

U.S. Department of Housing and Urban Development

PUBLIC AND INDIAN HOUSING

Special Attention of:

Transmittal Handbook No: 7475.1 REV.
CHG-1

Regional Administrators, Directors,
Offices of Public Housing; Field
Office Managers; Housing Management
Directors; Chiefs, Assisted Housing
Management Branch; Public Housing
Agencies

Issued: March 9, 1989

1. This Transmits

Page changes to Chapter 2 and 4 of the Financial Management Handbook,
7475.1 REV, dated 3/89.

2. Explanation of Materials Transmitted:

Chapter 2 provides the PHAs/IHAS with conceptual guidance regarding
preparation and administration of the Operating Budget. The chapter
cities specific regulatory requirements where applicable, including
those related to the Performance Funding System (PFS).

Chapter 4 provides guidance on the management of the PHAs/IHAS cash
flow and investments, and the relationship of the PHA/IHA to financial
institutions.

3. Significant Changes:

- Changes the calculation of the Estimated Investment Income (EII)
and the Target Investment Income (TII) from using the thrice
monthly cash balances to the end of the month cash balance.
- Changes the methods of arranging banking services to require
competitive solicitation. The Handbook previously allowed PHAs the
option of (1) sharing the business among banks in the area,
(2) doing business with one bank and periodically rotating the
business to another bank or (3) selecting a bank through
competitive solicitation.
- Provides the revised General Depository Agreement (Form HUD-51999)
and eliminates the Savings Depository Agreement (Form HUD-52000).
- Adds the investment instrument, Separate Trading of Registered
Interest and Principal of Securities (STRIPS) to the approved
investment securities list.

4. Filing Structures:

Handbook 7475.1 REV.

Remove:

Pages 2-11 and 2-12, 2-31 thru
2-40, 4-1 thru 4-4, 4-23 thru
4-29 dated 12/87

Handbook 7475.1 REV. CHG-1

Insert: Page 2-11 dated 12/87,

Pages 2-12, 2-31 thru 2-40,

4-1 thru 4-4 and 4-23 dated 3/89,

Page 4-24 dated 12/87, Pages 4-25

and 4-26 dated 3/89

Acting General Deputy Assistant Secretary
for Public and Indian Housing

W-3-1, W-2(H), W-3(H), R-1, R-2, R-3, R-3-1 (PIH),
R-3-2, R-3-3, R-6, R-6-1, R-6-2, R-7, R-7-1, R-7-2, R-9, R-9-1, 138-2
138-7

HUD-23 (9-81)

W-3-1 Directives Management Officers--Headquarters and Regions,
library, ACIR (Advisory Commission on Intergovernmental
Relations)
W-2 HQ Office Directors, Special Assistants,
those reporting directly to Assistant Secretaries
W-3 HQ Division Directors, those reporting directly to Office
Directors, multiple copies for staff
R-1 Regional Administrators, Deputy Regional Administrators
R-2 Office Directors, Principal Assistants in Regional
Administrators' offices
R-3 Bulk shipment to Regional Offices
R-3-1 Bulk shipment to Regional Offices for selective
distribution by program area
R-3-2 Directors, Administrative Services Divisions and
Administrative and Management Services Divisions, and
Administrative staffs
R-3-3 Category D offices - bulk
R-6 Category A offices - Office Managers and Deputy Office
Managers
R-6-1 Category A offices - bulk
R-6-2 Category A offices - Division Directors
R-7 Category B offices - Office Managers and Deputy Office
Managers
R-7-1 Category B offices - bulk
R-7-2 Category B offices - Division Directors
R-9 Directors and Deputy Directors, Offices of Indian Programs
R-9-1 Offices of Indian Programs - bulk

U.S. Department of Housing and Urban Development

PUBLIC AND INDIAN HOUSING

Special Attention of: TRANSMITTAL Handbook No.: 7475.1 REV
Regional Administrators; Directors,
Offices of Regional Public Housing; Issued: December 18, 1987
Field Office Managers; Housing
Management Directors; Chiefs, Assisted
Housing Management Branch; Public
Housing Agencies

1. This Transmits

The Financial Management Handbook, 7475.1 REV

2. Explanation of Materials Transmitted:

This Handbook is a complete revision of the Low-Rent Housing Financial Management Handbook, RHA 7475.1 and the Low-Rent Housing Financial Management Guide Operating Budget, HM G 7475.1. It provides requirements and procedures relating to the financial management of public housing projects administered by Public Housing Agencies (PHAs) under the Housing Act of 1937, as amended. This Handbook serves as a reference manual for both PHA and HUD Office use. Although, this handbook is a revision, there are no asterisks because the material has been rewritten and completely reorganized and it is essential that it be read in its entirety by the user.

