

# STAUNTON REDEVELOPMENT AND HOUSING AUTHORITY

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## FINANCIAL RESPONSIBILITY & INTERNAL CONTROL POLICY

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*Adopted by the Board of Commissioners*

Effective: \_\_\_\_\_

*Next Policy Review Date:* \_\_\_\_\_

## TABLE OF CONTENTS

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<b>ARTICLE 1 — PURPOSE AND FIDUCIARY RESPONSIBILITY .....</b>	<b>4</b>
1.1 Financial Management System Standards .....	4
1.2 Allowable Cost Standards .....	5
<b>ARTICLE 2 — REGULATORY AND PROGRAM STRUCTURE .....</b>	<b>5</b>
2.1 HUD Multifamily (RAD PBRA) .....	5
2.2 HUD PIH Programs .....	5
<b>ARTICLE 3 — GOVERNANCE ROLES .....</b>	<b>6</b>
3.1 Board of Commissioners .....	6
3.2 Executive Director .....	6
3.3 Deputy Director .....	7
<b>ARTICLE 4 — BUDGETARY CONTROL .....</b>	<b>7</b>
4.1 Annual Budget .....	7
4.2 Budget Monitoring .....	7
<b>ARTICLE 5 — PROCUREMENT &amp; EXPENDITURE CONTROL .....</b>	<b>8</b>
5.1 Payment Authorization Thresholds .....	8
5.2 Pre-Disbursement Requirements .....	9
5.3 Petty Cash .....	9
5.4 Federal Awards Compliance .....	9
5.5 Emergency Procurement .....	10
5.6 Grant Award Closeout .....	10
<b>ARTICLE 6 — FUND SEGREGATION .....</b>	<b>11</b>
<b>ARTICLE 7 — RESERVE FOR REPLACEMENTS (RAD PBRA) .....</b>	<b>12</b>
<b>ARTICLE 8 — CASH MANAGEMENT .....</b>	<b>13</b>
8.1 Banking and Deposit Requirements .....	14
8.2 Investment Policy .....	14
<b>ARTICLE 9 — HCV AND MTW FINANCIAL CONTROLS .....</b>	<b>14</b>
9.0 HCV Administrative Plan .....	14
<b>ARTICLE 10 — INTERNAL CONTROL FRAMEWORK .....</b>	<b>16</b>
10.1 Information Technology and Logical Access Controls .....	17
<b>ARTICLE 11 — INDEPENDENT AUDIT .....</b>	<b>18</b>
<b>ARTICLE 12 — HUD REPORTING .....</b>	<b>19</b>

**ARTICLE 13 — FRAUD PREVENTION ..... 22**

**ARTICLE 14 — RECORD RETENTION..... 22**

    14.1 Permanent Records..... 22

    14.2 Program and Financial Records ..... 23

**ARTICLE 15 — FIDELITY BOND AND INSURANCE..... 24**

## ARTICLE 1 — PURPOSE AND FIDUCIARY RESPONSIBILITY

This policy establishes the financial management, internal control, and oversight standards of the Staunton Redevelopment and Housing Authority (“SRHA”).

The Board of Commissioners adopts this policy pursuant to its fiduciary duty to ensure:

- Stewardship of public and federal funds;
- Compliance with HUD Multifamily and PIH regulations;
- Adherence to 2 CFR Part 200 (Uniform Guidance);
- Integrity of financial reporting;
- Integration with the SRHA Purchasing and Contracting Policy (as adopted and amended by the Board of Commissioners);
- Compliance with all requirements of the MTW ACC Amendment to the Annual Contributions Contract(s), the MTW Operations Notice, and all applicable requirements as defined in Section 5(C) of the MTW ACC Amendment, including Title 24 CFR, Title 42 U.S.C., Appropriations Acts, and applicable notices of funding availability under which SRHA has received funds (collectively, “the Requirements”).

### 1.1 Financial Management System Standards

SRHA’s financial management system shall conform to the standards required by 2 CFR §200.302, including the capacity to:

- Identify the source and application of funds for all federally funded activities;
- Maintain effective control over and accountability for all funds, property, and other assets;
- Compare actual expenditures or outlays with budgeted amounts for each federal award;
- Support the traceability of all federal award expenditures to source documentation;
- Apply written procedures to minimize the time elapsed between drawdown of federal funds and their disbursement;
- Apply written procedures for determining the allowability of costs in accordance with 2 CFR Part 200, Subpart E and the terms of each federal award.

The Executive Director shall annually certify in writing to the Board that SRHA’s financial management system meets each of the foregoing standards. Any identified deficiency

shall be reported to the Board within 30 days of identification with a proposed corrective action plan.

