



# **Financial Management Handbook**

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Resolution 20-03

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## 2 PURPOSE

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This Financial Management Handbook of the Housing Authority of the County of DeKalb (herein after known as “HACD”) represents a compilation of financial policies to comply with requirements mandated by the Federal Government, Generally Accepted Accounting Principles and HACD order of operations. The Uniform Grant Guidance for your federal grants (2CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards) requires written policies with specific items in them and this handbook shall represent the required policies for compliance.

## 3 BUDGET AND PROGRAM REVISIONS

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In accordance with 2 CFR Part §200.308, it is the policy of HACD to report deviations from budget or project scope or objective. It is also the policy of HACD to request prior approval from Federal awarding agencies for any of the following program or budget revisions:

1. Change in the scope or the objective of the project or program (even if there is no associated budget revision requiring prior written approval).
2. Change in a key person specified in the application or the Federal award.
3. The disengagement from the project for more than three months, or a 25 percent reduction in time devoted to the project, by the approved project director or principal investigator.
4. The inclusion, unless waived by the Federal awarding agency, of costs that require prior approval in accordance with Subpart E—Cost Principles.
5. The transfer of funds budgeted for participant support costs to other categories of expense.
6. Unless described in the application and funded in the approved Federal awards, the sub awarding, transferring or contracting out of any work under a Federal award. This does not apply to the acquisition of supplies, material, equipment or general support services.
7. Changes in the amount of approved cost-sharing or matching provided by HACD. No other prior approval requirements for specific items may be imposed unless a deviation has been approved by OMB.
8. For construction Federal awards, prior written approval will be requested promptly from the Federal awarding agency for budget revisions whenever:
  - a. The revision results from changes in the scope or the objective of the project or program.
  - b. The need arises for additional Federal funds to complete the project.
  - c. A revision is desired which involves specific costs for which prior written approval requirements may be imposed consistent with applicable OMB cost principles listed in Subpart E—Cost Principles.

## 4 CHARGING OF COSTS TO FEDERAL AWARDS

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### 4.1 OVERVIEW

It is the policy of HACD that only costs that are reasonable, allowable and allocable to a Federal award shall be charged to that award directly or indirectly. All unallowable costs shall be appropriately segregated from allowable costs in the general ledger in order to assure that unallowable costs are not charged to Federal awards.

### 4.2 SEGREGATING UNALLOWABLE FROM ALLOWABLE COSTS

The following steps shall be taken to identify and segregate costs that are allowable and unallowable with respect to each federal award:

1. The budget and grant or contract for each award shall be reviewed for costs specifically allowable or unallowable.
2. Accounting personnel, Executive Director and Capital Funds Manager shall be familiar with the allowability of costs provisions of 2 CFR Part 200 Subpart E—Cost Principles particularly:
  - a. The list of specifically unallowable costs, such as alcoholic beverages, bad debts, contributions, fines and penalties, lobbying, etc.
  - b. Those costs requiring advance approval from Federal agencies in order to be allowable in accordance with §200.407 Prior written approval.
3. No costs shall be charged directly to any Federal award until the cost has been determined to be allowable under the terms of the award and/or 2 CFR Part 200 Subpart E—Cost Principles.
4. For each Federal award, an appropriate set of general ledger accounts shall be established in the chart of accounts of the HACD to reflect the categories of allowable costs identified in the award or the award budget.
5. All items of miscellaneous income or credits, including the subsequent write-offs of uncashed checks, rebates, refunds, and similar items, shall be reflected for grant accounting purposes as reductions in allowable expenditures if the credit relates to charges that were originally charged to a Federal award or to activity associated with a Federal award. The reduction in expenditures shall be reflected in the year in which the credit is received (i.e. if the purchase that results in the credit took place in a prior period, the prior period shall not be amended for the credit.)

