

# Paperwork Reduction Act Submission

Please read the instruction before completing this form. For additional forms or assistance in completing this forms, contact your agency's Paperwork Reduction Officer. Send two copies of this form, the collection instrument to be reviewed, the Supporting Statement, and any additional documentation to: Office of Information and Regulatory Affairs, Office of Management and Budget, Docket Library, Room 10102, 725 Seventeenth St. NW, Washington, DC 20503.

1. Agency/Subagency Originating Request: <b>U.S. Department of Housing and Urban Development</b> Office of Public and Indian Housing Real Estate Assessment Center		2. OMB Control Number: a. 2535-0107      b. None	
3. Type of information collection: (check one) a. <input type="checkbox"/> New Collection b. <input type="checkbox"/> Revision of a currently approved collection c. <input checked="" type="checkbox"/> Extension of a currently approved collection d. <input type="checkbox"/> Reinstatement, <b>without change</b> , of previously approved collection for which approval has expired e. <input type="checkbox"/> Reinstatement, <b>with change</b> , of previously approved collection for which approval has expired f. <input type="checkbox"/> Existing collection in use without an OMB control number For b-f, note item A2 of Supporting Statement instructions.		4. Type of review requested: (check one) a. <input checked="" type="checkbox"/> Regular b. <input type="checkbox"/> Emergency - Approval requested by c. <input type="checkbox"/> Delegated 5. Small entities: Will this information collection have a significant economic impact on a substantial number of small entities? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No 6. Requested expiration date: a. <input checked="" type="checkbox"/> Three years from approval date    b. <input type="checkbox"/> Other (specify)	
7. Title: <b>Public Housing Financial Management Template</b>			
8. Agency form number(s): (if applicable) <b>N/A</b>			
9. Keywords: <b>Public housing, housing, financial statements, accounting, accountants</b>			
10. Abstract: <b>The Public Housing Assessment System requires public housing agencies to submit financial information annually to HUD. The Uniform Financial Reporting Standards for HUD housing programs requires that this information be submitted electronically, using generally accepted accounting principles, in a prescribed format. The Operating Fund Program regulation (24 CFR 990) requires PHAs to submit information at a project level.</b>			
11. Affected public: (mark primary with "P" and all others that apply with "X") a. Individuals or households      e. Farms b. Business or other for-profit      f. Federal Government c. Not-for-profit institutions      g. <input checked="" type="checkbox"/> State, Local or Tribal Government		12. Obligation to respond: (mark primary with "P" and all others that apply with "X") a. Voluntary b. <input checked="" type="checkbox"/> Required to obtain or retain benefits c. <input checked="" type="checkbox"/> Mandatory	
13. Annual reporting and recordkeeping hour burden: a. Number of respondents                      4,106 b. Total annual responses                      7,763 Percentage of these responses collected electronically      100% c. Total annual hours requested                42,620 d. Current OMB inventory                      38,864 e. Difference (+,-)                              +3,756 f. Explanation of difference: 1. Program change:                              +3,756 2. Adjustment:                                    More respondents		14. Annual reporting and recordkeeping cost burden: (in thousands of dollars) Do not include costs based on the hours in item 13. a. Total annualized capital/startup costs                                      \$0.00 b. Total annual costs (O&M) c. Total annualized cost requested d. Current OMB inventory e. Difference f. Explanation of difference: 1. Program change: 2. Adjustment:	
15. Purpose of Information collection: (mark primary with "P" and all others that apply with "X") a. Application for benefits                      e. Program planning/management b. Program evaluation                              f. Research c. General purpose statistics                      g. P Regulatory or compliance d. <input checked="" type="checkbox"/> Audit		16. Frequency of recordkeeping or reporting: (check all that apply) a. <input checked="" type="checkbox"/> Recordkeeping      b. <input type="checkbox"/> Third party disclosure c. <input checked="" type="checkbox"/> Reporting: 1. <input type="checkbox"/> On occasion      2. <input type="checkbox"/> Weekly              3. <input type="checkbox"/> Monthly 4. <input type="checkbox"/> Quarterly              5. <input type="checkbox"/> Semi-annually      6. <input checked="" type="checkbox"/> Annually 7. <input type="checkbox"/> Biannually              8. <input type="checkbox"/> Other (describe)	
17. Statistical methods: Does this information collection employ statistical methods? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		18. Agency contact: (person who can best answer questions regarding the content of this submission) Name: Claudia J. Yarus Phone: 202-475-8830	

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## 19. Certification for Paperwork Reduction Act Submissions

On behalf of the U.S. Department of Housing and Urban Development, I certify that the collection of information encompassed by this request complies with 5 CFR 1320.9.