## 1.2 Allowable Cost Standards

The allowability of all costs charged to federal awards shall be determined in accordance with 2 CFR Part 200, Subpart E (Cost Principles) and the terms of the applicable award. The Executive Director is responsible for ensuring that expenditures charged to any federal program are allowable, allocable, and reasonable as those terms are defined in 2 CFR §§200.405–200.406.

## ARTICLE 2 — REGULATORY AND PROGRAM STRUCTURE

### 2.1 HUD Multifamily (RAD PBRA)

SRHA operates RAD PBRA properties subject to:

- Regulatory Agreements;
- RAD Use Agreement and HAP Contract;
- HUD Multifamily Asset Management oversight;
- Reserve for Replacements requirements;
- MF\_FASS (Financial Assessment Subsystem — Multifamily) — Annual Financial Statement (AFS) submission; AFS is the audited financial reporting vehicle for RAD PBRA (Multifamily) properties and feeds into PHAS financial component scoring;
- HUD Form 9250 approval for reserve withdrawals.

### 2.2 HUD PIH Programs

SRHA administers:

- Housing Choice Voucher (HCV);
- Moving to Work (MTW);
- Veterans Affairs Supportive Housing (VASH).

These programs are subject to:

- PIH regulations;
- VMS reporting;
- FASS-PH (Financial Assessment Subsystem — Public Housing) — Financial Data Schedule (FDS) submissions;

- MTW ACC Amendment (Form HUD-50166) and MTW Operations Notice requirements;
- VASH program requirements, including VA partnership obligations and applicable HUD-VA referral and eligibility protocols.

Program funds shall be segregated in accordance with Article 6.

## ARTICLE 3 — GOVERNANCE ROLES

### 3.1 Board of Commissioners

The Board shall:

- Adopt annual budgets;
- Approve audit engagement, including auditor selection consistent with the Procurement Policy;
- Review monthly financial reports;
- Receive notice of HUD-approved reserve withdrawals;
- Review audit findings and corrective actions, including formal Board acceptance of the annual audit report;
- Annually verify that fidelity bond coverage is in force in an amount consistent with Article 15.

The Board may designate a Finance or Audit Committee to assist with financial oversight. If established, such committee's responsibilities and reporting obligations shall be defined by Board resolution and this policy updated accordingly.

### 3.2 Executive Director

The Executive Director shall:

- Oversee fiscal operations;
- Ensure compliance with this policy and Procurement Policy Article 2 (Office of the Purchasing Agent);
- Certify HUD submissions;

In the event the Executive Director is unavailable to perform a time-sensitive financial authorization or HUD certification function, the Board Chairperson (or designee by Board

resolution) is authorized to act in that capacity on an interim basis, with documentation of the circumstance filed in the permanent record.

### 3.3 Deputy Director

The Deputy Director shall:

- Co-prepare the annual budget;
- Assist in reconciliations and review functions;
- Provide secondary oversight when feasible.
- Present financial reports to the Board.
- Certify HUD submissions as a delegated alternate, only in the absence of the Executive Director and pursuant to the succession provision of Section 3.2 of this policy.

## ARTICLE 4 — BUDGETARY CONTROL

### 4.1 Annual Budget

The Annual Budget shall be jointly prepared by the Deputy Director and Executive Director and presented to the Board for approval prior to the start of each fiscal year. If a budget is not adopted before the fiscal year begins, expenditures shall be limited to the prior year's authorized levels until a budget is adopted, unless the Board approves specific interim expenditures by resolution.

Mid-year budget amendments that result in a variance exceeding ten percent (10%) of any budget line item, or that increase total expenditures, shall require Board approval prior to commitment of funds.

### 4.2 Budget Monitoring

Monthly reports shall include:

- Budget-to-actual comparisons;
- Revenue and expense variances;
- HCV utilization and leasing performance relative to budget authority;
- Reserve balances;
- Cash position.

## ARTICLE 5 — PROCUREMENT & EXPENDITURE CONTROL

All procurement actions must comply with:

- Procurement Policy Article 4, §4.1 (Methods of Procurement);
- Procurement Policy Article 4, §4.9 (Contract Modification);
- Procurement Policy Article 14 (Additional Provisions Applicable to Procurements Involving Federal Funds);
- Procurement Policy Article 15 (Conflicts of Interest and Ethics in Public Contracting).

### 5.1 Payment Authorization Thresholds

All payment authorizations are subject to the following thresholds. These thresholds shall be reviewed annually and may be amended by Board resolution.