### **4.3 CRITERIA FOR ALLOWABILITY OF COSTS**

It is the policy of HACD that all costs must meet the following criteria in order to be treated as allowable direct or indirect costs under a Federal award:

1. The cost must be "reasonable" for the performance of the award, considering the following factors:
  - a. Whether the cost is of a type that is generally considered as being necessary for the operation of the organization or the performance of the award;
  - b. Restraints imposed by such factors as generally accepted sound business practices, arm's length bargaining, Federal and state laws and regulations, and the terms and conditions of the award;
  - c. Whether the individuals concerned acted with prudence in the circumstances;
  - d. Consistency with established policies and procedures of the Organization, deviations from which could unjustifiably increase the costs of the award,
1. The cost must be "allocable" to an award by meeting one of the following criteria:
  - a. The cost is incurred specifically for a Federal award;
  - b. The cost benefits both the Federal award and other work, and can be distributed in reasonable proportion to the benefits received; or
  - c. The cost is necessary to the overall operation of the Organization, but, where a direct relationship to any particular program or group of programs cannot be demonstrated,

1. The cost must conform to any limitations or exclusions of 2 CFR Part 200 or the Federal award itself,
2. Treatment of costs must be consistent with policies and procedures that apply to both Federally financed activities and other activities of the Organization,
3. Costs must be consistently treated over time,
4. The cost must be determined in accordance with generally accepted accounting principles,
5. Costs may not be included as a cost of any other Federally financed program in the current or prior periods,
6. The cost must be adequately documented

#### **4.4 DIRECT COSTS**

Direct costs include those costs that are incurred specifically for one award or non-Federal function. HACD identifies and charges these costs exclusively to each award or program. Each invoice shall be coded with the appropriate account number reflecting which program received direct benefit from the expenditure. Invoices are approved by the appropriate project director and reviewed by the Operations Director and CFO.

Charges to Federal awards for salaries and wages will be based on records that accurately reflect the work performed. These records are:

1. Supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
2. Incorporated into the official records of the non-Federal entity;
3. Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities;
4. Encompass both federally assisted, and all other activities compensated by HACD
5. Comply with other established accounting policies and practices of HACD
6. Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.
7. Records may reflect categories of activities expressed as a percentage distribution of total activities

Budget estimates (estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards but may be used for interim accounting purposes. These estimates produce reasonable approximations of the activity actually performed. Any significant changes in the corresponding work activity are identified and entered into the records in a timely manner. Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term. After-the-fact interim charges made to a Federal award based on budget estimates will be reviewed. All necessary adjustments must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.

Time sheets or personnel activity reports are also submitted on a regular basis reflecting employees' work and which programs directly benefited from their effort. Time sheets or personnel activity reports shall serve as the basis for charging salaries directly to Federal awards and non-Federal functions. Time sheets are reviewed and approved by a supervisor with direct knowledge of the employee's activities.

Equipment purchased for exclusive use on a federal award and reimbursed by a federal agency shall be accounted for as a direct cost of that award (i.e. such equipment shall not be capitalized and depreciated).

## 5 COST SHARING AND MATCHING

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Any shared costs or matching funds and all contributions, including cash and third-party in-kind contributions, must be accepted as part of HACD's cost sharing or matching when such contributions meet all of the following criteria:

1. They are verifiable from the HACD's records;
2. They are not included as contributions for any other Federal award;
3. They are necessary and reasonable for accomplishment of project or program objectives;
4. They are allowable under 2 CFR Part 200 Subpart E – Cost Principles;
5. They are not paid by the Federal government under another Federal award, except where the Federal statute authorizing a program specifically provides that Federal Funds made available for such program can be applied to matching or cost sharing requirements of other Federal programs;
6. They are provided for in the approved budget when required by the Federal awarding agency;
7. They conform to all other provisions 2 CFR Part 200.

Unrecovered indirect costs, including indirect costs on cost sharing or matching may be included as part of cost sharing or matching only if prior approval of the Federal awarding agency is obtained.

