

OTHER VHDA INFORMATION

AUDIT COMPLIANCE AND INTERNAL CONTROL QUESTIONNAIRE

FOR YEAR ENDED _____

Answers to the questions below are complete and accurate to the best of the preparer's knowledge and belief. "No" answers may be indicative of an adverse condition. Management's response and a plan of action to any adverse findings must be included in Appendix A, A-13, Corrective Action Plan.

<u>Examination Item Reference</u>	<u>Yes, No Or N/A</u>
1. <u>Mortgage Status</u>	
a. Are payments on the mortgage current?	_____
b. Has the Mortgagor/Grantee complied with the terms and conditions of the modification, forbearance and/or workout agreement?	_____
c. If the workout agreement or subsequent correspondence requires periodic deposits of surplus cash, were such deposits made within thirty days after the end of the specified period?	_____
2. <u>Books and Records</u>	
a. Are a complete set of books and records maintained in a satisfactory manner?	_____
b. Does the Mortgagor/Grantee make frequent postings (at least monthly) to the ledger accounts?	_____
3. <u>Cash Activities</u>	
a. Are the cash receipts deposited in an account in the name of the development?	_____
b. Are all account balances federally insured?	_____
c. If a centralized account is used, can all deposits and disbursements be reconciled to the audited development?	_____

Yes, No
Or N/A

Examination Item Reference

- d. On assisted developments, are security deposits kept in an account separate and apart from all other funds of the development?
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- e. On assisted developments, does the balance in the security deposit account equal or exceed the liability? Note: The liability should include the accrued interest payable.
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- f. If required by the VHDA Housing Management Agreement, does a fidelity bond exist in an amount at least equal to potential collections for two months (one month on Section 8 uninsured developments) that provides coverage for all employees handling cash?
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- g. Did cash disbursements exclude payments for items listed below:
- (1) Legal expenses incurred in the sale of ownership interest?

 - (2) The fee for the preparation of a mortgagor's (partner's, shareholder's, individual's. etc.) federal, state or local income tax returns?

 - (3) Expenses for advice to a mortgagor on tax consequences of foreclosure?

 - (4) Reimbursement to the mortgagor or affiliates for prior advances, capital expenditures and/or development acquisition costs while the mortgage/grant is in default, under modification, forbearance or provisional workout arrangements?

 - (5) Were all disbursements from the operating account(s) made exclusively for operations or obligations of the development?

- h. Were distributions made to, or on behalf of, the mortgagor limited to those authorized by the Regulatory Agreement or were the distributions made in accordance with prior written approval of VHDA, while the development was in a "surplus cash" position?
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Yes, No
Or N/A

Examination Item Reference

(1) If development was operating under a modification or forbearance agreement and/or a provisional workout arrangement, is it not in a "surplus cash" position for the purposes of distributions?

(2) In the use of rental proceeds to pay for costs included in the Mortgagor/Grantee's costs certification, are there no unauthorized distributions of development income?

i. Were residual receipts deposited with the mortgagee within thirty days after mortgagee's request for such deposit?

j. Were excess rental collections in Section 236 developments remitted to HUD each month?

k. Does the Mortgagor/Grantee have a formal rent collection policy?

l. Is the collection policy uniformly enforced?

m. Is there a formal procedure for the write-off of bad debts?

n. Have write-offs of tenants' accounts been less than five percent of the gross rent?

o. Are accounts receivable other than tenants' receivables composed exclusively of amounts due from unrelated persons or firms?

p. Were there indications that payments for services, supplies or materials were not substantially in excess of amounts normally paid for such services in order to assure the most advantageous terms for the development?

q. Were accounts payables remitted in a timely manner as not to incur late charges/penalties?

4. **Management Compensation**

a. Was compensation to the Management Agent limited to the amounts prescribed in the Management Agreement?

b. Did Management Agent not charge development for expenses that the Management Agreement requires them to pay?

Yes, No
Or N/A

Examination Item Reference

5. **Rents and Occupancy**

- a. On unassisted developments, is the gross potential rental income from apartments equal to or less than that shown on the most recent rent schedule(s) maintained by the Management Agent?

- b. On an unassisted development with federal tax credits, are rents in conformance with Federal Low Income Housing Tax Credit (IRS Section 42) program guidelines and the Extended Use Agreement (EUA)?

- c. On assisted developments, are dwelling unit rents the same as those approved by VHDA on the most recent Rent Schedule, HUD No. 92458?

6. **VHDA/HUD Subsidy Payments
(Section 8/RAP Developments Only)**

- a. Were the amounts requested from VHDA/HUD adequately supported by the accounting records?

- b. Were subsidy receipts recorded in the proper accounts?

- c. Were utility allowance payments paid to residents within five business days of receipt from VHDA and in an amount equal to the corresponding utility allowance subsidy amounts received?

- d. Were all uncashed utility allowance payments refunded to VHDA (via a Part II adjustment to the monthly Housing Assistance Payment) within six months of initial issuance by VHDA?

Prepared By: _____
Company