Amount	Approving Authority	Documentation Required
Under \$2,500	Executive Director	Invoice; evidence of goods/services received; Deputy Director input and review; ED approval
\$2,500 – \$9,999	Executive Director	Invoice; evidence of goods/services received; Deputy Director input and review; ED approval
\$10,000 – \$24,999	Executive Director	Invoice; evidence of goods/services received; Deputy Director input and review; ED approval; documentation of procurement method
\$25,000 or more (single commitment or contract)	Executive Director + advance Board authorization by resolution	Board resolution prior to commitment; invoice; evidence of goods/services received; Deputy Director input and review; ED approval; documentation of procurement method and cost or price analysis

The \$25,000 threshold applies to the full value of any single contract, purchase order, or commitment, including all anticipated option years or renewal periods. Splitting a procurement into multiple smaller transactions to avoid this threshold is prohibited.

For wire transfers and ACH disbursements of \$2,500 or more, dual authorization is required consistent with Article 8 of this policy, regardless of the tier above.

In the event of a declared emergency under §5.5 of this policy, the Executive Director may authorize expenditures above \$25,000 without advance Board authorization, subject to the documentation and Board notification requirements of that section.

## 5.2 Pre-Disbursement Requirements

No payment shall be issued without the following documentation on file:

- Verified invoice;
- Evidence of goods/services received;
- Documentation of procurement compliance;
- Confirmation of budget availability;
- Applicable authorization per Section 5.1 above.

## 5.3 Petty Cash

If SRHA maintains a petty cash fund, such fund shall: (a) be limited to a maximum balance of \$500; (b) be maintained by a designated custodian; (c) be reconciled and replenished by formal check upon submission of documented receipts; and (d) be subject to unannounced counts by the Executive Director or a Board officer not less than annually.

## 5.4 Federal Awards Compliance

For federally funded expenditures:

- Cost or price analysis documentation shall be retained as required under Procurement Policy Article 14, §14.1;
- Debarment verification shall be documented prior to each procurement action through the System for Award Management (SAM.gov). SRHA's internal standard requires verification regardless of dollar amount, which is more restrictive than the \$25,000 regulatory floor under 2 CFR §200.214;
- Required federal clauses must be included in all contracts involving federal funds.

## 5.5 Emergency Procurement

An emergency exists when an urgent and unforeseen circumstance poses an imminent risk to life, health, safety, or the continued habitability of an SRHA-managed or RAD PBRA property, and normal competitive procurement timelines cannot be met without material harm. In such circumstances:

- The Executive Director is authorized to approve noncompetitive emergency procurement consistent with 2 CFR §200.320(c)(3);
- The Executive Director shall document the nature and basis of the emergency in writing within 48 hours of authorizing the expenditure;
- The Board shall be notified at the next regularly scheduled meeting, with a written summary of the emergency, the procurement action taken, the cost, and the basis for noncompetitive award;
- Emergency procurement shall not be used to circumvent normal procurement procedures for recurring or foreseeable needs.

## 5.6 Grant Award Closeout

SRHA shall complete closeout of each federal grant award in accordance with 2 CFR §200.344. Within 120 days of the end of each award's period of performance, the Executive Director shall:

- Submit all required final financial and performance reports;
- Return any excess cash balances to the federal awarding agency;
- Account for and disposition any property acquired with award funds in accordance with applicable requirements;
- Resolve any open audit findings or disallowed costs attributable to the award;
- Retain all grant records for a minimum of five (5) years from the audit report release date, which exceeds the three-year minimum required under 2 CFR §200.334 (measured from submission of the final financial report) and is consistent with Article 14.2 of this policy and the post-closeout responsibilities of 2 CFR §200.345, or longer if litigation, audit findings, or claims remain unresolved.

The Executive Director shall report to the Board the closeout status of all active federal grants at least annually.

## ARTICLE 6 — FUND SEGREGATION

Accounting records shall segregate the following fund types, each maintained in a distinct cost center, account, or sub-ledger:

- RAD PBRA operations;
- Reserve for Replacements;
- HCV HAP;
- HCV Administrative Fees;
- MTW funds;
- VASH funds;
- Grant funds (including, without limitation, CFCBR and any other federally or state-awarded grant funds).

Funds shall not be co-mingled without authorization. As an MTW agency, SRHA may blend or transfer funds between HAP, Administrative Fee, and other MTW-eligible uses where expressly authorized by the MTW Agreement and applicable PIH notices. Any such MTW-authorized fund use shall be documented in the MTW Annual Report and reflected in the general ledger with sufficient notation to identify the governing authority and purpose.

Where SRHA exercises MTW fungibility authority to blend or transfer funds across program categories, SRHA shall maintain a written Cost Allocation Plan governing the methodology by which expenditures are charged to blended MTW funds. The Cost Allocation Plan shall:

- Identify each category of expenditure eligible for charge against blended MTW funds;
- Define the allocation basis for each expenditure category (e.g., direct identification, proportional share, benefit-based allocation);
- Be reviewed and approved by the Board annually prior to the start of each fiscal year;
- Be incorporated by reference into each MTW Annual Plan submission.