**Note:** The text of 5 CFR 1320.9, and the related provisions of 5 CFR 1320/8(b) (3) appear at the end of the instructions. The certification is to be made with reference to those regulatory provisions as set forth in the instructions.

The following is a summary of the topics, regarding the proposed collections of information that the certification covers:

- (a) It is necessary for the proper performance of agency functions;
- (b) It avoids unnecessary duplication;
- (c) It reduces burden on small entities;
- (d) It uses plain, coherent, and unambiguous terminology that is understandable to respondents;
- (e) Its implementation will be consistent and compatible with current reporting and recordkeeping practices;
- (f) It indicates the retention periods for recordkeeping requirements;
- (g) It informs respondents of the information called for under 5 CFR 1320.8(b)(3):
  - (i) Why the information is being collected;
  - (ii) Use of the information;
  - (iii) Burden estimate;
  - (iv) Nature of response (voluntary, required for a benefit, or mandatory);
  - (v) Nature and extent of confidentiality; and
  - (vi) Need to display currently valid OMB control number;
- (h) It was developed by an office that has planned and allocated resources for the efficient and effective management and use of the information to collected (see note in item 19 of the instructions);
- (i) It uses effective and efficient statistical survey methodology; and
- (j) It makes appropriate use of information technology.

If you are unable to certify compliance with any of these provisions, identify the item below and explain the reason in item 18 of the Supporting Statement.

Signature of Program Official:  David A. Vargas, Deputy Assistant Secretary Office of Public Housing Real Estate Assessment Center	Date:
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Signature of Senior Officer or Designee:  X Collette Pollard, Departmental Reports Management Officer Office of the Chief Information Officer	Date:
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# Supporting Statement for Paperwork Reduction Act Submissions

## A. Justification

1. The collection of financial data associated with HUD's Low Rent (Public Housing) and Section 8 Housing Voucher programs is authorized by the Uniform Financial Reporting Standards regulation (UFRS rule) as specified in 24 CFR Part 5 Subpart H. The UFRS rule requires certain HUD-funded entities to submit financial information using Generally Accepted Accounting Principles (GAAP) on an annual basis to HUD in an electronic format. For Public Housing Authorities, including PHAs and other entities that administer the Housing Choice Voucher program the rule requires:

- PHAs to submit their data electronically;
- Annual financial information reported to HUD be prepared in accordance with Generally Accepted Accounting Principles (GAAP);
- The submission date for the unaudited statements to be no later than two (2) months after the end of PHA's fiscal year; and
- The submission date for audited statements to be due no later than nine (9) months after the end of the PHA's fiscal year.

The financial data information to be collected was subsequently modified by the *Revision to the Public Housing Operating Fund; Final Rule* issued on September 19, 2005 and revised 24 CFR Part 990. The Final Rule states that, in accordance with the directives received from the U.S. Congress, public housing agencies (PHAs) and HUD are to convert from an agency-centric model to an asset management model. The asset management model is more consistent with the management norms in the broader multi-family management industry. In accordance with these assets management principals, the Final Rule required that financial reporting be reflected at the project level, replacing program level only reporting for Public Housing. As such, the Financial Assessment Sub-system Public Housing (FASS-PH) was modified to accommodate these changes. Under the revised structure, FASS-PH is able to receive project-specific data. The financial data is consolidated into a PHA report, but the individual project-level data is reported and used for scoring and other analytical purposes. FASS-PH continues to receive entity-wide data at a program level for all other programs that the PHA administers as was always required under the UFRS rule.

The changes to the FASS-PH system to reflect the requirements of asset management were implemented for PHAs having a fiscal year ending June 30, 2008 and after. The changes to the FASS-PH system and hence, the collection of data was described in HUD's Paperwork Reduction Act (PRA) submission to OMB in 2008.

This PRA submission is requesting an extension for three (3) years of the collection that is currently approved by OMB. HUD has not made any material change to the data collection instrument, the Public Housing Financial Management Template, the instructions, frequency of collection, or the use to which the information is to be put.

