

**Financial Management Division**  
**Voucher Management System Broadcast – October 9, 2008**  
**Questions and Answers**

1. **Question:** When I am reporting my PHA's first of month unit months leased and HAP costs, am I to report all leasing and all HAPs, regardless of the source of funds used to pay the HAPs, and regardless of whether or not I am over-leased, or am I to report only leasing within my baseline unit months and only the use of HUD-provided funds?

**Answer:** HUD responses to these particular questions have not always been consistent, so this is an important issue to address here. PHAs are directed to report ALL first of the month leasing in the appropriate categories and to report ALL HAP expenses for that leasing. This is true even if the PHA is over-leased and whether or not the PHA has secured other funding, outside of HAP Budget Authority (BA) and Net Restricted Assets (NRA), to support that leasing. HUD needs to know the total unit months leased and the total costs for that leasing. This reporting direction does not, however, change the appropriations act prohibition against using HAP BA or NRA to support over-leasing. If a PHA reports total leasing in excess of baseline, and data for leasing within baseline is needed for funding or other purposes, HUD will contact the PHA. Recent data shows that this situation affects only a small percentage of PHAs.

2. **Question:** When I am reporting my PHA's fraud recovery revenue, am I to report 100% of the amount recovered or just the amount accruing to the PHA? Am I to report the total when the amount is established or just report it as it is collected?

**Answer:** Fraud recovery revenue to be reported includes only that amount the PHA is not eligible to retain for administrative uses; that amount flows to the PHA's Net Restricted Assets account. Current HUD directives state that the PHA is eligible to retain the higher of 50% of the total amount recovered or the actual costs of recovery. For example, if the recovery amount is \$1000 and the recovery costs are \$200, the PHA would retain \$500 (50%) and would report as fraud recovery the other \$500. In the same example, if the recovery costs are \$750, the PHA would retain \$750 (the recovery costs) and would report as fraud recovery the other \$250. The fraud recovery revenue is reported on an accrual basis.

3. **Question:** When will VMS be available for the entry of July through September data?

**Answer:** The monthly reporting function will be implemented in a VMS release scheduled for late this month, October. On that basis, we anticipate that the system will open for July to September data entry on October 27, and will remain open through November 7. PHAs will be notified if this plan changes, and when the system is available PHAs will

also be notified that they may enter data. PHAs should begin data entry as soon as possible after that point, keeping in mind that months must be completed sequentially. This means that, any review of comments that is required for a PHA's July data must be completed by the Financial Management Center (FMC) before the PHA can submit August data. Therefore, PHAs should not wait until the end of the submission cycle to begin.

4. **Question:** On an on-going basis, when will VMS be available for the entry of each month's data?  
**Answer:** On an on-going basis, HUD plans to open VMS for submission for each month's data on the 15<sup>th</sup> of the following month, and to complete the submission process within seven days, by the 22<sup>nd</sup>.
  
5. **Question:** What is the difference between reporting leasing and costs for port-outs versus reporting leasing and costs for port-ins?  
**Answer:** Port-outs are those cases where a participant from your PHA takes his voucher to the jurisdiction of another PHA, and that PHA enters into a HAP contract and bills your HA for the monthly HAP expenses plus a portion of the administrative fee. In this case, because your PHA is ultimately paying the HAP costs out of your funding, your PHA reports the unit months leased and the HAP costs in the "Portable Vouchers Paid" and the "Portable Vouchers Paid HAP" categories in VMS. The leasing and costs roll into the monthly totals for your PHA. The PHA that is administering the voucher on your behalf does NOT report the leasing and costs in these sections, because that PHA is not encumbering any unit months and is not incurring any costs. Port-ins are those cases where a participant from another PHA brings his voucher to your jurisdiction, and your PHA enters into a HAP contract and bills the initial PHA for the monthly HAP expenses and a portion of the administrative fee. In this case, because your PHA is not ultimately paying the HAP costs out of your funding, you do not report this voucher and its HAP costs in the "Portable Vouchers Paid" and "Portable Vouchers Paid HAP" categories. Rather, your PHA reports the leasing and HAP expenses under the "Regular Portables Administered" section. This leasing and costs are not rolled into the monthly totals for your PHA, because they will be included in the totals for the other PHA, who is bearing the expense.
  