Expenditures charged to blended MTW funds without documentation of the applicable Cost Allocation Plan basis shall be presumed unallocable to the blended fund and may be subject to disallowance.

Inter-entity transactions between SRHA and the Staunton Housing Corporation (SHC) shall be separately documented, supported by written agreements, and reported to the Board.

No SRHA funds shall be transferred to SHC without prior Board authorization and documentation of the legitimate public purpose served. Such written agreements shall at minimum address: (a) the purpose and public benefit of the transfer; (b) repayment terms or grant conditions, as applicable; (c) the public purpose finding required for Board authorization; and (d) compliance with 2 CFR §200.307 program income requirements where applicable.

Program income generated under any federal award, as defined in 2 CFR §200.307, shall be identified and tracked by award, and used in accordance with the terms of the applicable award and 2 CFR §200.307. The Executive Director is responsible for ensuring that program income is accurately accounted for and reported.

## **ARTICLE 7 — RESERVE FOR REPLACEMENTS (RAD PBRA)**

1. Withdrawals require prior HUD approval via Form HUD-9250.
2. The assigned HUD Account Executive must approve the draw.
3. Procurement compliance must be documented.
4. Payments shall not precede HUD approval.
5. Reserve approvals shall be reported to the Board.
6. Reserve funds may not be transferred or encumbered without HUD authorization.
7. Reserve draws shall be reconciled to the approved Replacement Reserve Schedule contained in the Regulatory Agreement, ensuring that expenditures are consistent with approved capital needs and schedule. In the event of any conflict between the Regulatory Agreement schedule and subsequent HUD guidance or approved amendments, the most current HUD-approved schedule shall govern.
8. The minimum annual deposit required under the Regulatory Agreement shall be funded on schedule. If the reserve balance falls below any required minimum, the Executive Director shall notify the Board and the assigned HUD Account Executive within 30 days.
9. The annual R4R deposit shall be adjusted each year by the applicable Operating Cost Adjustment Factor (OCAF) in accordance with HAP Contract §2.7(c)(1)(i), or the equivalent provision in any executed amendment. The Executive Director shall calculate and implement the OCAF-adjusted deposit amount at each HAP Contract anniversary and report the adjustment to the Board with supporting documentation.

Contract rents for the RAD PBRA properties are subject to annual OCAF adjustment in accordance with HAP Contract §2.8, or the equivalent provision in any executed amendment. The Executive Director shall submit Form HUD-92458 (Rent Schedule) to HUD annually, track the HUD-approved effective date of each adjustment, and reconcile

the adjusted contract rents against HAP payments received. Any discrepancy shall be reported to the assigned HUD Account Executive within 30 days of identification.

10. Interest income earned on the reserve account shall be tracked separately and reported in the monthly financial report.

In circumstances where an urgent capital repair is required before a Form HUD-9250 approval can be obtained, the Executive Director shall submit an expedited Form HUD-9250 request, document the urgency in writing within 48 hours, and provide interim notice to the Board. No reserve funds shall be disbursed prior to obtaining HUD approval except as HUD may otherwise authorize in writing or, in an exigent life-safety circumstance, verbally with written confirmation requested and documented within 24 hours of the verbal authorization. In any such circumstance, SRHA shall promptly notify the assigned HUD Account Executive and immediately submit a formal written Form HUD-9250 request, treating the verbal authorization as interim only pending receipt of written HUD approval.

## **ARTICLE 8 — CASH MANAGEMENT**

- Bank reconciliations shall be completed monthly.
- On a random, rotational basis and not less than semi-annually, the third-party accounting consultant — who is organizationally independent of SRHA's independent financial-statement auditor consistent with Article 11 — shall perform a secondary verification of selected monthly bank reconciliations. The consultant shall sign and date each reconciliation reviewed and report the results of the verification to the Board.
- Electronic payments require approval documentation consistent with Article 5.1.
- HUD drawdowns must reconcile to eligible costs.
- Wire transfers and ACH disbursements of \$2,500 or more shall require dual authorization — initiation by one authorized employee and confirmation by a second authorized employee or officer. No single individual shall initiate and confirm the same wire or ACH transaction. The Executive Director shall maintain a current written list of individuals authorized to initiate and confirm wire and ACH transactions, with initiation and confirmation functions assigned to different individuals. This list shall be reviewed and updated upon any change in staffing and reported to the Board annually.