It is the policy of HACD to value contributed services and property that are to be used to meet a cost sharing or matching requirement at their fair market values at the time of contribution, unless award documents or Federal agency regulations identify specific values to be used. The value of donated space will not exceed the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in a privately-owned building in the same locality.

Contributed volunteers' services furnished by third-party professional and technical personnel, consultants, and other skilled and unskilled labor used for cost sharing or matching purposes shall be valued at rates consistent with those rates paid for similar work in the organization (match up experience and skill level), including an estimate of reasonable fringe benefits. In cases in which the required skills are not found in the organization, rates used shall be consistent with those paid for similar work in the labor market in which the HACD competes. It is the policy of the HACD to require volunteers to document and account for their contributed time in a manner similar to the time-keeping system followed by internal employees.

When a third-party organization furnishes the services of an employee, HACD will value these services at the employee's regular rate of pay plus an amount of fringe benefits that is reasonable, necessary, allocable, and otherwise allowable, provided these services employ the same skill(s) for which the employee is normally paid.

## 6 EQUIPMENT STANDARDS

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The HACD may occasionally purchase equipment and furniture that will be used exclusively on a program funded by a Federal agency. In addition to the general property and equipment policies of the HACD, equipment and furniture charged to Federal awards will be subject to certain additional policies as described below.

For purposes of Federal award accounting and administration, "equipment" shall include all tangible personal property having a useful life of more than one year and a per-unit cost which equals or exceeds the lesser of the capitalization level established by HACD for financial statement purposes, or \$1,500.

In addition, the following policies shall apply regarding equipment purchased and charged to federal awards:

1. Any equipment that is owned by the Federal government and given to the HACD for use in a program shall be marked as such.
2. Adequate insurance coverage will be maintained with respect to equipment and furniture charged to Federal awards.
3. Equipment will be used in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the Federal award, and HACD will not encumber the property without prior approval of the Federal awarding agency.
4. Property records will be maintained that include the following:
  - a. a description of the property,
  - b. a serial number or other identification number,
  - c. the source of funding for the property (including the FAIN),
  - d. who holds title,
  - e. the acquisition date,
  - f. and cost of the property,
  - g. percentage of Federal participation in the project costs for the Federal award under which the property was acquired,
  - h. the location, use and condition of the property,
  - i. any ultimate disposition data including the date of disposal and sale price of the property.
5. A physical inventory of the property will be taken, and the results reconciled with the property records at least once every year.
6. A control system will be in effect to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.
7. Maintenance procedures will be in effect to keep the property in good condition.
8. When no longer needed for the original program or project, equipment may be used in other activities supported by the Federal awarding agency, in the following order of priority:
  - a. Activities under a Federal award from the Federal awarding agency which funded the original program or project, then
  - b. Activities under Federal awards from other Federal awarding agencies. This includes consolidated equipment for information technology systems.
9. When equipment is no longer needed, HACD will request disposition instructions from the Federal awarding agency if required by the terms and conditions of the Federal award. Disposition of the equipment will be made as follows, in accordance with Federal awarding agency disposition instructions [See also Disposition section]:
  - a. Items of equipment with a current per unit fair market value of \$5,000 or less may be retained, sold or otherwise disposed of with no further obligation to the Federal awarding agency.
  - b. Items of equipment with a current per-unit fair-market value in excess of \$5,000 may be retained or sold. The Federal awarding agency is entitled to an amount calculated by multiplying the current market value or proceeds from sale by the Federal awarding agency's percentage of participation in the cost of the original purchase. If the equipment is sold, the Federal awarding agency may permit HACD to deduct and retain from the Federal share \$500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses.