6. **Question:** Will administrative fees be paid based on leasing as reported in VMS or as reported in PIC?  
**Answer:** On-going administrative fees are calculated on the basis of leasing as of the first day of each month, as reported in VMS. This is the procedure that has been used for the first two quarters of CY 2008 and it will continue. Administrative fees for contracts effective after the first of the month will be calculated on the basis of new contracts as reported on the HUD-50058 submissions in PIC. These latter fees will be calculated

after the end of CY 2008. PHAs should ensure that their PIC submissions are up-to-date at that time. Because very limited funding will be available to support these fees, PHAs should anticipate that their eligibility will be pro-rated downward, perhaps at a significant rate.

7. **Question:** Once monthly reporting is initiated, how will a PHA make adjustments to prior months' submittals?  
**Answer:** If the data for a prior month has not been locked, the PHA may simply enter the change to VMS. If the data has been locked, the PHA will submit a Data Change Request (DCR). This process is not affected by the change to monthly reporting. At the present time, data is locked through December 31, 2006; changes to data up to that date are accomplished via a DCR. For data after that date, the PHA may enter the revisions directly into VMS.
8. **Question:** How do I report expenses for abated contracts?  
**Answer:** HAP expenses for abated contracts are not reported in VMS because the PHA has not incurred any HAP expense for the abatement period. If and when the abatement ends, the PHA would again report actual expenses incurred for the appropriate months. If the abatement is ended retroactively, the PHA would report the actual expenses now incurred for the retroactive period. For example, if a HAP contract is abated effective December 1, the PHA would report no HAP expenses for December, nor for any future months that are abated. If the contract is reinstated on February 1, the PHA would report expenses incurred beginning February 1. If the reinstatement on February 1 is retroactive to January 1, the PHA would report expenses incurred beginning January 1.
9. **Question:** In the mid-month HAP field are we to report the expected full amount of HAP or the prorated amount that we paid?  
**Answer:** In the mid-month HAP field, the PHA should report just the amount of HAP that is due to the owner for that initial, partial month, as that is the expense that is accrued for the month.
10. **Question:** Should reporting in the Homeownership field include vouchers used by families who are participating in the FSS program?  
**Answer:** The Homeownership field should include all vouchers that are being used to provide homeownership assistance rather than rental assistance. This does not include vouchers in use for rental assistance by families who are preparing for homeownership through the provisions of the FSS program.
11. **Question:** There is a field titled "Number of Vouchers Under Lease on the Last Day of the Month." At one point the title of this field read "number of units *under leased*..." which suggests that PHAs were to provide the difference between the budget authority units and the number or units at

the end of month. However, during the web-cast I consistently saw the verbiage, “number of units under lease at the end of month”. Can you explain the difference of the verbiage currently being used and explain once again what the purpose of this field is?

**Answer:** The term “under leased” in the field title was a typographical error. PHAs should report in this field the number of vouchers that are under lease / HAP contract on the last day of the month. Remember that this is a count as of that day. PHAs should not attempt to adjust the first of month total for move-ins and terminations across the month, but simply report the vouchers under lease / contract on the last day of the month. If that number changes after it is reported, because, for example, new contracts effective during the month were not initially included in the report, the PHA should revise the number. This number will be used to determine if a PHA’s PIC reporting meets the required percentage.

12. **Question:** Does reporting in the FSS forfeitures field also require use of the accrual method?

**Answer:** Yes. In the case of FSS forfeitures, there is probably no difference. Since the PHA holds the escrow accounts, when it is determined that the account is forfeited, it is immediately accrued and processed.