## 8.1 Banking and Deposit Requirements

All SRHA operating and program accounts shall be maintained at FDIC-insured institutions. Deposits in excess of FDIC coverage limits shall be collateralized in accordance with Virginia law and HUD requirements. The Executive Director shall annually confirm that collateralization agreements are in place for all accounts exceeding coverage limits and report the status to the Board.

## 8.2 Investment Policy

Idle federal program funds shall be managed consistent with the following standards:

- Permissible instruments: U.S. Treasury securities, U.S. agency securities that are direct obligations of or guaranteed by the United States, FDIC-insured certificates of deposit, and interest-bearing accounts at federally insured depositories.
- No speculative investments are permitted with federal program funds.
- Interest earned on federal program advances shall be remitted to the federal agency as required under 2 CFR §200.305.
- The Executive Director shall report investment activity and interest earnings in the monthly financial report.
- The Board may amend permissible investment instruments by resolution, provided any amendments remain consistent with HUD guidance and Uniform Guidance.

## ARTICLE 9 — HCV AND MTW FINANCIAL CONTROLS

### 9.0 HCV Administrative Plan

SRHA shall adopt and maintain an HCV Administrative Plan in accordance with 24 CFR §982.54. The financial controls set forth in this Article shall be interpreted and applied consistently with the Administrative Plan. Any amendment to the Administrative Plan that affects financial management controls shall be reviewed by the Executive Director for consistency with this policy within 30 days of adoption. In the event of any conflict between the Administrative Plan and this policy, the more restrictive provision shall govern pending resolution by Board action.

11. HAP funds shall be used for eligible assistance payments. Pursuant to MTW fungibility authority, HAP funds may also be used for other MTW-eligible purposes expressly authorized under the MTW Agreement and applicable PIH notices, with such use documented consistent with Article 6.

12. Administrative fees shall be tracked separately.

13. VMS reporting shall reconcile to general ledger balances.
14. MTW funds shall be used consistent with the MTW Agreement.
15. HAP overpayments, once identified, shall be documented and pursued for recovery. SRHA shall establish and maintain written HAP correction and repayment procedures governing the identification, documentation, and recovery of overpayments, consistent with applicable HUD requirements. All overpayment activity shall be reported to the Executive Director and, for material amounts, to the Board.
16. HCV leasing and budget authority utilization shall be monitored monthly. When utilization falls below 95% or is projected to produce an administrative fee shortfall, the Executive Director shall: (a) present a written shortfall action plan to the Board within 30 days, identifying corrective measures and a timeline for implementation; and (b) submit the shortfall action plan to the HUD Field Office and applicable Housing Management Division within the same 30-day period, or within any shorter timeframe required by applicable HUD PIH notice.
17. VASH voucher HAP payments shall be tracked in a segregated cost center consistent with Article 6 and reconciled to VA referral and eligibility records on a quarterly basis.
18. Local Non-Traditional (LNT) activities funded with MTW Funding shall not exceed ten percent (10%) of SRHA's annual HCV HAP funding allocation without a Safe Harbor Waiver approved by HUD, consistent with the MTW Operations Notice (§5(D)) funding cap. The Executive Director shall monitor LNT expenditures monthly and report to the Board any projection that the 10% threshold will be approached or exceeded.
19. SRHA shall comply with the Substantially the Same (STS) requirement of the MTW Operations Notice (§5(A)). In the HCV program, SRHA must house at least 90% of the families it would be able to house based on its annual HCV HAP allocation. The 95% utilization administrative trigger set forth in this Article serves as the early-warning control above the 90% STS compliance floor. The Executive Director shall: (a) calculate and document the STS determination annually using the methodology prescribed by the MTW Operations Notice; (b) retain supporting workpapers for each annual STS determination; and (c) track and report STS compliance status in each MTW Supplement to the Annual PHA Plan.
20. MTW work requirement activities approved by the Board and HUD shall be administered consistent with the following financial controls: expenditures associated with implementation shall be tracked separately consistent with Article 6; hardship exemption determinations shall be documented and retained for the applicable record retention period; and compliance status shall be reported in each

MTW Annual Plan consistent with the Cohort Study obligations under the MTW ACC Amendment (§5(B)). The Executive Director shall report to the Board any identified compliance risk associated with work requirement activities within 30 days of identification. SRHA shall comply in full with all aspects of its Cohort Study as outlined in the MTW selection notice under which SRHA was designated. Cohort Study compliance obligations are binding conditions of the MTW ACC Amendment (§5(B)) and shall be reflected in the MTW Supplement. The Executive Director shall report Cohort Study compliance status to the Board at least annually.