## **7 FINANCIAL MANAGEMENT SYSTEM**

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In accordance with 2 CFR Part §200.302, it is the policy of HACD to maintain a financial management system that provides for the following:

1. Identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received. Federal program and Federal award identification includes the CFDA title and number, Federal award identification number and year, name of the Federal agency, and name of the pass-through entity, if any.
2. Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §200.327 Financial reporting and §200.328 Monitoring and reporting program performance.
3. Records that identify adequately the source and application of funds for federally-funded activities. These records will contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation.
4. Effective control over, and accountability for, all funds, property, and other assets. The HACD will adequately safeguard all assets and assure that they are used solely for authorized purposes.
5. Comparison of expenditures with budget amounts for each Federal award.
6. Written procedures to implement the requirements of §200.305 Payment.
7. Written procedures for determining the allowability of costs in accordance with Subpart E—Cost Principles of this part and the terms and conditions of the Federal award.

## **8 GRANT CLOSE OUT OF FEDERAL AWARDS PROCEDURES**

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HACD shall follow the close out procedures described in 2 CFR Part §200.343, and in the grant agreements as specified by the Federal awarding agency or pass-through entity:

1. HACD will submit, no later than 90 calendar days after the end date of the period of performance, all financial, performance, and other reports as required by or the terms and conditions of the Federal award, unless an extension is approved.
2. Unless the Federal awarding agency or pass-through entity authorizes an extension, HACD will liquidate all obligations incurred under the Federal award not later than 90 calendar days after the end date of the period of performance as specified in the terms and conditions of the Federal award.
3. HACD will promptly refund any balances of unobligated cash that the Federal awarding agency or pass-through entity paid in advance or paid and that is not authorized to be retained by HACD for use in other projects.
4. HACD will account for any real and personal property acquired with Federal funds or received from the Federal government in accordance with 2 CFR Part §200.310 Insurance coverage through §200.316 Property trust relationship and §200.329 Reporting on real property.



## 9 PROGRAM INCOME

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Program income earned during the project period shall be retained by HACD and, in accordance with Federal awarding agency regulations or the terms and conditions of the award, shall be used in one or more of the ways:

1. Added to funds committed to the project by the Federal awarding agency and recipient and used to further eligible project or program objectives.
2. Used to finance the non-Federal share of the project or program.
3. Deducted from the total project or program allowable cost in determining the net allowable costs on which the Federal share of costs is based. (when an agency authorizes the disposition of program income as in 1 or 2, program income in excess of any limits stipulated shall be used this way)

In the event that the Federal awarding agency does not specify in its regulations or the terms and conditions of the award or give prior approval for how program income is to be used, paragraph 3 shall apply automatically to all projects or programs.

Unless Federal awarding agency regulations or the terms and conditions of the award provide otherwise, HACD shall have no obligation to the Federal Government regarding program income earned after the end of the project period.

With prior approval of the Federal awarding agency, program income may be used to meet the cost sharing or matching requirement of the Federal award. The amount of the Federal award remains the same.

If authorized by Federal awarding agency regulations or the terms and conditions of the award, costs incident to the generation of program income may be deducted from gross income to determine program income, provided these costs have not been charged to the award.

## 10 RECORD RETENTION

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In accordance with 2 CFR Part §200.333, financial records, supporting documents, statistical records, and all other records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, as reported to the Federal awarding agency or pass-through entity. The only exceptions are the following:

1. If any litigation, claim, or audit is started before the expiration of the 3-year period, the records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken.
2. When HACD is notified in writing by the Federal awarding agency, cognizant agency for audit, oversight agency for audit, cognizant agency for indirect costs, or pass-through entity to extend the retention period.
3. Records for real property and equipment acquired with Federal funds must be retained for 3 years after final disposition.
4. When records are transferred to or maintained by the Federal awarding agency or pass-through entity, the 3-year retention requirement is not applicable to the HACD.
5. Records for program income transactions after the period of performance. In some cases, the HACD must report program income after the period of performance. Where there is such a requirement, the retention period for the records pertaining to the earning of the program income starts from the end of the HACD's fiscal year in which the program income is earned.
6. Indirect cost rate proposals and cost allocations plans (indirect cost rate computations or proposals, cost allocation plans, and any similar accounting computations of the rate at which a particular group of costs is chargeable):

- a. If the proposal, plan, or other computation is required to be submitted to the Federal government (or to the pass-through entity) to form the basis for negotiation of the rate, then the 3-year retention period for its supporting records starts from the date of such submission.
- b. If the proposal, plan, or other computation is not required to be submitted to the Federal government (or to the pass-through entity) for negotiation purposes, then the 3-year retention period for the proposal, plan, or computation and its supporting records starts from the end of the fiscal year (or other accounting period) covered by the proposal, plan, or other computation.