13. **Question:** What are some examples of allowable expenses that could be reported under other expenses?

**Answer:** Only Moving to Work PHAs have been given directions to report in this category, for the use of voucher funds for non-voucher purposes, per their MTW agreements. Other PHAs are cautioned to not use this category for HAP expenses they have incurred, that appropriately should be reported in one of the HAP categories, because expenses reported in the “Other Expenses” category are not picked up in the “Total HAP.”

14. **Question:** In the comments section where we have been directed to report our PHA owned units do we also report the subset of the HAP used as well?

**Answer:** No. The PHA only needs to report in the Comments section the number of vouchers used each month in PHA-owned units (and these units may NOT be public housing). The purpose of this reporting is only to allow an accurate calculation of administrative fees. HAP costs are not affected and do not have an impact on the fee calculations, so we do not ask that they be reported. HAP costs for PHA-owned units that are leased in the program are already reported in the individual HAP categories.

15. **Question:** How does an HA calculate and report administrative fees paid to another PHA for port-outs?

**Answer:** Administrative fees for port-outs are based on 80 percent of the Column B fee rate of the initial PHA, are subject to pro-ration, and are paid

for port-outs under HAP contract as of the first day of each month. Because the pro-ration factor is subject to change each quarter, HUD previously advised PHAs that they could use for the entire calendar year the pro-ration factor calculated for the first quarter, 90.876 percent. The PHA includes in its reported Administrative Expenses the fees it pays to another PHA for administering port-out vouchers.

16. **Question:** If contracts that are abated on the first of month are then reinstated later in the month, are they included in the end-of-month units leased? Also, if they still do not pass and are not reinstated by the end of the month, are they included in the end of month units leased count?

**Answer:** Any contract for which the PHA is obligated on the last day of the month is included in the count for that day. This includes any previously abated contracts that have been reinstated on or before that date. If a contract has been abated and has not been reinstated by the last day of the month, that contract is not included in the count of units leased on that last day.

17. **Question:** Should the Total HAP Dollars reported in the HAP section include or exclude HAP payments effective after the 1st of the month? Does HUD add the first of the month HAP and the HAP effective after the first to get what the actual total HAP is per month?

**Answer:** PHAs do not report in the "HAP Total" field; the value in that field is generated by the system. However, the values the PHA reports in each category of HAP expenses that roll into that total (from Litigation through All Other Vouchers) should NOT include HAP payments effective after the first of the month. When determining a PHA's total HAP costs for a period, HUD does use the data from both the first of the month categories and the after the first of the month field. Initial reporting in this relatively new field has been inconsistent; as a result, HUD has used PIC data to identify costs for periods after the first of the month. Once it is determined that VMS reporting is providing accurate data for costs after the first of the month, data from VMS will be used.

18. **Question:** I need further clarification on HAP costs after the first of the month. Is the field only to be used to report totally new HAP contracts, i.e. those clients coming off the Waiting List? Does it include or exclude clients moving from one unit to another, and clients porting in who our PHA absorbs, who had been previously housed at another agency? Are the first, partial month expenses for any voucher contract which goes into effect after the first of the month the HAP reported in this field, including current participants moving from one unit to another, applicants moving to housing for the first time, port-ins our PHA absorbs, as long as it generates a "new" HAP contract after the of the month?

**Answer:** The field "All Voucher HAP Expenses After the First of the Month" is used to report the first, partial month HAP expenses for all

contracts that were not effective as of the first of the month, including new participants, absorbed portables and other new contracts. First of the month and balance of the month HAP expenses are separated so that an accurate per unit cost can be generated for the PHA, based on both leasing and HAP costs as of the first of the month. The per unit cost is used to calculate the funding for new voucher awards as well as to determine eligible costs for PHAs that are over-leased.

19. **Question:** Since HUD does not have a 2009 appropriations act yet, how will disbursements be determined for the early months of 2009? Will an HA be able to receive front-loaded disbursements if needed?