21. All MTW program activities shall comply with the full scope of ‘the Requirements’ as defined in Section 5(C) of the MTW ACC Amendment, including without limitation Title 24 CFR, Title 42 U.S.C., Appropriations Acts, applicable notices of funding availability, and the MTW Operations Notice. Any use of MTW Funding or MTW waiver authority in violation of the Requirements may result in HUD requiring reimbursement from SRHA for amounts improperly used, suspension of MTW waiver authority, or termination of the MTW ACC Amendment pursuant to Section 7. The Executive Director shall report to the Board any identified or suspected non-compliance with the Requirements within 30 days of identification.
22. The Executive Director shall maintain financial tracking records for each Board-approved and HUD-approved MTW Activity separately, with expenditures by activity retained in a form that supports the activity-level reporting required in the MTW Annual Plan. Activity-level financial data shall be reconciled to the general ledger at least quarterly.

## ARTICLE 10 — INTERNAL CONTROL FRAMEWORK

SRHA adopts internal control principles consistent with:

- GAO Standards for Internal Control in the Federal Government (Green Book, 2025 Revision, GAO-25-107721, or most current edition);
- Uniform Guidance (2 CFR Part 200);
- Applicable auditing standards as outlined under GAAS, Government Auditing Standards (2024 Revision, or the edition in effect for the audit period), and the terms of SRHA’s independent audit engagement.

Given SRHA’s size, compensating controls shall include:

- Monthly Board review;
- Periodic independent verification of bank reconciliations by the third-party accounting consultant, as required by Article 8;

- Quarterly transaction spot-checks, to be conducted by the Executive Director or a designated Board officer. Spot-check results shall be documented in writing and reported to the Board at the next regularly scheduled meeting. The individual conducting the spot-check shall not be the same individual who prepared or authorized the transactions being reviewed;
- Clear separation between authorization and processing functions where feasible.

### 10.1 Information Technology and Logical Access Controls

SRHA shall maintain documented information technology controls consistent with GAO Green Book IT general control principles (2025 Revision, GAO-25-107721, or most current edition). At minimum, the following controls are required:

Control Area	Requirement
User Access	Unique user IDs required; shared credentials prohibited; access reviewed annually and upon staff separation.
System Roles	Authorization, data entry, and approval functions shall be assigned to different system users where feasible.
Passwords	Minimum complexity standards established in writing; passwords changed upon any suspected compromise, or periodically as determined by SRHA’s documented IT security policy, consistent with current NIST guidance (SP 800-63B).
Remote Access	Multi-factor authentication required for any remote access to financial systems.
Mobile & Personal Devices	Access to financial systems from personal or mobile devices (BYOD) is prohibited unless the device is enrolled in SRHA’s device management program, has current OS and security patches, supports remote wipe, and meets the same MFA and password standards as SRHA-issued equipment.
Backups	Financial data backed up at minimum weekly; backup integrity tested at least annually.
Incident Response	Suspected breaches involving federal program data reported to Executive Director immediately and to HUD as required.

The Executive Director shall review and attest to the adequacy of IT controls annually. Any material deficiency identified shall be reported to the Board within 30 days of identification.

## ARTICLE 11 — INDEPENDENT AUDIT

SRHA shall undergo an annual independent audit consistent with:

- GAAS;
- Government Auditing Standards (Yellow Book);
- Uniform Guidance;
- Single Audit requirements, consistent with 2 CFR §200.501. Given SRHA's federal expenditure levels across its RAD PBRA, HCV, MTW, and VASH programs, the Single Audit requirement applies annually.

The audit engagement shall be procured in compliance with the Procurement Policy. The Board shall approve the selected auditor by resolution prior to execution of the engagement letter.

SRHA shall safeguard auditor independence consistent with Government Auditing Standards §§3.76–3.81. No later than every five (5) years, the Board shall conduct and document a formal auditor independence assessment in the Board minutes, with a conclusion as to whether continuation of the current auditor, rotation to a new firm, or additional independence safeguards are required. Continuation of the same auditor beyond five consecutive years shall require an affirmative Board finding that independence is not impaired.

The audit shall include:

- Financial statement examination;
- Internal control testing;
- Compliance testing for major federal programs;
- Reporting to the Board as required, including formal Board acceptance of the audit report by resolution.

Management shall:

- Prepare financial records;

- Review and accept management responsibility for the Schedule of Expenditures of Federal Awards (SEFA) as prepared by the third-party accounting consultant;
- Submit the reporting package to the Federal Audit Clearinghouse within the earlier of 30 calendar days after receipt of the auditor's reports or nine (9) months of the close of the fiscal year, as required under 2 CFR §200.512, or within any shorter deadline imposed by HUD;
- Submit financial data to the HUD REAC/FASS portal in accordance with HUD Multifamily requirements for RAD PBRA properties;
- Provide written management representations to the auditor as required by GAAS, including representations regarding the financial statements, federal award programs, compliance with laws and regulations, and related matters;
- Respond to findings and prepare corrective action plans if required;
- Track and report to the Board on the status of all prior-year audit findings and management letter items until fully resolved.