## 11 ESTABLISHMENT AND MAINTENANCE OF OPERATIONAL RESERVE FUNDS

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This policy establishes the guidelines for maintenance of HACD operational reserve funds.

For the Public Housing Program:

1. The Executive Director may not reduce the AMP operating reserve funds to a level that would result in a PHAS Quick ratio score less than 2.0 at fiscal year-end.
2. The Executive Director may not reduce the AMP operating reserve funds to a level that would result in a PHAS MENAR ratio of less than 3.0 or more than 6.0 at fiscal year-end.

For all Defederalized Program funds:

1. The defederalized funds should maintain a combined cash or cash equivalent level at or above 4 months operating expense.

Return of funds:

1. Any program utilizing defederalized reserves to supplement a funding deficit should reimburse the defederalized entity's reserves when able and as directed by the Executive Director.

## 12 INTERNAL CONTROLS

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Effective control and accountability must be maintained for all cash, real and personal property, and other assets. The HACD must adequately safeguard all such property and must assure that it is used solely for authorized purposes. Internal control methods cover two key areas:

- Accounting Controls: needed to ensure that transactions are properly recorded, financial reporting is accurate, and assets are safeguarded against loss from unauthorized use.
- Management Activities: required to establish controls to monitor operations to ensure that programs are carried out in an efficient and economical manner and to guard against fraud, waste, and abuse.

Control techniques to be utilized by HACD include the following:

- Clearly defined staff responsibilities and job accountability,
- Separation of duties so that no one staff member has complete control over an asset,
- A management information system which provides an internal flow of data for monitoring, forecasting and policy decisions,
- An effective personnel selection system so that competent staff are hired,
- A supervisory review system to assure routine monitoring of employee/contractor compliance with procedures and timeliness/quality of completed work,
- Competitive procurement practices,

- Accurate inventory systems,
- Security of property and records,
- Well planned, organized and supervised maintenance programs, and
- A timely, annual independent audit of operations.

Detailed, written internal control procedures are essential and will be utilized by HACD

## 13 CHECK SIGNING

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The HACD hereby establishes a policy that identifies those people who are authorized to sign and issue checks on its behalf. The purpose of this policy is to update instructions to depositories so that there is a clear understanding regarding this important matter. It also is necessary to implement appropriate internal controls over our financial matters.

1. The following policy for issuing and signing checks of the Housing Authority shall be established:
  - a. All checks shall bear two signatures, one of which must be a Commissioner of the HACD.
  - b. The second signature must be that of either the Executive Director or the Chief Financial Officer.
2. The incumbents in the positions authorized to sign checks shall be individually bonded in the amount of \$ 300,000.
3. The supporting data for each check shall be available for the signer to review at the time of signing.
4. The HACD may establish procedures for automated signatures.
5. A copy of this policy shall be forwarded to all designated depositories of the Authority.
6. This policy rescinds all previous authorization policies and shall become effective upon its adoption.

## 14 CREDIT CARD

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The purpose of this Credit Card Policy is to facilitate purchases necessary for HACD operation, lodging and travel to approved functions, and to facilitate other necessary transactions where use of a credit card would expedite the transaction in an efficient manner. The purpose of the use of credit cards is to provide an alternative method of purchase for necessary goods and services. This policy is supplemental to the Authority Procurement Policy.

The Executive Director shall be responsible for the issuance, accounting, monitoring, retrieval and general oversight of compliance with this Credit Card Policy.