2. HUD has made significant use of the requirements of the current collection of information. HUD uses the data collected through this PRA submission to assist in the standardization of financial reporting, improve monitoring and oversight of PHAs, and permit HUD and the PHAs to increase the speed of information and preparation and exchange. These points are elaborated on below.

- **Submission of PHA Entity Wide and Program Level Financial Data** – HUD uses an automated financial assessment system based on PHA entity wide and program level financial data to evaluate the financial health of PHAs. Those PHAs performing poorly receive technical

assistance from HUD. They are also subject to additional reporting requirements and possible penalties.

- **Electronic submission in accordance with GAAP standards** – The electronic submission of required financial information and statements in accordance with GAAP standards has resulted in significant benefits, such as increasing the speed of information preparation and exchange; cost savings from reduced need for paper submission; and faster, more accurate HUD review and analysis. In addition, electronic submission has reduced the administrative burden that manual submission presents to HUD program participants and HUD staff alike.
- **Uniform Financial Reporting Standards (UFRS)** – Prior to the adoption of UFRS, financial reporting standards varied from program to program, making it difficult for HUD to monitor participants’ compliance with various program statutory, regulatory, and contractual requirements. However, standardization of financial reporting requirements for PHAs has brought uniformity to the financial reporting process and has made it easier for HUD to identify and mitigate the risks of financial loss.

3. The electronic submission of required financial information and statements has resulted in significant benefits, such as increasing the speed of information preparation and exchange; cost savings from reduced need for paper submission; and faster HUD review and analysis. In addition, electronic submission has reduced the administrative burden that manual submission presents to HUD program participants and HUD staff alike. The collection of information is completed by a submission of data through an Internet-based set of forms and templates. The collection of information involves the use of one of two collection methods. Each method transfers PHA data to an information technology management system referred to as “Secure Systems”. The first method consists of manually entering data on-line into Secure Systems and is used by most PHAs. The second method consists of using specialized software called XML (Extensible Markup Language) that converts data captured within a PHA’s accounting system into the HUD prescribed format. Both methods of data transmission are available to all PHAs.

Attached are the following exhibits in support of this request for an extension of the data collection instrument, Public Housing Financial Management template.

<b>Exhibit #</b>	<b>Exhibit Name</b>
A	Uniform Financial Reporting Standards (UFRS Rule); 24 CFR Part 5, Subpart H
B	Revision to the Public Housing Operating Fund; Final Rule (September 19, 2005); 24 CFR Part 990
C	System Screens – Unaudited Financial Assessment Submission
D	System Screens – Audited Financial Assessment Submission
E	System Screen – Current OMB Number
F	Public Comments

Exhibits C thru E show the on-line templates used by PHAs to transmit financial data to HUD. Upon completion of each Public Housing Financial Management Template, the PHA must electronically transmit the financial data to HUD via the Internet. **Exhibit C** is the PHA template for an unaudited financial statement. **Exhibit D** is the PHA template for an audited financial statement. **Exhibit E** is a

copy of the OMB Disclosure. This disclosure appears on the screen respondents see when they enter the system to make a submission.

4. No similar information is available. Prior to the UFRS rule and conversion to asset management, HUD did not require PHAs to submit financial data at an entity wide or project level nor does any other government agency collect this information. This data collection instrument is the main source of PHA financial information that is used by HUD to program oversight. There is no risk of duplication.

5. The information collection will not have a significant impact on a substantial number of small entities. As previously discussed, this PRA submission is to request a three-year extension for the collection of information that is currently approved by OMB. HUD has not made any material change to the data collection instrument, the Public Housing Financial Management Template, the instructions, frequency of collection, or the use to which the information is to be put.

6. As part of its ongoing mission to provide safe, decent and affordable housing to lower income households, HUD is continuously striving to identify fraud, waste, and abuse of HUD resources. Without the submission of financial data, HUD will not be able to monitor PHA's progress in implementing and the effectiveness of asset management, identify possible instances of financial non-compliance, monitor the financial health of individual PHAs, specific programs, and the overall portfolio of PHAs. The submission of annual financial information is a long-standing statutory and regulatory requirement of entities that conduct business with HUD. The revised reporting standards improve HUD's interest (as well as the interest of taxpayers) in mitigating the risks of financial loss due to inefficient management, fraud or insolvency of a PHA.

7. Since the electronic submission process requires respondents to submit confidential financial data, HUD has provided each program participant with a unique user identification code, limited the information available via its assessment system to employees with approved security access to the system, and allowed submitters "read-only" capability that will allow them to view their submitted data via the Internet.

