug-related or criminal activity evictions).
Eviction Moratorium (cont’d)

- Refer to state and local laws for any moratorium on evictions that may last after 7/24/20
- Refer to Eviction Prevention and Stability Toolkit: https://www.hud.gov/program_offices/public_indian_housing/covid_19_resources
CLA Resources
CLA Resources

- https://www.claconnect.com/campaign/covid-19
- https://www.claconnect.com/events/2020/cla-livestream-series
- https://www.claconnect.com/resources/articles/2020/fema-disaster-relief-grants
Questions?

Mandy Merchant, CPA
Principal
Mandy.Merchant@CLAconnect.com

Justin Measley, CPA
Manager
Justin.Measley@CLAconnect.com