3. Significant Changes:

- Consolidates information and procedures for budget preparation and Field Office budget review and approval.
- Changes the due date for PHAs submission of year-end adjustments (i.e., Target Investment Income (TII) and Utility) to 30 days from receipt of applicable 91-day Treasury Bill Rate or Heating Degree Day (HDD) Factor from HUD.
- Describes five financial performance standards established by HUD to assist Field Offices in determining the type of budget review to be undertaken.
- Describes the requirements for review and approval of Section 23 Operating Budgets.
- Provides instructions for General Delegation of Budget Approval Authority for Collocated Field/Regional Offices.
- Describes the Performance Funding System (PFS) Regulation Section 990.112(a)(2)(i), for PHAs with a deficiency in residual receipts that cannot present a "balanced" budget.

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- Describes circumstances which may require Headquarters to authorize Field Offices to obligate operating subsidies or leased housing adjustment funds by letter of intent (LOI) before an operating budget has been approved.
- Describes revised distribution of approved budget documents, including approved budgets for PHAs in the PFS monitoring sample and LOIs issued to obligate operating subsidy.
- Chapter 4, Cash Management has been included to describe the process of managing the cash flow of a PHA to optimize the use of funds.
- Requires a PHA to remit residual receipts to HUD by check not later than 60 days after the end of its fiscal year with a copy of the check forwarded to the appropriate Field Office.

Residual receipts in excess of \$2,000 shall be paid by wire transfer not later than 60 days after the end of the PHA's fiscal year with a copy of the payment remittance to the Field Office.

- Requires PHAs to request retention of residual receipts in writing not later than 60 days after the end of its fiscal year.
- Requires Field Office to review written request and provide a response in writing to the PHA within 30 days of receipt.
- Provides step by step requirements for PHA completion of financial documents submitted and Field Office procedures for review and approval of such documents.
- Revises the due date for submission of year-end financial statements to Field Offices from 20 days to 45 days after the end of the PHA fiscal year.
- Requires the Report of Tenants Accounts Receivable (TARs), Form HUD-52295, be submitted semiannually and annually.
- Requires preparation of a separate TARs report for (1) PHA owned rental projects and (2) Section 23 leased projects under the same contract, even though combined with other projects for collection purposes.
- Revises the procedures for making payment of approved public housing operating subsidies to PHAs in accordance with the U.S. Department of Treasury Cash Management policy.
- Provides guidance for use by Field Office Action Officials in determining whether or not a PHA audit finding Sustained Costs results in a debt owed HUD (account receivable)

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- Describes the responsibilities of the Field Office in the collection of amounts owed to HUD by PHAs in the Low-Income Public Housing program when it has been determined that such amounts are delinquent.

5. Cross References:

This Handbook revision shall be used in conjunction with the following; Field Office Monitoring of Public Housing Agencies (PHAs) Handbook, 7460.7 REV, dated 9/85, Performance Funding System Handbook, 7475.13, dated 2/85, including all changes through CHG 13, CHG-14 dated 12/85, CHG-15 dated 4/86, CHG-16 dated 7/86, and Troubled Public Housing Agency Handbook, 7475.14, dated 4/84. Appropriate page changes will be issued to reflect further reference to the Public Housing Decontrol Handbook, 7460.5, dated 10/87.

6. Cancellations

Low-Rent Housing Financial Management Handbook, RHA 7475.1 is cancelled. Low-Rent Housing Financial Management Guide Operating Budget, HM G 7475.1 is cancelled.

Assistant Secretary for Public
and Indian Housing

W-3-1, W-2(H), W-3(H), R-1, R-2, R-3, R-3-1

(PIH) 25 copies each, R-3-2, R-3-3, R-6, R-6-1, R-6-2, R-7,

7-2, R-9, R-9-1, 138-2, 138-7