The other special circumstances listed as part of the instructions are not applicable to this data collection process.

8. No significant revisions have been made to the Public Housing Financial Management Template since the 2008 PRA submission. The Information collection was announced in the *Federal Register*, Volume 76, Page 18772, on April 5, 2011. No comments were received on this proposed collection.

In addition, HUD has consulted with public housing authorities, fee accountants, and auditors through conferences, training sessions, and Joint Application Design (JAD) sessions on the clarity of instructions, reporting format, and data elements to be captured on the template.

9. There are no payments or gifts provided to respondents.

10. All data that can be linked to a particular PHA is secured from public access. Currently, when a PHA submits data electronically to HUD, security prevents users outside of HUD from intercepting this data. HUD's web access security system ensures that all financial data is secure. The authorities or justifications for the security system are the: 1) Information Security HUD Handbook 2400.24; 2) Computer Security Act of 1987; 3) Clinger-Cohen Act of 1996; 4) OMB Circular A-130 part 3; and 5)

the Government Information Security Reform Act of 2000 (GISRA). HUD's web access security system allows users to apply online for an ID and password and to reset a forgotten password. HUD's security system also controls and limits access to systems for authorized users by managing the roles and responsibilities for each user of each system. There are primary and secondary users. Secondary users are granted read-only access to the system. (This is similar to the access that users submitting information have; however, the user only is able to see his/her submission.) HUD authorized primary users (i.e., selected staff) have security access to update the information, with strict controls of the tasks that they may perform.

11. No sensitive questions are being asked.

12. The estimated burden hours for the collection of this data reflect the PHAs' experience with inputting data into the Public Housing Financial Management Template. The following tables list the burden hours associated with the two required Public Housing Financial Management Template submissions (unaudited and audited). In the charts, below, the burden hour calculations are shown by the number of projects contained in a PHA, and are further separated for PHAs that administer only Low Rent units, Low Rent and Section 8 units, and only Section 8 units. The calculations assume that PHAs with more projects are larger. Larger PHAs tend to participate in more federal programs and require more time to complete the template because they have to input more data. For PHAs with fewer projects, the time to complete the template should be less because they tend not to have the variety of funding sources or financing vehicles typically available to larger-sized PHAs.

The estimated burden hours have been updated from the 2008 PRA submission for the following items: 1) the estimated annual costs to respondents have been updated to reflect the 2011 average annual salary and hourly rate for a GS-13/1 and GS-14/1; and 2) the number of respondents (i.e., population of PHAs) has been updated to reflect the 2010 population of PHAs. Specifically, the number of respondents has been modestly increased by 110 PHAs from the 2008 PRA submission, to reflect the increased reporting of Section 8 only PHAs (from 850 to 960). The number of PHAs reporting to FASS-PH is expected to remain relatively constant over the next three years. Except for these two items, no other adjustments have been made to the estimated burden hours because no significant revisions have been made to the data collection template.

Respondent Hour											
Unaudited Average Burden Hour Estimates for PHAs											
Number of Projects	Low Rent Only			Low Rent & Sec. 8			Section 8 Only			Totals	
	# PHAs	Burden Hrs.	Total Time (Burden Hour X # PHAs)	# PHAs	Burden Hrs.	Total Time (Burden Hour X # PHAs)	# PHAs	Burden Hrs.	Total Time (Burden Hour X # PHAs)	# PHAs	Burden Hrs.
1	1,363	1.5	2,044.5	918	7.0	6,426.0			-	2,281	8,470.5
2-5	129	3.0	387.0	502	13.0	6,526.0			-	631	6,913.0
6-10	2	10.0	20.0	138	26.0	3,588.0			-	140	3,608.0
>11	4	20.0	80.0	90	40.0	3,600.0			-	94	3,680.0
# of Projects						-	960	4.5	4,320.0	960	4,320.0
Subtotals	<b>1,498</b>		<b>2,531.5</b>	<b>1,648</b>		<b>20,140.0</b>	<b>960</b>		<b>4,320.0</b>	<b>4,106</b>	<b>26,991.5</b>
Audited Average Burden Hour Estimates for PHAs											
Number of Projects	Low Rent Only			Low Rent & Sec. 8			Section 8 Only			Totals	
	# PHAs	Burden Hrs.	Total Time (Burden Hour X # PHAs)	# PHAs	Burden Hrs.	Total Time (Burden Hour X # PHAs)	# PHAs	Burden Hrs.	Total Time (Burden Hour X # PHAs)	# PHAs	Burden Hrs.
1	1,182	1.5	1,773.0	904	4.0	3,616.0			-	2,086	5,389.0
2-5	126	2.0	252.0	512	7.5	3,840.0			-	638	4,092.0
6-10	2	5.0	10.0	140	16.0	2,240.0			-	142	2,250.0
>11	4	10.0	40.0	88	20.0	1,760.0			-	92	1,800.0
# of Projects			-			-	699	3.0	2,097.0	699	2,097.0
Subtotals	<b>1,314</b>		<b>2,075.0</b>	<b>1,644</b>		<b>11,456.0</b>	<b>699</b>		<b>2,097.0</b>	<b>3,657</b>	<b>15,628.0</b>