**Answer:** During the early months of CY 2009, each PHA will receive a disbursement each month equal to one-twelfth of the PHA's CY 2008 renewal funding, plus the necessary amount for the first time renewal of tenant protection vouchers that are not included in the CY 2008 calculation. To the extent funds are available, HUD will frontload payments for PHAs who require additional cash to meet their obligations. The additional funds disbursed will not increase the PHA's ultimate CY 2009 eligibility, to be determined according to the terms of the 2009 appropriations act.

20. **Question:** I noticed that the "Total" fields for unit months leased and HAP expenses are back on the form. Is my PHA to enter those values?

**Answer:** The "Total" fields have been re-introduced to the HUD 52681B form because that data is used in the on-line edits to identify leasing or costs that appear out of range. The "Total" fields are system-generated, and the PHA may not alter the values, even though error messages may appear next to those fields. The potential errors relate to the total values, but any data changes are made in the individual categories of leasing or HAP expenses.

21. **Question:** Under what circumstances is it necessary for a PHA to revise HAP expenses reported for a prior month? That is, is there a date before which a PHA does not need to make changes? Is there a minimum dollar amount below which changes are not required?

**Answer:** HUD has not established thresholds below which VMS data does not need to be updated for changes. Data accuracy from current and prior periods is important for each PHA's funding, because HUD does not control the time frame that may be specified by Congress for any re-benchmarking action in a future year; failure to report actual costs may adversely affect funding for a PHA. HUD will also be updating the calculation of each PHA's Net Restricted Assets (NRA) in the near future, utilizing reported data for every month since January 2005. To ensure the resulting NRA value and any required offset are accurate, each PHA will want to ensure its VMS reporting is accurate for the entire period since

that date.

22. **Question:** Are interest earnings on the unexpended NRA balance added to the overall NRA balance?  
**Answer:** At present, PHAs have not been required to report interest income in VMS. In the FASS system, revenue from interest is a component of the NRA calculation.
23. **Question:** Should a PHA report in the Portable Vouchers Paid field those 5 Year Mainstream participants who have ported to another PHA?  
**Answer:** The Portable Vouchers Paid categories, as well as the categories related to Port-Ins, are used for the Housing Choice Voucher Program (HCVP) only; the 5 Year Mainstream program is not part of the HCVP. If the PHA is paying the costs for a 5 Year Mainstream participant, those costs and the leasing are reported in the 5 Year Mainstream categories only.
24. **Question:** Will administrative fees continue to be calculated each quarter, after monthly reporting is initiated?  
**Answer:** Administrative fees for the 3<sup>rd</sup> quarter of CY 2008 (July through September) will be calculated on the quarterly basis, since the data for the three months will be submitted simultaneously. Thereafter, HUD anticipates determining fee eligibility on a monthly basis, but notes that the pro-ration percentages for the first two quarters were both almost exactly 90 percent, making that rate likely for the remaining months of the CY.
25. **Question:** Should a PHA report leasing and HAP costs for the 5 Year Mainstream program as of the first of the month?  
**Answer:** Yes. As with the HCVP, unit months leased and HAP expenses for the 5 Year Mainstream program are reported as of the first of each month. For the Mainstream program, renewal funding is provided for all units and is based on the average per-unit cost. Reporting leasing and expenses as of the first of the month enables HUD to determine the most accurate average cost. Remember that HAP costs for periods after the first of the month for the 5 Year Mainstream program are **not** included in the value reported for "Voucher Costs After the First of the Month;" that field is for the HCVP only. 5 Year Mainstream values are reported only in the two fields designated for that program.
26. **Question:** My PHA overpaid a landlord. We have set up collection procedures but are unsure if the funds will ever be recouped. How do I report this in VMS? Do I reduce the HAP expenses for the month(s) immediately or only if and when the PHA collects the funds?  
**Answer:** VMS should reflect actual, accrued expenses. On this basis, the HAP expenditures that represent an overpayment to be collected should not be reported as expenses.

