

FLASH ALERT

AUGUST 2019 / www.bdophinance.com

The Housing Choice Voucher Program and The FDS

“Asset Repositioning” seems to be HUD’s phrase of the day. Some Public Housing Authorities (PHAs) are reducing their Public Housing stock or fully transitioning their stock to a Housing Choice Voucher (HCV) platform through various options offered by HUD. There are certain requirements PHAs must still comply with. Financial reporting to HUD is still one of the requirements.

Under the Uniform Financial Reporting Requirements (UFRS), PHAs are required to submit their financial data electronically in a manner prescribed by HUD. PHAs administering the HCV program must submit their Annual Financial Statements through the Financial Assessment Sub-System for Public Housing (FASS-PH) or commonly known as the Financial Data Schedule (FDS). And, their monthly leasing and cost data must be submitted through the Voucher Management System (VMS). Failure to do so by the deadlines required by HUD may result in a withholding or a permanent reduction to a PHA’s administrative fees in accordance with 24 CFR § 982.152.

Under the FASS-PH reporting for a PHA’s unaudited submission, any associated administrative fee sanctions for reporting noncompliance will not begin until Notification of non-compliance has been provided by HUD, which shall be no later than the 16th day of the 3rd month following the PHA’s fiscal year end. If HUD determines that the PHA failed to comply with reporting requirements, HUD may begin to impose administrative fee sanctions after 30 Calendar Days of Notification of the PHA’s failure to submit, unless the PHA successfully appeals or applies for a waiver or extension within such time. If an appeal is denied, the administrative fee sanction will be effective the first day of the month subsequent to the passing of the stated deadline for compliance.

If PHAs are not able to meet the FDS and VMS deadlines due to circumstances beyond their control, they should notify REAC for the FDS submission and the Financial Management Center (FMC) for the VMS submission prior to the submission deadlines.

To request an extension for the un-audited FDS submission, PHAs need to log into the Integrated Assessment Subsystem (NASS) prior to the reporting deadline. The PHA will select the "Administrative" link, then select extension request. The PHA will then enter the PHA code and the FYE. The PHA must then provide the information requested, including the number of days requested for the extension, and the explanation of the circumstances surrounding the need for an extension.

UN-AUDITED FDS DUE DATE

	3/31	6/30	9/30	12/31*
Extension Request	5/16	8/16	11/15	2/13
Due Date	5/31	8/31	11/30	2/28

*Due date and extension request date could fluctuate by a day due to leap years.

AUDITED FDS DUE DATE

	3/31	6/30	9/30	12/31
Waiver Request	11/1	1/31*	5/2	8/2
Due Date	12/31	3/31	6/30	9/30

*Waiver request date could fluctuate by a day due to leap years.

PHAs that are not able to meet VMS reporting deadlines due to circumstances beyond their control must notify the PIH OHVP, FMC, Financial.Management.Center@hud.gov. The PHA should contact the FMC before the due date of the 22nd of each month.

A number of PHAs administer Section 8 programs, but not Public Housing. This has been growing due to the number of PHAs that have been going through Asset Repositioning. The "entity-wide" reporting requirement is not practical and does not provide HUD the usual level of assurance; therefore, alternate procedures for FDS reporting will be used for these PHAs. Below are the reporting requirements for different types of Section 8 Only PHAs.

Section 8-Only PHAs that are a Stand Alone Reporting Entity (Primary Government)

For those Section 8 Only PHAs that are defined by GAAP as a primary government, component unit, or nonprofit agency that will have its own financial audit, the PHA will report all of its financial activities (entity-wide).

This must be done at least 15 days before the due date. If the PHA needs additional time to make the audited FDS submission, then a Waiver request must be submitted. A written request explaining the circumstances for additional time must be submitted in accordance with guidance in [PIH Notice 2013-20](#). The waiver request must be submitted a minimum of 60 days before the due date of the audited FDS.

Section 8 Only PHAs that are part of a Nonprofit Agency

For Section 8-only PHAs that are organized as part of a nonprofit agency that is mostly non-housing related or part of a larger non-general purpose governmental agency (such as a state housing finance agency or state development authority), the PHA must report only the HCV and HCV-related programs and other UFRS required programs. **This only applies to non-profits or non-general purpose governmental agencies** whose HCV and related activities (including housing assistance payments) constitute less than 50% of that entity's activities. Activity is defined for this purpose as total operational expense and capitalized costs incurred during the current reporting period.

Section 8 Only PHAs that are part of a Larger General Purpose Government

For those Section 8 Only PHAs that are part of a larger general purpose (e.g., program, division, or department within a municipality or state), the PHA will report only the HCV and HCV-related programs. If the general purpose government (GPG) declares the HCV-related programs a major "enterprise" fund, then full accrual accounting is used. The auditor must provide a separate opinion on that fund, providing HUD a higher level of assurance that the amounts are correct. Therefore, HUD recommends that GPGs declare the HCV and HCV-related program as a major "enterprise" fund.

For those HCV-related programs that are accounted for as part of a general purpose government's General or Special Revenue fund(s), the entity may submit the FDS using modified accrual.

HCV related programs can include the following: Mainstream 5-year, Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation, Shelter Plus Care, Section 8 Moderate Rehabilitation Single Room Occupancy and Disaster Housing Assistance programs.

[PIH Notice 2015-16](#) provides some valuable guidance on HCV reporting and requirements and penalties for non-compliance. As some PHAs elect to transition to some sort of housing assistance platform, other than Public Housing, doesn't mean financial reporting requirements are eliminated, but just changes how to report to the reporting requirements.

CONTACT

BRIAN ALTEN, Partner, BSO
215-940-7812 / balten@bdo.com

1801 Market Street / Suite 1700
Philadelphia, PA 19103

ABOUT BDO PHA FINANCE

BDO PHA Finance, a division of BDO USA, LLP, provides accounting and management consulting services to Public Housing Authorities (PHAs) nationwide. We are proud to be making a difference for the housing authorities that serve communities throughout the United States.

© 2019 BDO USA, LLP. All rights reserved.