

## § 990.120

change in occupancy due to these activities.

(c) *Documentation required to be maintained.* The PHA must maintain and, upon HUD's request, make available to HUD specific documentation of the occupancy status of all units, including long-term vacancies, vacant units undergoing modernization, and units vacant due to circumstances and actions beyond the PHA's control. This documentation shall include a listing of the units, street addresses, and project/management control numbers.

## § 990.120 Audit.

PHAs that receive financial assistance under this part shall comply with the audit requirements in 24 CFR part 85.26. If a PHA has failed to submit an acceptable audit on a timely basis in accordance with that part, HUD may arrange for, and pay the costs of, the audit. In such circumstances, HUD may withhold, from assistance otherwise payable to the PHA under this part, amounts sufficient to pay for the reasonable costs of conducting an acceptable audit, including, when appropriate, the reasonable costs of accounting services necessary to place the PHA's books and records into auditable condition. The costs to place the PHA's books and records into auditable condition do not generate additional subsidy eligibility under this part.

## § 990.121 Effect of rescission.

If there is a rescission of appropriated funds that reduces the level of funding under the Public Housing Capital Fund program, to the extent that the PHA can document that it is not possible to complete all the vacant unit rehabilitation in the PHA's approved Annual Statement, the PHA may seek and HUD may grant a waiver for 1 fiscal year to permit full eligibility under the Operating Fund Formula for those units approved but not funded. (See part 905 of this title for additional information regarding the Capital Fund program.)

## 24 CFR Ch. IX (4-1-03 Edition)

### Subpart B—Financial Management Systems, Monitoring and Reporting

SOURCE: 53 FR 8067, Mar. 11, 1988, unless otherwise noted.

#### § 990.201 Purpose—General policy on financial management, monitoring and reporting.

The financial management systems, reporting and monitoring on program performance and financial reporting will be in compliance with the requirements of 24 CFR 85.20, 85.40 and 85.41 except to the extent that HUD requirements provide for additional specialized procedures necessary to permit the Secretary to make the determinations regarding the payment of operating subsidy specified in section 9(a)(1) of the United States Housing Act of 1937.

#### § 990.202 Applicability.

The provisions of this subpart B are applicable to the development, modernization, and operation of the Turnkey III and Turnkey IV Homeownership Opportunity Programs and the housing owned by the PHAs of the Virgin Islands, Guam, Puerto Rico and Alaska.

[57 FR 5588, Feb. 14, 1992]

### Subpart C—Project-Based Accounting

SOURCE: 57 FR 61231, Dec. 23, 1992, unless otherwise noted.

#### § 990.301 Applicability.

(a) The provisions of this subpart C are applicable to all PHAs that receive operating subsidies pursuant to section 9 of the U.S. Housing Act of 1937 (the Act), both PFS-eligible PHAs and PHAs outside the 48 adjacent states for which operating subsidy eligibility is not calculated in accordance with the PFS.

(b) PHAs that own and operate 250 or more dwelling rental units under title I of the Act, exclusive of section 8 units, are required to develop and maintain

project-based accounting systems consistent with § 990.310. Where a portion of a PHA's rental inventory is separately managed (by a resident management corporation, for example), the 250-unit threshold shall apply to the total number of PHA-owned dwelling rental units, including those separately managed.

(c) PHAs that do not receive operating subsidies or that have fewer than 250 rental units may, but are not required to, develop and use project-based accounting systems consistent with the specifications of this subpart.

#### § 990.305 Definitions.

*Cost Center.* A set of units, activities, programs, or staff that are grouped by a PHA for purposes of management, financial monitoring, and analysis. Cost centers can be delineated by administrative departments or divisions within a PHA, by office locations, by individual projects or clusters or communities of projects that consist of one or more contiguous buildings, an area of contiguous row houses, or scattered-site buildings.

*Project.* A building or set of buildings identifiable as a development project under a HUD-assigned project number.

#### § 990.310 Project-based accounting.

(a) PHAs identified in § 990.301(b) shall develop and maintain a system of accounting for operating income and operating costs for each project or operating cost center in a manner capable of generating information to meet HUD consolidated reporting requirements.

(b) Operating income and cost information to be accounted for at a project or cost center level shall include at least rental income and the administrative costs, utilities costs, maintenance costs, repair costs, and such other income and costs identified by the PHA as project-specific for management purposes. The minimum income and expense distribution requirements for project-based accounting information include:

(1) Project-specific operating income credited to a specific project or cost center which shall include, at a minimum, rental income and excess utilities income; and

(2) Project-specific operating expense to be charged to a specific project or cost center level which shall include, at a minimum, utilities expense and direct maintenance (material and labor) expense, in addition to any other operating expenses in the 4000 series of accounts which are identified by the PHA as project-specific for management purposes (for example, tenant services or protective services personnel assigned to a specific project).

(c) Indirect operating income and indirect operating expenses that are not project-specific are not required to be accounted for at, or allocated to, a project or cost center level. Indirect income and expense that is not required to be allocated to the project or cost center level includes non-project-specific income and expense, including PHA central office overhead expense, which is not identifiable with, or readily assignable to, a specific project or cost center.

(d) PHAs may establish operating cost centers on any reasonable basis that reflects the PHA management structure and that meets the financial information needs at the lowest level of line authority within that management structure. A PHA's determination of appropriate cost centers and method of income and cost distribution shall be controlling unless HUD determines there is good cause for requiring some other frame of reference for aggregating financial information.

#### § 990.315 Records and reports.

(a) Each PHA shall maintain fiscal year-end income and expense statements, which reflect the PBA information required by § 990.310, for each project or other cost center and shall make these available for review upon request by interested members of the public.

(b) Each PHA shall distribute such year-end financial statements to the Chairman and to each member of the Housing Authority Board of Commissioners, and to such other State and local public officials as the Secretary may specify. Project-based income and expense statements shall be made available to Board chairmen as soon as is practicable after the close of the fiscal period.