Where the audit engagement includes preparation of financial statements, the Schedule of Expenditures of Federal Awards, or related notes as non-audit services, the third-party accounting consultant and Deputy Director shall jointly prepare and submit non-audit deliverables including financial statements and the Schedule of Expenditures of Federal Awards. The third-party auditor and the Deputy Director shall jointly conduct and coordinate the audit, prepare all audit reports, and submit the Federal Audit Clearinghouse reporting package. The Executive Director shall be informed of all submissions and kept in the loop throughout the process. The Board shall accept management responsibility for the product prior to issuance, consistent with Government Auditing Standards requirements for non-audit services. To preserve auditor independence consistent with Government Auditing Standards §§3.76-3.81 (2024 Revision, or the edition in effect for the audit period), SRHA shall ensure that the third-party accounting consultant performing non-audit services is organizationally and operationally independent from the third-party auditor and does not perform functions that would impair the auditor's independence. The Executive Director shall confirm this determination annually and report to the Board.

## ARTICLE 12 — HUD REPORTING

SRHA shall timely submit all required HUD financial and program reports. The table below identifies required submissions, applicable deadlines, and responsible parties. The Executive Director shall maintain a current annual reporting calendar to track all submission deadlines and shall report any missed or at-risk deadline to the Board immediately upon identification.

Report	Program	Frequency / Deadline	Responsible Party
MF_FASS — Annual Financial Statement (AFS) [RAD PBRA / Multifamily] / PHAS Financial Component	RAD PBRA / PHAS	Annually; within 9 months of fiscal year end	Deputy Director (submission); Executive Director (informed)
FASS-PH (Financial Assessment Subsystem — Public Housing) — FDS	PIH / HCV	Annually; per PIH deadline	Deputy Director (submission); Executive Director (informed)
VMS Reporting	HCV / VASH	Monthly; by HUD-specified date	Deputy Director (submission); Executive Director (informed)
EIV Compliance Reporting	RAD PBRA / HCV / MTW	Per HUD EIV requirements (PIH Notice 2017-12 and any successor notices)	Executive Director
MTW Supplement to the Annual PHA Plan (HUD-50075-MTW)	MTW	Annually; per MTW Operations Notice and PIH notice deadline	Executive Director
MTW HCV Reserve Use — VMS Reporting (PIH 2024-11)	MTW / HCV	As commitments/obligations arise; per PIH 2024-11 requirements	Deputy Director (submission); Executive Director (informed)
FDS — MTW Project-Level	MTW	Annually; within 9 months of FYE per MTW	Executive Director

Report	Program	Frequency / Deadline	Responsible Party
Financial Info (PIH Notice 2007-9)		Operations Notice §5(c)	
FAC Reporting Package	Single Audit	9 months after FYE (2 CFR §200.512)	Third-party auditor and Deputy Director (audit submission /FAC package); Third-party accounting consultant and Deputy Director (financial statements, SEFA); Executive Director (informed)
UFRS Agreed-Upon Procedures (AUP) — Form HUD-92458 Electronic Submission Verification	RAD PBRA / HCV	Annually; concurrent with audit engagement; submitted to HUD and REAC as specified parties	Third-party auditor and Deputy Director (AUP engagement and submission) ; Executive Director (informed)

The Executive Director shall monitor HUD publications and the MTW website for any amendments or supplements to the MTW Operations Notice. Material changes to the Operations Notice shall be reported to the Board within 60 days of publication, along with an assessment of any required policy updates. The Board shall approve any policy amendments necessitated by Operations Notice changes prior to implementation.

Not less than one (1) year prior to expiration of the MTW ACC Amendment, the Executive Director shall present to the Board a proposed MTW Transition Plan describing: (a) all MTW activities then in effect that require phaseout upon expiration; (b) any activities for which an extension request will be submitted to HUD; and (c) the anticipated operational and financial impact of MTW expiration. The Transition Plan shall be submitted to HUD in accordance with Section 6 of the MTW ACC Amendment.

## ARTICLE 13 — FRAUD PREVENTION

SRHA maintains zero tolerance for fraud. Management is responsible for:

- Preventing and detecting fraud;
- Reporting suspected fraud to appropriate authorities. SRHA shall comply in full with 2 CFR §200.113, which requires disclosure of all violations of federal criminal law involving fraud, bribery, or gratuity to the federal awarding agency (HUD) and any applicable pass-through entities. Reports shall also be made to the HUD Office of Inspector General (OIG) as appropriate. The HUD OIG Hotline is available at 1-800-347-3735 and online at <https://www.hudoig.gov/hotline>. Contact information for the HUD OIG shall be posted in SRHA's administrative offices and provided to all employees and contractors upon hire;
- Taking corrective action as required under Uniform Guidance.