Credit cards shall only be issued to HACD employees by written permission from the Executive Director.

Credit cards shall be used for Authority purchase when the vendor or specifics regarding an item deem it necessary to use a credit card as payment.

Any Authority credit card shall normally have an authorized maximum limit of up to \$20,000. When necessary, the Executive Director may choose to increase this limit to correspond with purchase needs.

The CFO shall maintain a list of Authority credit cards. It shall include the credit limit of each card and authorized users of card. This list shall be maintained in a timely fashion and shall be open to inspection upon request.

Credit cards shall only be used for the purchases of goods and services that are the official business of HACD and all purchase shall comply with the Authority's Procurement Policy and Federal Grant Requirements. Authority credit cards shall not be used for personal uses, personal cash advances, or other merchant category exclusions (i.e., alcoholic beverages, tobacco products, etc.). Specific vendor cards and or accounts (i.e., Lowes, Home Depot, Hintzsche Fuel) are subject to this policy.

Documentation detailing the goods and services purchased with Authority credit cards shall be required for all transactions. Adequate documentation shall consist of, but not be limited to, original sales receipts, credit slips, etc. At no time shall the Authority approve payment of credit card invoices without adequate documentation. Documentation shall detail the goods or services purchased, the cost of the goods or services purchased, the date of the purchase and the official business for which the goods or services were purchased.

Any employee of the Authority who violates the provisions of this Credit Card Policy shall be subject to disciplinary action, up to and including discharge and/or civil or criminal action.

Employees to whom credit cards are issued for Authority purchases shall be responsible for the protection and custody of the credit card. The employee to whom credit cards are issued shall immediately notify the Authority if the card is lost or stolen and the employee shall notify the Executive Director as soon as possible. Employees shall not knowingly post or otherwise make publicly available credit card data that could potentially result in fraud or unauthorized charges.

Employees to whom credit cards are issued for Authority purchases shall immediately surrender all credit cards upon termination of employment or layoff from active work status.

All benefits derived from the use of credit cards shall become the property of the Authority.

The credit card shall not impact the cardholder's personal credit references.

The Executive Director shall review and recommend approval or denial of credit card invoices prior to submission to the Authority for payment. The balance due on any credit card account shall be paid in full by the due date listed on the invoice to avoid finance charges.

Credit card transactions are hereby authorized for the following methods of acquisition:

**In person:** the employee shall present the credit card for purchases of goods and services. The employee shall obtain a receipt for all purchases and credits and submit the receipt to the Finance Department for reconciliation with the credit card invoice.

**Via telephone or mail order:** the employee shall provide the vendor or merchant with the credit card number, expiration date, and other pertinent data necessary to complete the transaction. The employee shall take necessary precautions to ensure that the transaction is valid prior to providing pertinent credit card data. The employee shall properly document the transaction with a purchase order or other document and submit this documentation to the Finance Department for reconciliation with the credit card invoice.

**Via the Internet:** the employee shall provide the vendor or merchant with the credit card number, expiration date, and other pertinent data necessary to complete the transaction. The employee shall take necessary precautions to ensure that the transaction is valid prior to providing pertinent credit card data. The employee shall properly document the transaction with a purchase order, hardcopy screen printouts, and/or other document, and this documentation shall be submitted to the Finance Department for reconciliation with the credit card invoice.

## 15 FUNDS TRANSFER

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The HACD hereby designates the positions that have the authority to transfer funds on its behalf. The purpose of this policy is to update instructions to depositories on who may transfer funds.

1. People occupying the following positions are the only ones authorized to transfer funds from one HACD bank account to another and/or to wire transfer funds relating to Authority investments and cash management:
  - a. Executive Director
  - b. Chief Financial Officer
2. The positions authorized to transfer funds shall be individually bonded in the amount of \$ 300,000
3. A copy of this policy shall be forwarded to all designated depositories of the Authority.
4. This policy rescinds all previous transfer of funds policies and shall become effective upon its adoption.