The estimated annual costs to respondents are provided in the table, below, and reflect the estimated burden hours for unaudited and audited submissions shown in the charts above. The population of PHAs used in the tables below consists of PHAs for fiscal year 2010. This population was chosen to ensure that a full fiscal year was represented and included both unaudited and audited submissions. Unaudited submissions are due two months after a PHA's fiscal year end and audited submissions are due nine months after a PHA's fiscal year end. For the unaudited submissions, the hourly cost for response is assuming a Manager's annual salary of \$71,674 (at GS-13/1) or an hourly rate of \$34.34. For the audited submission, the hourly cost for response is assuming a certified public accountant annual salary of \$84,697 (at GS-14/1) or an hourly rate of \$40.58.

	Total Estimated Annual Costs to Respondents				
	Number of Respondents	Total Burden Hours	X	Hourly Rate	= Annualized Cost
FDS Submission					
PHAs - Unaudited	4,106	26,991.5		\$34.34	\$926,888.11
PHA - Audited	3,657	15,628.0		\$40.58	\$634,184.24
Totals	<u>7,763</u>	<u>42,620</u>			<u>\$1,561,072.35</u>

13. No other costs are associated with the collection of this information.

14. The estimated annualized costs to the federal government, based on a GS-13/1 rate, are provided in the table, below. The GS-13/1 rate is the average salary for FASS analysts. The hourly cost for cost is assuming an analyst's annual salary of \$71,674 or an hourly rate of \$34.34. The average amount of time it takes for an analyst to review an unaudited submission is almost a full hour (approximately 55.52

minutes). The average amount of time it takes for an analyst to review an audited submission is a little more than three and a half hours or approximately 3.613 hours.

	<b>Total Estimated Annual Costs to the Federal Government</b>				
<b>FDS Submission</b>	<b>Number of Respondents</b>	<b>Total Burden Hours</b>	<b>X</b>	<b>Hourly Rate</b>	<b>= Annualized Cost</b>
PHAs - Unaudited	4,106	3,799.0		\$34.34	\$130,457.66
PHA - Audited	3,657	13,213.0		\$34.34	\$453,734.42
<b>Totals</b>	<b>7,763</b>	<b>17,012</b>			<b>\$584,192.08</b>

15. The estimated burden hours reported on Item 13 have been updated from the 2008 PRA submission to reflect: 1) the 2011 average annual salary and hourly rate for a GS-13/1 and GS-14/1, and 2) an increase in the number of respondents providing a FDS submission in 2010. Except for these two items, no other adjustments have been made to the estimated burden hours because no significant revisions have been made to the data collection template.

16. For Low Rent only and Low Rent/Section 8 PHAs, the PHAS regulation provides that each PHA shall post its overall PHAS score and status within two weeks of receipt of its overall score and status. The PHAS regulation sets forth the time schedule for the annual financial submission process. For low rent only and low rent/section 8 PHAs, see 24 CFR parts 5 and 902. Section 8 submissions are not scored; however, section 8 information is required to be submitted in accordance with 24 CFR part 5.

17. This disclosure appears on the screen respondents see when they enter the system to make a submission. The expiration date will be updated after OMB approval is received. **Exhibit E** provides the current system screen shot of the OMB Disclosure.

18. There are no exceptions to the certification statement identified in item #19 of the form OMB 83-I.

## **B. Collections of Information Employing Statistical Methods**

This collection of financial data associated with the Low Rent (Public Housing) and Section 8 Housing Choice Voucher program information does not employ statistical methods.