SRHA prohibits retaliation against any employee, contractor, or agent who in good faith reports suspected fraud, waste, or abuse. This protection applies to reports made internally to management or the Board, or externally to HUD, the Inspector General, or other appropriate authorities, consistent with 2 CFR §200.113 and applicable federal whistleblower statutes.

SRHA shall maintain a mechanism for anonymous reporting of suspected fraud, waste, or abuse. Such mechanism shall be communicated to all employees and contractors upon hire and at least annually thereafter.

## ARTICLE 14 — RECORD RETENTION

### 14.1 Permanent Records

The following instruments are permanent institutional records of SRHA, not subject to any scheduled disposition, and shall be retained for the life of the institution:

- RAD Use Agreement;
- RAD HAP Contract and all amendments;

- Regulatory Agreement;
- MTW ACC Amendment (Form HUD-50166) and all prior Annual Contributions Contracts;
- SRHA organizational governance documents (enabling legislation, resolutions, bylaws, and Board meeting minutes);
- SHC corporate governance documents and inter-entity agreements.

## 14.2 Program and Financial Records

Financial and audit documentation shall be retained:

- A minimum of five (5) years from the audit report release date, which exceeds the three-year minimum required under 2 CFR §200.334 (measured from submission of the final financial report);
- Longer if litigation, audit findings, or claims remain unresolved;
- Records pertaining to the RAD PBRA Regulatory Agreement, including Reserve for Replacement draws, capital expenditure documentation, and HUD correspondence, shall be retained for the term of the Regulatory Agreement plus five (5) years, or as otherwise required by HUD, whichever is longer.

HCV program records, including tenant files, HAP contracts, and inspection records, shall be retained for a minimum of three (3) years after the end of the fiscal year to which they relate, consistent with 24 CFR §982.158(e), or as otherwise required by applicable PIH notice, whichever is longer.

All records subject to this policy shall be available for inspection by HUD, the HUD Office of Inspector General, and SRHA's independent auditors upon request, consistent with 2 CFR §200.337.

Electronic records maintained in digital systems satisfy retention requirements provided that: (a) records are stored in a format that remains accessible for the full retention period; (b) backup and recovery procedures are documented; and (c) the integrity of electronic records can be verified upon audit request.

The Executive Director shall designate a records custodian responsible for maintaining the document retention schedule and ensuring compliance. At the end of any applicable

retention period, records shall be disposed of in a secure manner that protects any personally identifiable information contained therein.

## ARTICLE 15 — FIDELITY BOND AND INSURANCE

SRHA shall maintain fidelity bond coverage (or equivalent employee dishonesty insurance) in an amount sufficient to protect against the risk of loss from employee theft or misappropriation. Coverage shall:

- Be maintained continuously without lapse;
- Cover all employees and officers who handle, authorize, or have access to federal program funds;
- Be in an amount not less than the highest single-month aggregate program fund balance across all program accounts in the prior fiscal year, or such greater amount as required by applicable HUD guidance or as determined by the Board to be prudent. The Executive Director shall calculate this amount annually and present it to the Board concurrent with the annual coverage verification;
- Include coverage for electronic funds transfer fraud and dishonest acts carried out through electronic means;
- Be obtained from a carrier acceptable under applicable HUD and Commonwealth of Virginia requirements;
- Require the carrier to provide at least thirty (30) days' advance written notice to SRHA of any cancellation or material reduction in coverage.

The Executive Director shall annually verify that fidelity bond coverage is in force, confirm the coverage amount meets the standard above, and report coverage status and the calculated coverage basis to the Board. Documentation of coverage shall be maintained in the permanent files. Any lapse in coverage shall be reported to the Board immediately and remedied without delay.

SRHA shall maintain commercially available property and liability insurance on all RAD PBRA properties at all times, consistent with the requirements of the RAD HAP Contract. The Executive Director shall annually confirm that coverage is in force and report coverage status to the Board concurrent with the fidelity bond verification required under this Article.

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## ADOPTION

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This policy supersedes all prior SRHA financial management and internal control policies.

Adopted by the Board of Commissioners of the Staunton Redevelopment and Housing Authority.

Date of Adoption: \_\_\_\_\_

**Board Chair:**

Name (print): \_\_\_\_\_

Signature: \_\_\_\_\_

**Executive Director:**

Name (print): \_\_\_\_\_

Signature: \_\_\_\_\_

*Next Policy Review Date:* \_\_\_\_\_