## 16 PETTY CASH

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The Housing Authority has the following petty cash accounts established and maintained at the properties listed below:

➤ Taylor Street Plaza	\$100
➤ Civic Apartments	\$100
➤ Central Office	\$100
➤ Central Office (Gas)	\$200
➤ Briarwood Apartments	\$100

## 17 CAPITALIZATION

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HACD will adhere to the following capitalization policy for the purpose of determining, distinguishing and recording materials and non-expendable equipment and personal property purchased or acquired in connection with the development, management, and maintenance of public housing developments owned or operated by this Authority.

1. If the initial cost of a piece of equipment and/or other personal property is One Thousand Five Hundred Dollars (\$1,500.00) or more and the anticipated life or useful value of said equipment or property is more than one (1) year, the same shall be capitalized and recorded as non-expendable equipment and charged as a capital expenditure.
2. All stoves, refrigerators, a/c units, carpet, water heaters and any other permanent appliance used in resident units shall be capitalized and recorded as non-expendable equipment and charged as a capital expenditure.
3. If the initial cost of the piece of equipment and/or personal property is less than One Thousand Five Hundred Dollars (\$1,500.00) or its useful life is less than one (1) year regardless of cost, the same shall be treated and recorded as materials or inventory and charged to maintenance, administration, or tenant service expense.
4. The Executive Director, or the Executive Director's designee, is authorized and directed to determine whether each piece of equipment or other personal property that is acquired by the Housing Authority in connection with the development, management and maintenance of the properties owned or operated by the Housing Authority, shall be classified as material or non-expendable, as defined in the preceding sections. The Executive Director is further directed to ensure that the determination is documented in the appropriate records of the Housing Authority and retained for the information and guidance of its personnel and for audit purposes.

## 18 DEPRECIATION SCHEDULE

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The following depreciation schedule shall apply using the estimated useful life of each asset category. Note that certain items not listed in categories below will be depreciated according to their estimated useful life.

- Land -not depreciated
- Land improvements - 5-15 years
- Buildings - 40 years
- Furniture and appliances - 5-7 years
- Office and maintenance equipment - 5-7 years
- Machinery - 10-15 years
- Vehicles - 5 years
- Flooring – 5 years
- Computers - 3 years
- Leasehold Improvements – term of lease, including renew options

## 19 DISPOSITION

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All personal property (property other than land and buildings purchased with Authority funds) that has become worn or damaged beyond economical repair, or that is no longer useful for the original purpose, or that has no use in any of the operating units of HACD, shall be disposed of as provided herein.

The Executive Director, or a designee, is hereby authorized to award sales of personal property subject to the following limitations:

- Items of equipment with a current per unit fair market value of \$5,000 or less may be retained, sold or otherwise disposed of with no further obligation to the Federal awarding agency.
- Items of equipment with a current per-unit fair-market value in excess of \$5,000 may be retained or sold. The Federal awarding agency is entitled to an amount calculated by multiplying the current market value or proceeds from sale by the Federal awarding agency's percentage of participation in the cost of the original purchase. If the equipment is sold, the Federal awarding agency may permit HACD to deduct and retain from the Federal share \$500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses.

Personal property may not be destroyed, abandoned, or donated until a reasonable effort has been made to sell it.

Obsolete or worn out personal property being replaced shall, to the greatest extent possible, be offered in trade as part of the purchase of the replacement.

## 20 PROCUREMENT

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Procurement requirements as called for under the Uniform Grant Guidance is detailed in the HACD Procurement Policy. Please refer to that policy for HACD's detailed procurement policies and procedures.

# 21 EMPLOYEE ACKNOWLEDGMENT

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*This signed acknowledgement will be included in the employee's personnel file.*

I acknowledge the receipt of the HACD's Financial Management Policy, which describes the methods used by the HACD. I agree to read it and study its contents and abide by the HACD's written and unwritten policies, procedures, rules and regulations.

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Employee Signature

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Date

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Printed Name